

**HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY**

**MINUTES OF THE NOVEMBER 17, 2016 MEETING**

**(Open Session)**

**Attendees:**

Authority Board Members: Dr. Charles Lingle, Fred Ghiglieri, Joel Callins, Pastor Charlene Glover, John Hayes, Dr. Michael Laslie, Ferrell Moultrie, Lamar Reese, and Dr. Edward Vance, Jr.

Authority Legal Counsel: Tommy Coleman

Those Present on Behalf of Phoebe Putney Memorial Hospital, Inc.: Joe Austin, Dawn Benson, Brian Church, Dr. Steven Kitchen, Felicia Lewis, Will Peterson, Jessica Castle

Draffin and Tucker, LLP: Stephen Harrell and Jeffrey Wright

**Absent Authority Members:** None

**Open Meeting and Establish a Quorum:**

Chairman Lingle called the meeting to order at 7:25am in Conference Rooms B & C at Phoebe Northwest. Dr. Lingle thanked all Members for their attendance and participation and he observed that a quorum was present.

**Approval of the Agenda:**

The proposed Agenda had been previously provided to the Authority Members and a motion to adopt the proposed Agenda for the meeting was made by Lamar Reese and seconded by Dr. Michael Laslie. A copy of the Agenda as adopted is attached.

**Approval of the Minutes:**

The proposed Minutes of the August 11, 2016 open session meeting of the Authority had likewise been provided to Members prior to this meeting and the same were considered for approval. Fred Ghiglieri made a motion and Dr. Edward Vance seconded the motion, to approve the Minutes as previously provided. The motion passed unanimously by vote of all Members.

**Certified Authority Audit for FYE 2016:**

Stephen Harrell, assisted by Jeffrey Wright, each of Draffin & Tucker, CPAs, presented the Audited Financial Statements for the Authority for the year ending July 31, 2016 and the report also showed the 2015 financial statements for comparison purposes. Discussions, questions, and comments ensued. A copy of the Audit is attached hereto. A motion was made by Fred Ghiglieri, seconded by Joel Callins to adopt and approve the Certified FYE Authority 2016 Audit as prepared and presented by Draffin & Tucker. The motion passed unanimously by vote of all Members. A bound copy of the Authority Audit was offered to all Authority Members and a copy is retained with these Minutes.

**Financial Reports:**

Brian Church, CFO of PPMH, Inc., presented and reviewed an interim financial report for the Authority's current fiscal year through September 30, 2016. A copy of the Authority's Financial Statements as presented by Mr. Church is attached.

**PPMH, Inc. CEO and Operational Reports:**

Joe Austin, COO of the Hospital and Health System, reported that CEO Joel Wernick was out of town but sends his regards to the Members. Mr. Austin provided a facilities update which included Phoebe Sumter Medical Center, Student Housing, and the Camilla Medical office building, a copy of which is attached. Mr. Austin also reported on the recent Medical College of Georgia bus tour in which 192 second-year medical students visited the Phoebe campus and the Student Housing construction site. Mr. Austin also reported on the recent DNV annual survey. All of the non-conformities from last year's survey were closed out except for one. Mr. Austin provided information on the upcoming Jingle Bell Jog and Lights of Love events.

Dr. Laslie inquired about the recent Leapfrog reports in which PPMH, Inc. received a grade of "C". Dr. Steven Kitchen reported that Leapfrog changes their methodology every few years and they dropped off many core measures in which the hospital did well. He also noted that other hospitals' scores dropped as well and only five hospitals in Georgia received a grade of "A".

**Closing of the Meeting:**

A motion was made by Mr. Ghiglieri, seconded by Mr. John Hayes to close the meeting for the purposes of: (i) engaging in privileged consultation with legal counsel; (ii) to discuss potentially valuable commercial plans, proposals or strategies that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities, or (iii) to discuss confidential matters or information pertaining to peer review or provided by a peer review organization as defined in O.C.G.A. §31-7-131.

Dr. Lingle polled each individual Authority Member present with respect to his or her vote on the motion and the vote of each of the Members is shown below, with no Member opposing:

Fred Ghiglieri	Yes
Dr. Michael Laslie	Yes
Joel Callins	Yes
Dr. Edward Vance	Yes
Dr. Charles Lingle	Yes
John Hayes	Yes
Lamar Reese	Yes
Ferrell Moultrie	Yes
Pastor Charlene Glover	Yes

The motion having passed, the meeting closed.

**Open Session Reconvened:**

Following unanimous vote of all Members in attendance at the conclusion of the Closed Session, the meeting reopened.

Mr. Austin reported that today is Dr. Vance's last Authority meeting as his term as Chief of Phoebe's Medical Staff ends at year end. Mr. Austin thanked Dr. Vance for his service as Chief of Staff and commended him on a job well done.

**Adjournment:**

There being no further business the meeting was adjourned.

**AGENDA**

**HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA**

**(OPEN SESSION)**

**Meeting of November 17, 2016**

**(Phoebe Northwest, Conference Rooms B&C)**

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|--------------|--|---|
| <b>I.</b>    | <b>Open meeting and establish quorum</b>   | <b>Chairman</b>   |
| <b>II.</b>   | <b>Consider Approval of Agenda (draft previously provided to Members)</b>  | <b>Chairman</b>   |
| <b>III.</b>  | <b>Consideration of Open Session Minutes of August 11, 2016 meeting<br/>(draft previously provided to Members)</b> | <b>Chairman</b>   |
| <b>IV.</b>   | <b>Certified Authority Audit for FYE 2016</b>  | <b>Stephen Harrell, CPA, CGMA<br/>Driffin &amp; Tucker, LLP</b> |
| <b>V.</b>    | <b>Financial Reports</b>   | <b>Brian Church</b>   |
|              | <b>a. Hospital Authority Financial Update</b>  |   |
| <b>VI.</b>   | <b>Phoebe Putney Memorial Hospital, Inc. CEO and Operational Reports</b>   |   |
|              | <b>a. Facilities Update</b>  | <b>Joe Austin</b>   |
|              | <b>b. DNV Survey Update</b>  |   |
|              | <b>c. Phoebe Foundation Holiday Events</b>   |   |
| <b>VII.</b>  | <b>Consideration of vote to close meeting for Executive Session</b>  | <b>Chairman</b>   |
| <b>VIII.</b> | <b>Additional Business</b>   |   |
| <b>IX.</b>   | <b>Adjournment</b>   |   |

HOSPITAL AUTHORITY OF  
ALBANY-DOUGHERTY COUNTY, GEORGIA



FINANCIAL STATEMENTS

for the years ended July 31, 2016 and 2015

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STATE OF GEORGIA  
COUNTY OF DOUGHERTY

AFFIDAVIT RELATIVE TO CLOSED MEETING

Personally appeared before the undersigned, Dr. Charles Lingle, who having been duly sworn, deposes and states as follows:

1. I am over the age of 18 years, I am suffering under no disabilities and I am competent to testify to the matters contained herein.
2. I am the Chairman of the Board of the Hospital Authority of Albany-Dougherty County, Georgia (the "Authority").
3. On November 17, 2016, at a meeting of the Authority Board, a motion was duly approved in a roll call vote for the Authority Board to go into closed session for the purposes of: (i) engaging in privileged consultation with legal counsel; (ii) to discuss potentially valuable commercial plans, proposals or strategy that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities; and (iii) to discuss confidential matters or information pertaining to peer review or provided by a review organization as defined in O.C.G.A §31-7-131.
4. To the best of my knowledge and belief, the business conducted during the closed portion of the meeting was devoted solely to the above matters for which the meeting was closed.

This the 17<sup>th</sup> day of November, 2016.

  
\_\_\_\_\_  
Dr. Charles Lingle

Sworn to and subscribed before me this  
17<sup>th</sup> day of November, 2016.

  
\_\_\_\_\_  
NOTARY PUBLIC (SEAL)  
Dougherty County, Georgia  
My Commission Expires: May 14, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hospital Authority of Albany-Dougherty  
County, Georgia  
Albany, Georgia

We have audited the accompanying financial statements of Hospital Authority of Albany-Dougherty County, Georgia (Authority), which comprise the balance sheets as of July 31, 2016 and 2015, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

Continued

1

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Authority of Albany-Dougherty County, Georgia as of July 31, 2016 and 2015, and the results of its operations and changes in net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matter*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Draffin & Tucker, LLP*  
Albany, Georgia  
October 24, 2016

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

BALANCE SHEETS, July 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash	\$ 100,000	\$ 41,000
Contributions receivable from Phoebe Putney Memorial Hospital, Inc.	<u>          -</u>	<u>59,000</u>
Total assets	<u>\$ 100,000</u>	<u>\$ 100,000</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,000	\$ 60,000
Net position:		
Unrestricted	<u>80,000</u>	<u>40,000</u>
Total liabilities and net position	<u>\$ 100,000</u>	<u>\$ 100,000</u>

See accompanying notes to financial statements.

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
for the years ended July 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Lease consideration	\$ 66,000	\$ 537,000
Operating expenses:		
Purchased services and other	<u>26,000</u>	<u>576,000</u>
Operating income (loss)	40,000	( 39,000)
Net position, beginning of year	<u>40,000</u>	<u>79,000</u>
Net position, end of year	\$ <u>80,000</u>	\$ <u>40,000</u>

See accompanying notes to financial statements.

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

STATEMENTS OF CASH FLOWS  
for the years ended July 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Funds paid to Georgia Department of Community Health:		
Indigent Care Trust Fund	\$( 4,901,000)	\$( 4,672,000)
Upper payment limit	( 36,000)	( 2,271,000)
Funds received from Georgia Department of Community Health:		
Indigent Care Trust Fund	15,097,000	14,130,000
Upper payment limit	106,000	6,801,000
Lease consideration	125,000	628,000
Transfer of funds received from Georgia Department of Community Health to Phoebe Putney Memorial Hospital, Inc.	(10,266,000)	(13,988,000)
Payments to suppliers	( 66,000)	( 780,000)
Net cash provided (used) by operating activities	<u>59,000</u>	<u>( 152,000)</u>
Cash flows from noncapital financing activities:		
Transfer from Phoebe Putney Memorial Hospital, Inc.	4,937,000	6,943,000
Transfer to Phoebe Putney Memorial Hospital, Inc.	( 4,937,000)	( 6,943,000)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	59,000	( 152,000)
Cash, beginning of year	<u>41,000</u>	<u>193,000</u>
Cash, end of year	<u>\$ 100,000</u>	<u>\$ 41,000</u>

Continued

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

STATEMENTS OF CASH FLOWS, Continued  
for the years ended July 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of cash to the balance sheet:		
Cash in current assets	\$ <u>100,000</u>	\$ <u>41,000</u>
Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities:		
Operating income (loss)	\$ 40,000	\$( 39,000)
Changes in:		
Contributions receivable from Phoebe Putney Memorial Hospital, Inc.	59,000	91,000
Accounts payable and accrued expenses	<u>( 40,000)</u>	<u>(204,000)</u>
Net cash provided (used) by operating activities	\$ <u>59,000</u>	\$( <u>152,000</u> )

See accompanying notes to financial statements.

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

July 31, 2016 and 2015

1. Summary of Significant Accounting Policies

Reporting Entity

The Hospital Authority of Albany-Dougherty County, Georgia (Authority) is a public corporation organized to operate, control, and manage matters concerning the County's health care functions.

On September 1, 1991, the Hospital Authority implemented a reorganization plan whereby all of the assets and day-to-day management of Phoebe Putney Memorial Hospital were transferred to Phoebe Putney Memorial Hospital, Inc. (Corporation), a not-for-profit corporation, qualified as an organization described in Section 501(c)(3) of the Internal Revenue Code. The transfer was made pursuant to a lease and transfer agreement dated as of December 11, 1990 between the Hospital Authority and the Corporation. During 2009, the lease term was renewed to the original term of forty years.

Under the terms of the Agreement, any debt issued by the Hospital Authority will be the responsibility of the Corporation. As of July 31, 2016, approximately \$285,775,000 of Revenue Anticipation Certificates are outstanding in the Authority's name. These certificates are recorded and disclosed in the financial statements of the Corporation for the year ended July 31, 2016.

The Authority serves as a pass-through entity associated with the Corporation's participation in certain governmental health care programs. As such, the Authority makes transfers on behalf of the Corporation for Indigent Care Trust Fund obligations and Upper Payment Limit transfers.

On December 15, 2011, the Authority purchased substantially all assets of Palmyra Park Hospital, LLC (Palmyra), a general acute care hospital located in Albany, Georgia. The Authority operated Palmyra under the name Phoebe North.

Effective August 1, 2012, the lease and transfer agreement between the Corporation and the Authority was amended and restated. The amendment was made for the transfer and inclusion of the hospital formerly known as Palmyra. The amendment included the extension of the lease for a term of forty years from the date of the current amendment. As consideration for the lease, the Corporation agreed to provide funds sufficient to cover all costs and expenses of the Authority, and to maintain an amount of not less than \$100,000 under the Authority's control to pay all costs and expenses.

Continued

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS, Continued  
July 31, 2016 and 2015

1. Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in accordance 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 and 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).

Net Position

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

Operating Revenues and Nonoperating Revenues

The Authority's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues. Operating revenues result from consideration received for the operation of the Authority in conjunction with the amended and restated lease and transfer agreement. Nonexchange revenues, including contributions received for purposes other than capital asset acquisition are reported as nonoperating revenues.

Continued

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS, Continued  
July 31, 2016 and 2015

1. Summary of Significant Accounting Policies, Continued

Grants and Contributions

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 revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue.

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.

2. Deposits

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Authority's bylaws require that all bank balances be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Authority. The Authority had no uncollateralized cash balances at July 31, 2016 and 2015.

The carrying amount of deposits included in the Authority's balance sheets is as follows:

	<u>2016</u>	<u>2015</u>
Cash	\$ <u>100,000</u>	\$ <u>41,000</u>

Continued

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS, Continued  
July 31, 2016 and 2015

3. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses, reported as current liabilities by the Authority at July 31, 2016 and 2015, consisted of these amounts:

	<u>2016</u>	<u>2015</u>
Accounts payable and accrued expenses:		
Payable to suppliers	\$ <u>20,000</u>	\$ <u>60,000</u>

4. Litigation

The Authority is involved in litigation and regulatory investigations arising in the course of business. 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.

**HOSPITAL AUTHORITY OF ALBANY-  
DOUGHERTY COUNTY, GEORGIA**

Financial Statement Update

November-2016 YTD

Fiscal Year 2017

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA  
BALANCE SHEET

9/30/2016

Unaudited  
September 30, 2016

ASSETS

Current Assets:

Cash and cash equivalents	\$ 100,257
Assets limited as to use - current	-
Patient accounts receivable, net of allowance for doubtful accounts	-
Supplies, at lower of cost (first in, first out) or market	-
Other current assets	-

Total current assets

100,226

Property and Equipment, net

-

Other Assets:

Goodwill

-

Total other assets

-

**Total Assets**

**\$ 100,226**

**HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA**  
**BALANCE SHEET**  
**9/30/2016**

**Unaudited**  
**September 30, 2016**

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable	-
Accrued expenses	20,100
Estimated third-party payor settlements	-
Deferred revenue	-
Short-term obligations	-
Total current liabilities	<u>20,100</u>

**Total liabilities**

20,100

**Net assets:**

**Unrestricted**

80,126

**Total net assets**

80,126

**Total liabilities and net assets**

\$ 100,226

**HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA**  
**STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN UNRESTRICTED NET ASSETS**

**9/30/2016**

**Unaudited**  
**September 30, 2016**

**OPERATING REVENUE:**

Net patient service revenue (net of provision for bad debt)	
Lease Consideration	-
Total Operating Revenue	-

**OPERATING EXPENSES:**

Salaries and Wages	
Employee health and welfare	
Medical supplies and other	
Professional services	
Purchased services	55
Depreciation and amortization	

Total Operating Expenses

55

Operating Loss

(55)

**NONOPERATING INCOME (EXPENSES):**

Gain in Long Term Lease	-
Interest Expense	-

Total Nonoperating Income

-

**EXCESS OF REVENUE OVER EXPENSE**

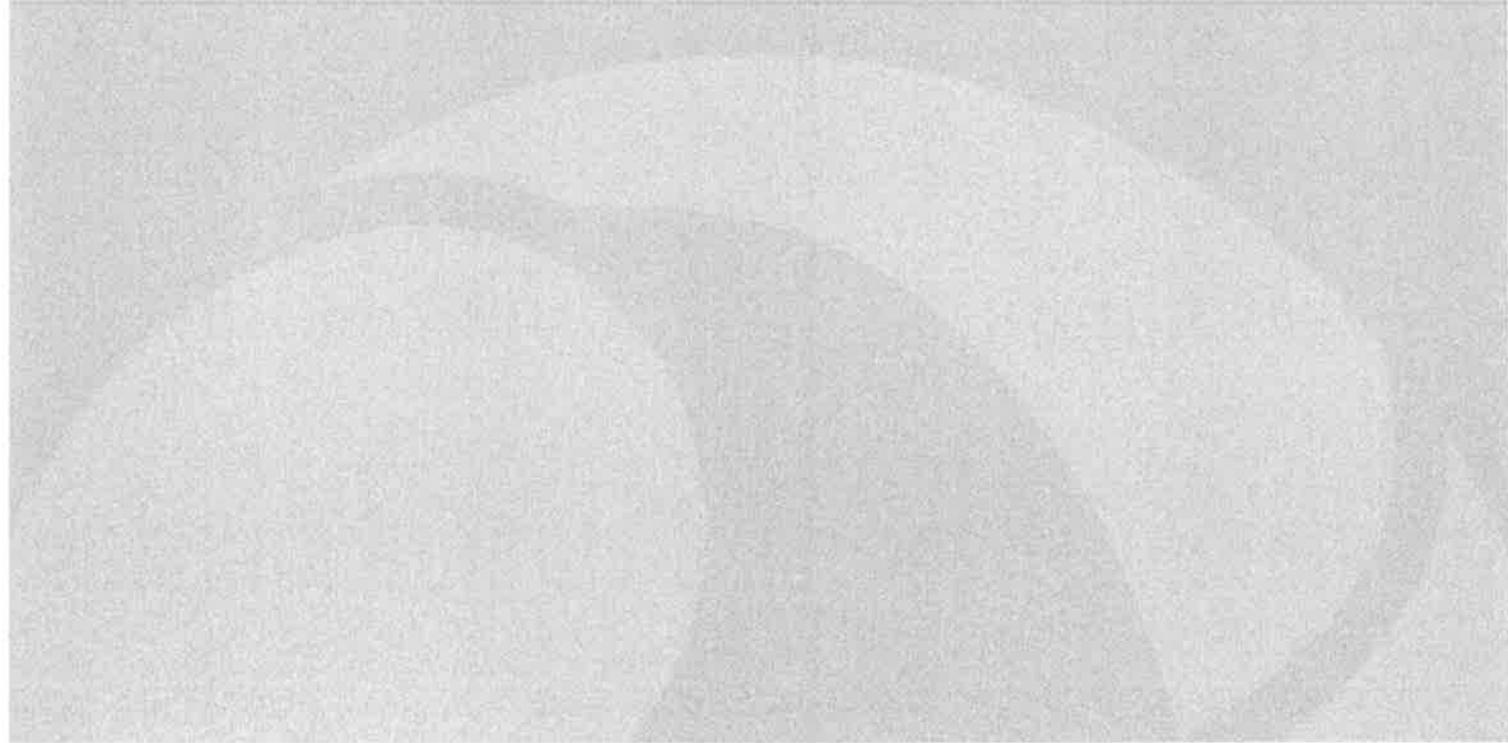
**(55)**



**Facilities Overview**

November 17, 2016

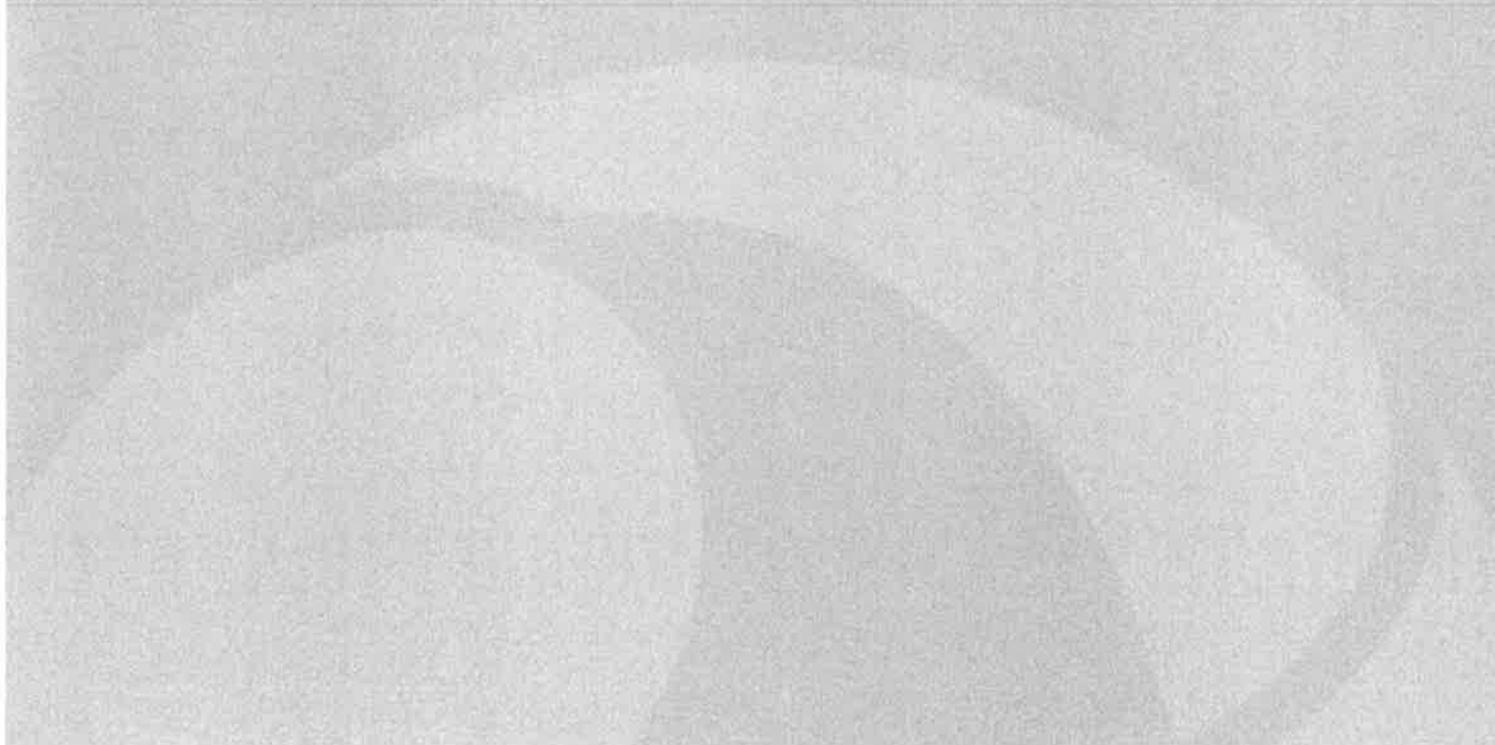
# Phoebe Sumter





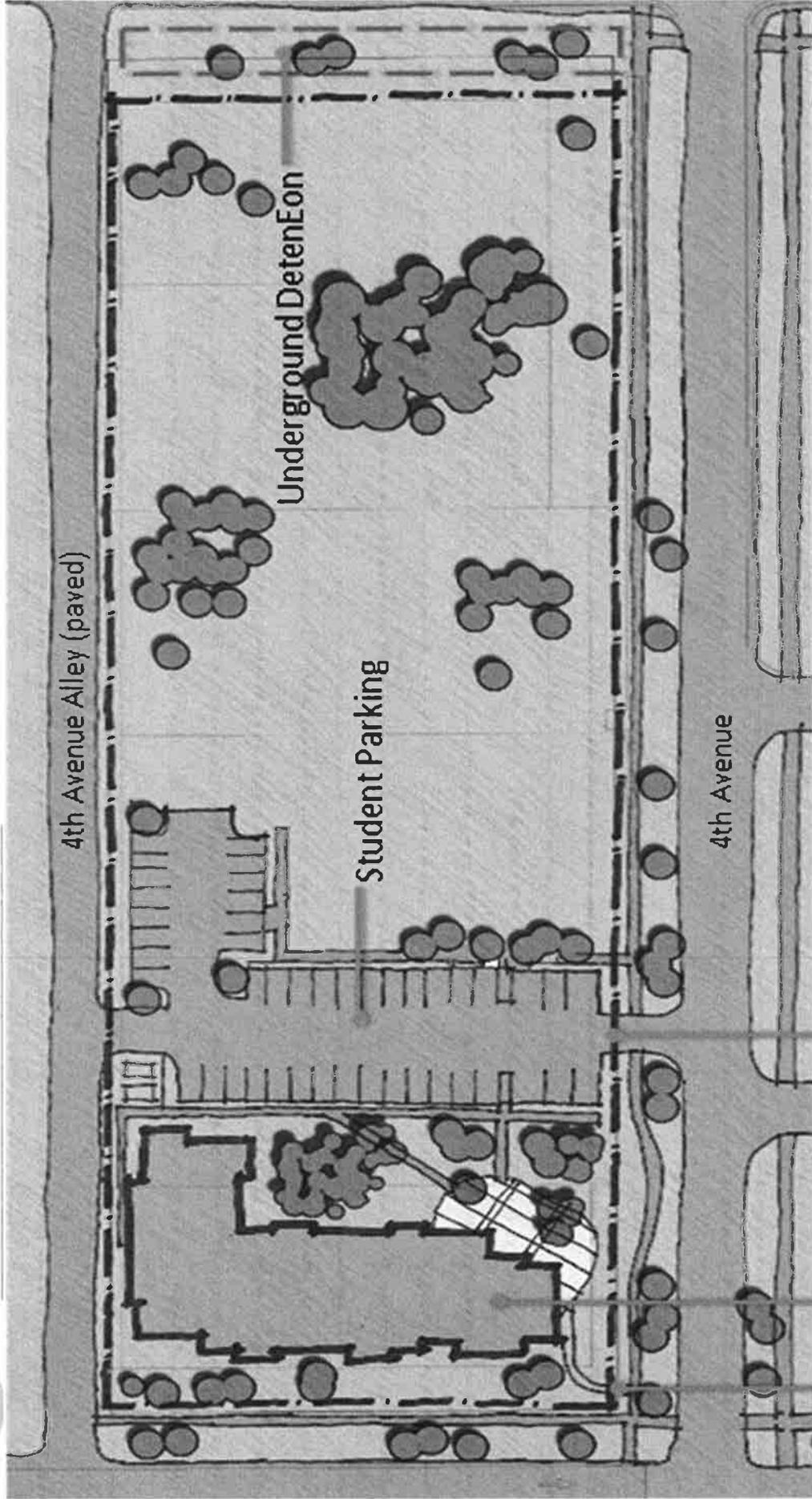


# Student Housing





# Student Housing



Phase I Sit

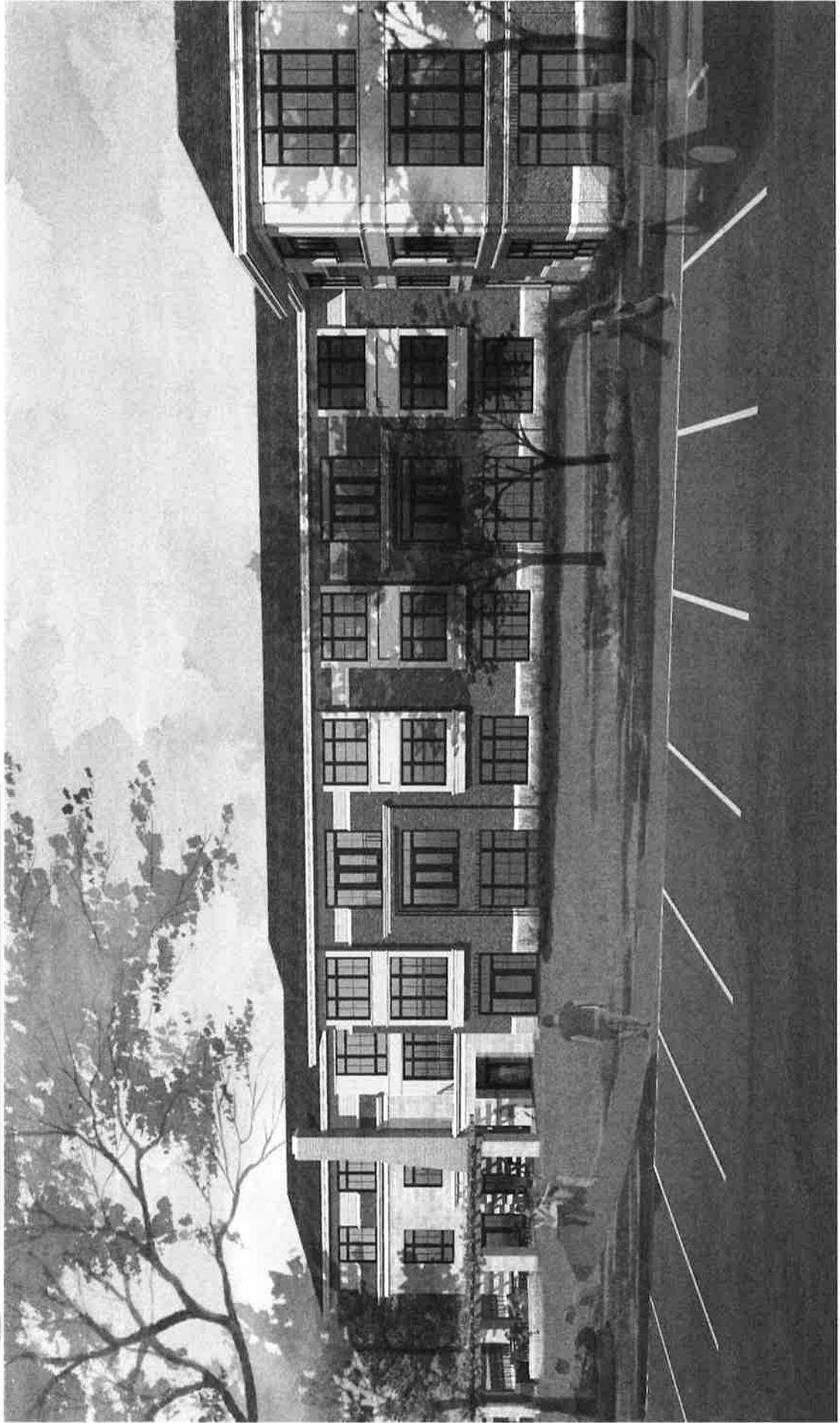
Perimeter Fencing

Phase I Building

Entry Gate

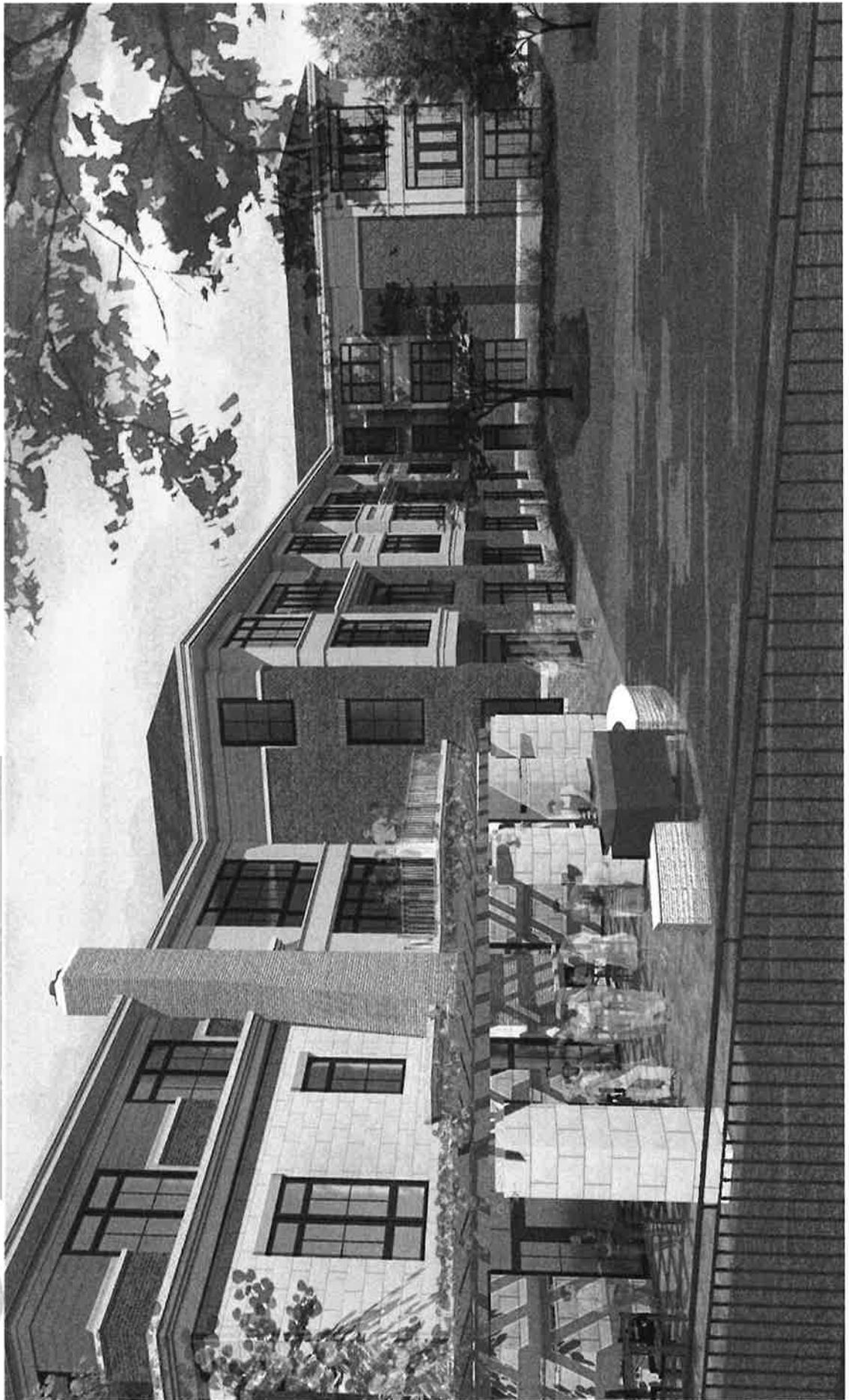


# Student Housing





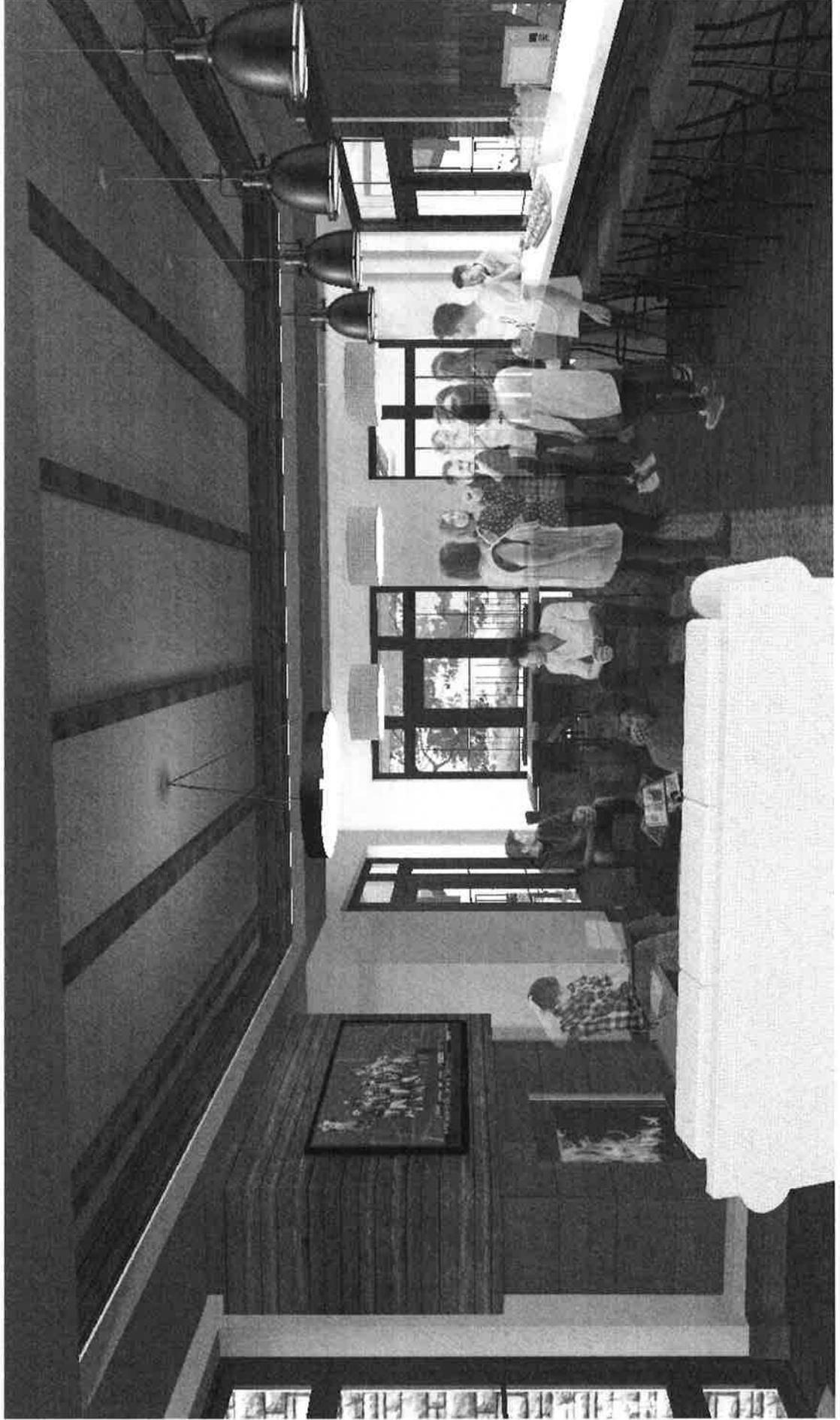
# Student Housing





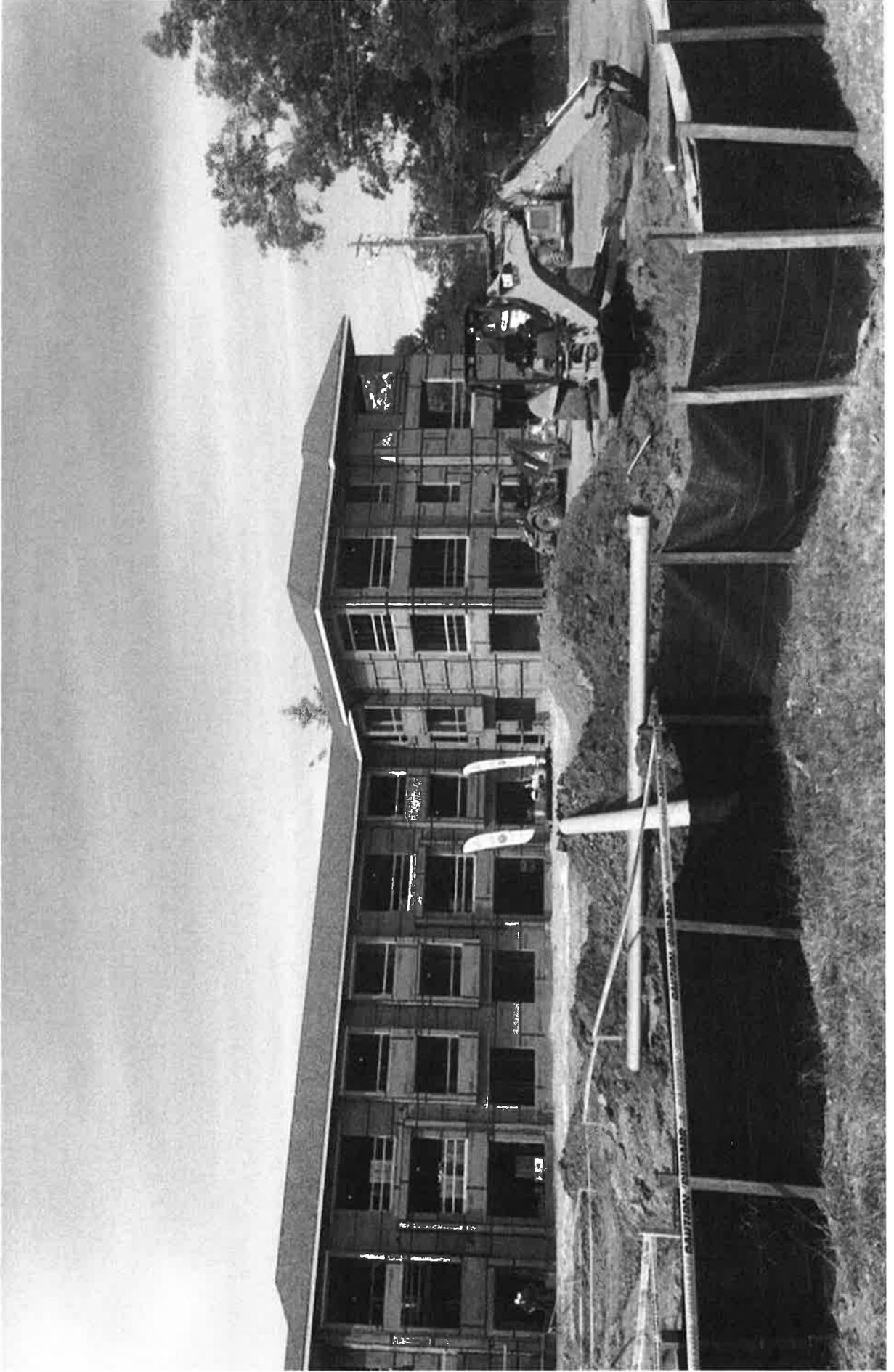
# Student Housing

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# Student Housing



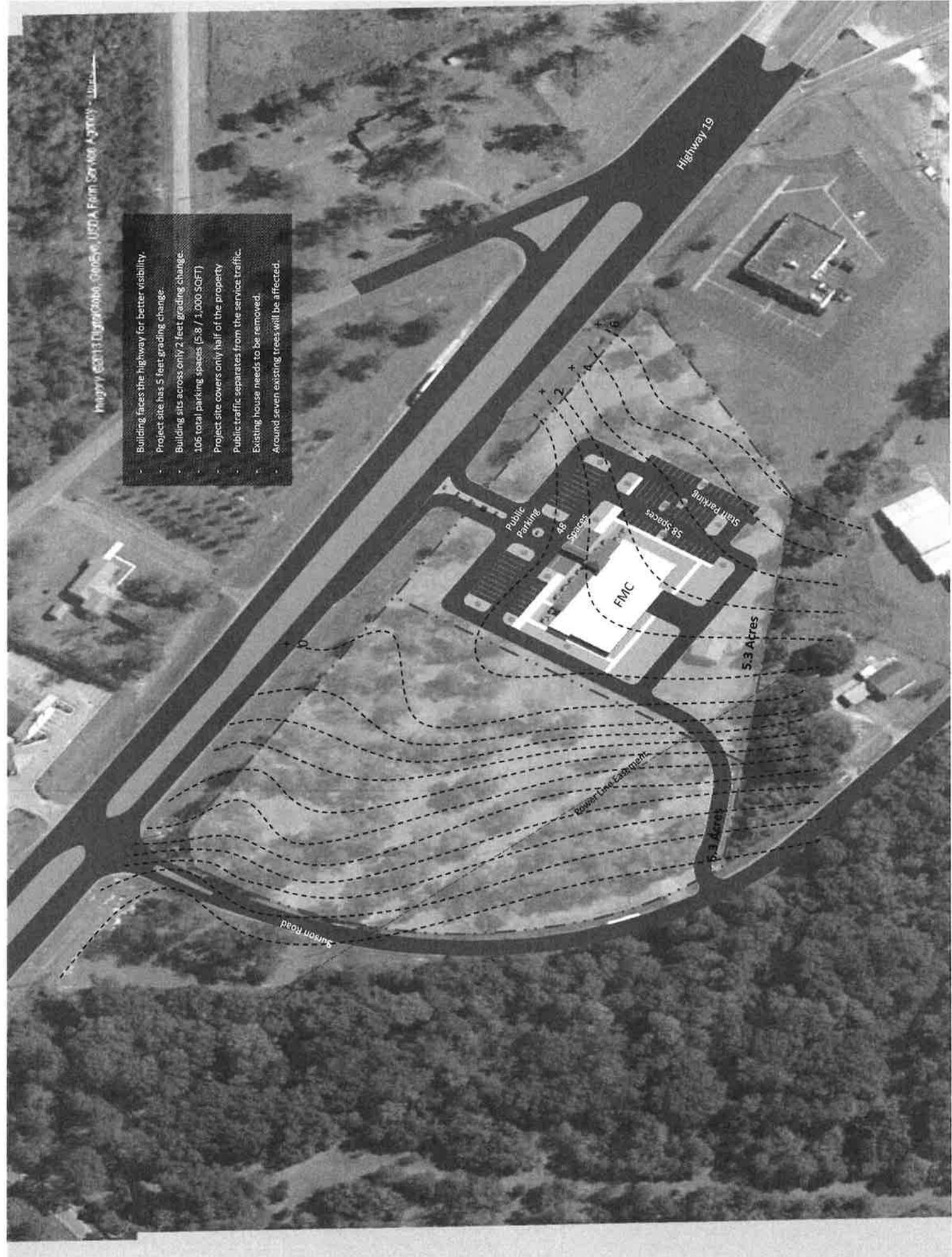
# Camilla Medical Office Building



- Current Office
- Future Office



- Building faces the highway for better visibility.
- Project site has 5 feet grading change.
- Building sits across only 2 feet grading change.
- 106 total parking spaces (58 / 1,000 SQFT)
- Project site covers only half of the property
- Public traffic separates from the service traffic.
- Existing house needs to be removed.
- Around seven existing trees will be affected.





Camilla



Page /



**Camilla**

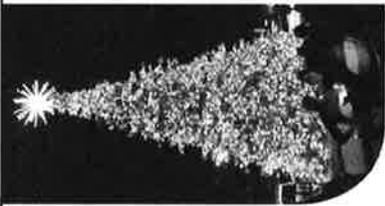
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# Foundation Holiday Events: 2016 Lights of Love



Sumter



Albany



Worth

## Lights of Love

Get details & purchase symbolic lights for \$25 each at [lights-of-love.org](http://lights-of-love.org)  
Donations can also be sent to **Lights of Love, PO Box 3770, Albany, GA 31706.**



**Phoebe Cancer Center**  
Tuesday, November 29 | 7 p.m.  
Linda & Lem Griffin, Honorary Tree Lighters

**Phoebe Sumter**  
Tuesday, December 6 | 7 p.m.  
Nancy Jones, Honorary Tree Lighter

**Phoebe Worth**  
Thursday, December 8 | 7 p.m.  
DeDe Hathcock, Honorary Tree Lighter

