PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 8, 2026

NEW ISSUE
BOOK-ENTRY ONLY

RATING: Moody's "A2"
See "MISCELLANEOUS -Rating" herein.

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2026 Certificates is excludable from gross income for federal income tax purposes under § 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026 Certificates is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2026 Certificates is exempt from present State of Georgia income taxation. See Appendix E herein for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2026 Certificates. For a more complete discussion of the tax status of the Series 2026 Certificates and certain other tax consequences relating to the Series 2026 Certificates, see "TAX STATUS" herein.

$10,025,000*
HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA)
Revenue Anticipation Certificates (Convalescent Center Project), Series 2026

Dated: Date of Issuance **Due: March 1, as shown below**

The HOSPITAL AUTHORITY OF BACON COUNTY REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026 (the "**Series 2026 Certificates**") will be issued in registered form in the name of Cede and Co., as the nominee for The Depository Trust Company ("**DTC**"), New York, New York. Individual purchases of the Series 2026 Certificates must be made in book-entry form only in authorized denominations of $5,000 or any integral multiple thereof. Individual purchasers ("**Beneficial Owners**") of the Series 2026 Certificates will not receive physical delivery of the Series 2026 Certificates. Transfers of the Series 2026 Certificates will be effected through a book-entry system as described herein.

Interest on the Series 2026 Certificates will be payable semi-annually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), beginning March 1, 2027. So long as DTC or its nominee is the registered owner of the Series 2026 Certificates, disbursements of payments of principal of and interest on the Series 2026 Certificates to DTC are the responsibility of Regions Bank, Atlanta, Georgia, as Paying Agent; disbursements of such payments to DTC Participants are the responsibility of DTC; and disbursements of such payments to the Beneficial Owners are the responsibility of Direct and Indirect Participants as more fully described herein. See "THE SERIES 2026 CERTIFICATES - Book-Entry Only System of Delivery of the Series 2026 Certificates" herein.

Certain maturities of the Series 2026 Certificates are subject to optional and mandatory redemption prior to their respective maturities, as more fully described herein.*

The Hospital Authority of Bacon County (the "**Authority**") is issuing the Series 2026 Certificates to provide funds necessary to finance the costs of acquiring, constructing, and equipping additions and improvements to healthcare facilities and paying the costs of issuance of the Series 2026 Certificates. The Series 2026 Certificates are special limited obligations of the Authority, the payment of the principal of and interest on which is secured on a parity basis with the Authority's Refunding Revenue Anticipation Certificate, Series 2022, by a first and prior pledge of and lien on the gross revenues derived by the Authority from the ownership of the Health Care System (defined herein) which is operated by Bacon County Health Services, Inc. ("**Health Services Inc.**"). In addition, the Authority will enter into an amended and restated intergovernmental contract with Bacon County, Georgia (the "**County**"), dated as of the date of issuance of the Series 2026 Certificates (the "**Contract**"), wherein the County is obligated to make payments to the Authority sufficient to pay the principal of and interest on the Series 2026 Certificates as the same become due and payable, to the extent the revenues of the Health Care System pledged to such payment are insufficient for such purposes. The County is obligated under the Contract to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rate within the seven mill limit or such greater millage limit hereafter authorized under the Hospital Authorities Law of Georgia, as may be necessary to produce in each year revenues which are sufficient to fulfill the County's obligations under the Contract. The Series 2026 Certificates do not constitute a debt of the County or of the State of Georgia, or any political subdivision thereof, within the meaning of any pertinent constitutional or statutory limitation. See "THE SERIES 2026 CERTIFICATES - Security and Sources of Payment for the Series 2026 Certificates" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SERIES 2026 CERTIFICATES OR THE SECURITY THEREFOR. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2026 Certificates are offered when, as and if issued by the Authority and accepted by the Underwriter, subject to approval of legality of the Series 2026 Certificates by Gray Pannell LLC, Savannah, Georgia, Bond Counsel, and certain other conditions, including validation by the Superior Court of Bacon County, Georgia. Certain legal matters will be passed upon for the Authority by its counsel, Conner & Jackson, P.C., Waycross, Georgia, for Health Services, Inc. by its counsel, Shepherd, Simpson & Wildes, LLC, Waycross, Georgia, and for the County by its counsel, Keith M. Morris, Esq., Baxley, Georgia. Gray Pannell LLC, Savannah, Georgia is serving as Disclosure Counsel. Delivery of the Series 2026 Certificates in definitive form is expected to be made through The Depository Trust Company, New York, New York, on or about October ____, 2026.

RAYMOND JAMES

Official Statement dated: September ____, 2026
*Preliminary, subject to change.

$10,025,000*
HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA)
REVENUE ANTICIPATION CERTIFICATES, SERIES 2026

MATURITY SCHEDULE*

(March 1) Maturity	Principal Amount	Interest Rate	Yield or Price	CUSIP[1]
2033	$465,000			
2034	490,000			
2035	515,000			
2036	540,000			
2037	565,000			
2038	595,000			
2039	625,000			
2040	655,000			
2041	685,000			
2042	720,000			
2043	760,000			
2044	795,000			
2045	830,000			
2046	870,000			
2047	915,000			

[1] CUSIP® is a registered trademark of the American Bankers Association ("ABA"). CUSIP data herein are provided by CUSIP Global Services (CGS), operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers shown above have been assigned by an independent company not affiliated with the Authority or County and are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2026 Certificates, and neither the Authority nor the County makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Certificates as a result of various subsequent actions that are applicable to all or a portion of certain maturities of the Series 2026 Certificates.

HOSPITAL AUTHORITY OF BACON COUNTY

Danny Stanaland, *Chairman*
Jerry Boatright, *Vice Chairman*
Albert Wildes, *Secretary/Treasurer*
John Sweat

Counsel to the Hospital Authority

Conner & Jackson P.C.
Waycross, Georgia

BACON COUNTY HEALTH SERVICES, INC.

Board of Directors

Danny Stanaland, *Chairman*
Jerry Boatright, *Vice Chairman*
Albert Wildes, *Secretary and Treasurer*
Rhonda Bennett
Tracy Graves
Daniel Johnson
Larry Jordan
Randy Martin
Roger Staten, Sr.

Bacon County Hospital and Health System Administration

Cindy R. Turner, *Chief Executive Officer*
Kyle Lott, *Chief Operating Officer*
Cheryl Dubose, *Chief Financial Officer*

Counsel to Bacon County Health Services, Inc.

Shepherd, Simpson & Wildes, LLC
Waycross, Georgia

BOARD OF COMMISSIONERS OF BACON COUNTY

Shane Taylor, *Chairman*
Lonann Sweat, *Vice Chair*
Lee Hagans
Corey Tyre
Rusty Sears
Sammy Boatright

County Attorney

Keith M. Morris, *Esq.*
Baxley, Georgia

BOND COUNSEL AND DISCLOSURE COUNSEL

Gray Pannell LLC
Savannah, Georgia

UNDERWRITER

Raymond James & Associates, Inc.
Atlanta, Georgia

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This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of any offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

Raymond James & Associates, Inc., Atlanta, Georgia (the "**Underwriter**"), has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2026 CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT APPROVED OR DISAPPROVED OF THE SERIES 2026 CERTIFICATES OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The information set forth herein has been furnished by the Authority, the Health Services, Inc., and the County and by other sources which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Health Services, Inc., or the County or the other matters described herein since the date hereof.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Authority, the Health Services, Inc., and the County. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

This Official Statement (including the Appendices attached hereto) contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement (including the Appendices attached hereto), the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Authority, Health Services, Inc., and the County disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority's, Health Services, Inc., or the County's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2026 Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesperson or other person has been authorized by the Authority to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or any other person.

The prices and other terms respecting the offering and sale of the Series 2026 Certificates may be changed from time to time by the Underwriter after the Series 2026 Certificates are released for sale, and the Series 2026 Certificates may be offered and sold at prices other than the initial offering prices, including sales to the Underwriter who may sell the Series 2026 Certificates into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2026 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Series 2026 Certificates have not been registered under the Securities Act of 1933, and the Resolution (as defined herein) has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Preliminary Official Statement has been deemed final by the Authority, Health Services, Inc., and the County for purposes of Securities Exchange Act Rule 15c2-12, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

OFFICIAL STATEMENT
Relating to

$10,025,000*
HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA)
Revenue Anticipation Certificates (Convalescent Center Project), Series 2026

INTRODUCTION

This Official Statement of the Hospital Authority of Bacon County, Georgia (the "**Authority**" or the "**Issuer**"), which includes the cover page and the Appendices hereto, sets forth information concerning the Authority, Bacon County, Georgia (the "**County**"), Bacon County Health Services, Inc. ("**Health Services, Inc.**") and the proposed issuance of the HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA) REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026 (the "**Series 2026 Certificates**").

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Investors should fully review the entire Official Statement. The offering of the Series 2026 Certificates to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. All undefined, capitalized terms used herein shall have the meaning ascribed to such terms in the Resolution (hereinafter defined) unless the context requires otherwise. For more detailed information on the terms used herein, see "Appendix C: FORM OF RESOLUTION AND CONTRACT."

The Authority

The Authority is a public body corporate and politic created by the Hospital Authorities Law of Georgia, codified in Official Code of Georgia Annotated ("**O.C.G.A.**") § 31-7-70 et seq. (the "**Hospital Authorities Law**"), and was activated by a resolution adopted on February 7, 1950 by the governing body of Bacon County at the time of such activation. The Authority is located in Bacon County in southeastern Georgia. For more detailed information, see "THE AUTHORITY" herein.

Bacon County Health Services, Inc.

Bacon County Health Services, Inc. ("**Health Services, Inc.**") is a 501(c)(3) Georgia non-profit corporation, which, pursuant to a lease agreement with the Authority, dated as of January 16, 1996, as amended by an Amendment to Lease dated as of December 1, 1998, a Second Amendment to Lease dated as of October 6, 2011, a Third Amendment to Lease dated April 21, 2022 and a Fourth Amendment to Lease that will be dated as of the date of issuance and delivery of the Series 2026 Certificates (collectively, the "**Lease**"), operates certain public health facilities of the Authority in the County known as Bacon County Hospital (the "**Hospital**") a not-for-profit acute care facility, Twin Oaks Convalescent Center (the "**Nursing Home**") a not-for-profit 88 bed nursing home, Bacon County Community Care Center (the "**Community Care Center**") a not-for-profit clinic which provides primary care and other services to rural and underserved areas, Nicholls Family Health Care ("**NFHC**"), a not-for-profit clinic which provides primary care and other services to rural underserved areas (the Community Care Center and NFHC are referred to together as the "**Rural Health Clinics**"), ABC Child Development Center (the "**Daycare Center**"), physician offices and other related facilities (the Hospital, the Nursing Home, the Rural Health Clinics, the Daycare Center and physician offices and other related facilities, collectively, the "**Health Care System**"). For more detailed information, see "BACON COUNTY HEALTH SERVICES, INC." herein.

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* The use of the asterisk (*) throughout this Preliminary Official Statement indicates information which is subject to change.

Bacon County

The County, a political subdivision of the State of Georgia, is located in southeast Georgia, approximately 213 miles southeast of Atlanta, Georgia and 90 miles southwest of Savannah, Georgia. The estimated population of the County is 11,070 residents according to U.S. Census Bureau estimated as of July 1, 2025. For more detailed information, see "BACON COUNTY."

Purpose of the Series 2026 Certificates

The Series 2026 Certificates are being issued to provide the funds to finance the costs of acquiring, constructing and equipping additions and improvements to healthcare facilities of the System, including renovations, additions and improvements to the Twin Oaks Convalescent Center (the "**Project**" or "**Projects**"), and paying the costs of issuance of the Series 2026 Certificates. For more detailed information, see "THE SERIES 2026 CERTIFICATES - Estimated Sources and Uses of Funds; and -The Project."

Security and Sources of Payment for the Series 2026 Certificates

The Series 2026 Certificates are special limited obligations of the Authority, the principal of and interest on which are payable from and secured by a first priority pledge of and lien on the gross revenues derived by the Authority from its ownership of the Health Care System, including the payments received from Health Services, Inc. pursuant to the Lease, on a parity basis with the Authority's Refunding Revenue Anticipation Certificate, Series 2022 (the "**Series 2022 Certificate**"). The Series 2026 Certificates will be further secured by an amended and restated intergovernmental contract to be entered into with the County as of the date of issuance of the Series 2026 Certificates (the "**Contract**"), whereby the County has agreed to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the seven mill limit, or such greater millage limit hereafter authorized under the Hospital Authorities Law of Georgia, as may be necessary to produce in each year revenues which are sufficient to pay the principal of and interest on the Series 2022 Certificate and the Series 2026 Certificates. For more detailed information, see "THE SERIES 2026 CERTIFICATES - Security and Sources of Payment for the Series 2026 Certificates" and "Appendix C: FORMS OF RESOLUTION AND CONTRACT."

Description of the Series 2026 Certificates

Redemption. Certain maturities of the Series 2026 Certificates are subject to optional and mandatory redemption by the Authority prior to their respective maturities.*

Denominations. Individual purchases of the Series 2026 Certificates may be made in book-entry form only in denominations of $5,000 or any higher integral multiple thereof.

Registration and Transfer. The Series 2026 Certificates will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will serve as securities depository for the Series 2026 Certificates and the Series 2026 Certificates may be registered, transferred, or exchanged in accordance with the rules of DTC.

Manner of Making Payments. Interest on the Series 2026 Certificates is payable on March 1 and September 1 (each an "**Interest Payment Date**") in each year, commencing March 1, 2027. The interest so payable on any such Interest Payment Date will be paid to the person in whose name the Series 2026 Certificates are registered at the close of business on the 15th day of the calendar month preceding such Interest Payment Date (the "**Record Date**"); provided, however, that if and to the extent a default shall occur in the payment of interest due on said Interest Payment Date, such past due interest shall be paid to the persons in whose names outstanding Series 2026 Certificates are registered on a subsequent date of record established by notice given by mail by the Paying Agent (as defined herein) to the holders of the Series 2026 Certificates not less than 30 days preceding such subsequent date of record. The Series 2026

Certificates bear interest at the rates per annum and mature in the amounts and at the times as set forth on the inside front cover page hereof.

So long as DTC or its nominee is the registered owner of the Series 2026 Certificates, principal of and interest on the Series 2026 Certificates are payable by wire transfer by the Paying Agent to Cede & Co., as nominee for DTC, which, in turn, will remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners (as defined herein). For more detailed information on the Series 2026 Certificates, see "THE SERIES 2026 CERTIFICATES."

Terms of the Offering

Authority for Issuance. The Series 2026 Certificates are to be issued under authority of the Constitution of the State of Georgia, the Hospital Authorities Law of Georgia, the Revenue Bond Law of Georgia, and a resolution adopted by the Authority on September ____, 2026 (the "**Resolution**").

Offering. The Series 2026 Certificates are offered when, as, and if issued by the Authority and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, to approval of legality by Gray Pannell LLC, Savannah, Georgia, Bond Counsel, and to validation by the Superior Court of Bacon County.

Delivery. The Series 2026 Certificates are expected to be delivered in definitive form through The Depository Trust Company in New York, New York on or about October ____, 2026.

Parity Certificates

The Authority may issue additional obligations on a parity with the lien of the Series 2022 Certificate and the Series 2026 Certificates. See "THE SERIES 2026 CERTIFICATES - Parity Certificates" and "Appendix C – FORM OF RESOLUTION AND CONTRACT

Tax Status

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2026 Certificates is excludable from gross income for federal income tax purposes under § 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026 Certificates is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2026 Certificates is exempt from present State of Georgia income taxation. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2026 Certificates. See Appendix E herein for the form of opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2026 Certificates. For a more complete discussion of the tax status of the Series 2026 Certificates and certain other tax consequences relating to the Series 2026 Certificates, see "TAX STATUS" herein.

Bond Registrar and Paying Agent

Regions Bank, in the City of Atlanta, Georgia, will act as bond registrar (the "**Bond Registrar**"), paying agent (the "**Paying Agent**") and authentication agent (the "**Authentication Agent**") for the Series 2026 Certificates.

Professionals Involved in the Offering

Certain legal matters pertaining to the Authority and its authorization and issuance of the Series 2026 Certificates are subject to the approving opinion of Gray Pannell LLC, Savannah, Georgia, Bond Counsel. Certain other legal matters will be passed on for the Authority by its counsel, Conner & Jackson

P.C., Waycross, Georgia, for Health Services, Inc. by Shepherd, Simpson & Wildes, LLC, Waycross, Georgia, and for the County by its counsel, Keith M. Morris, Baxley, Georgia. Gray Pannell LLC, Savannah, Georgia, is serving as Disclosure Counsel. The financial statements of Health Services, Inc. as of June 30, 2025, and for the year then ended, attached hereto as Appendix A, have been audited by Draffin & Tucker, LLP, Certified Public Accountants, Albany, Georgia, to the extent and for the period indicated in their report thereon which appears in Appendix A hereto. The general purpose financial statements of the County as of June 30, 2025, and for the year then ended, attached hereto as Appendix B, have been audited by Hurst & Hurst CPAs, LLC, Douglas, Georgia, to the extent and for the period indicated in their report thereon which appears in Appendix B hereto.

Continuing Disclosure

Health Services, Inc., the Authority, and the County will each sign a Continuing Disclosure Certificate as of the date of the issuance and delivery of the Series 2026 Certificates. Health Services, Inc. will serve as the dissemination agent. This certificate allows the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12(b)(5). See "MISCELLANEOUS - Continuing Disclosure" and "Appendix D: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE."

Additional Information

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Series 2026 Certificates, the Authority, Health Services, Inc., the County, the Resolution, the Lease, the Contract, and the security and sources of payment for the Series 2026 Certificates. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to, or summaries of, the Resolution, the Lease, the Contract, or any other document or constitutional provision or statute are qualified in their entirety by the exact terms of such documents or constitutional provision or statute. All references herein to the Series 2026 Certificates are qualified in their entirety to the form thereof and the provisions with respect thereto included in the Resolution.

Copies of all documents described herein are available upon request, prior to the delivery of the Series 2026 Certificates, from Raymond James & Associates, Inc., Two Buckhead Plaza, Suite 702, 3050 Peachtree Road, N.W., Atlanta, Georgia 30305, and after delivery of the Series 2026 Certificates upon payment to the Authority of a charge for copying, mailing and handling, from the Hospital Administrator, P.O. Drawer 1987, 302 South Wayne Street, Alma, Georgia 31510-0987, telephone (912) 632-8961.

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THE SERIES 2026 CERTIFICATES

Description

The Series 2026 Certificates, dated as of the date of issuance and delivery thereof, will bear interest at the rates per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, and mature in the amounts and at the times set forth on the inside cover page hereof. Interest shall be payable semi-annually on March 1 and September 1 of each year beginning March 1, 2027.

Redemption of the Series 2026 Certificates*

Optional Redemption. The Series 2026 Certificates maturing on March 1, 2037, and thereafter are subject to optional redemption by the Authority, in whole or in part at any time, beginning March 1, 2036 (if less than all of the Series 2026 Certificates of a maturity are to be redeemed, the actual Certificates of such maturity shall be selected by lot in such manner as may be designated by DTC while the Series 2026 Certificates are held as Book-Entry Certificates and by the Paying Agent if the Series 2026 Certificates are no longer held as Book-Entry Certificates), in such order as may be designated by the Authority at a redemption price of 100% of the principal amount of the Series 2026 Certificates called for redemption plus accrued interest to the redemption date.

Scheduled Mandatory Redemption. The Series 2026 Certificates maturing on March 1, 20__, are subject to scheduled mandatory redemption prior to maturity in part *pro rata* among the Certificate holders of the mandatory Series 2026 Certificates to be redeemed (rounded to the nearest $5,000 of the principal amount of each Certificate) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of such redemption, in the following principal amounts and on March 1 of the years set forth below (the March 1, 20__, amount to be paid at maturity rather than redeemed):

Year	Principal Amount

The *pro rata* redemption shall be made by redeeming from each Certificate Holder of the maturity to be redeemed that principal amount which bears the same proportion to the principal amount of such stated maturity registered in the name of such Certificate Holder as the total principal amount of such stated maturity to be redeemed on any date of scheduled mandatory redemption bears to the aggregate principal amount of such stated maturity Outstanding prior to redemption. If the Paying Agent cannot make a strict *pro rata* redemption among the Certificate Holders of a stated maturity, the Paying Agent will redeem more or less than a *pro rata* portion from one or more Certificate Holders of such stated maturity in such manner as the Paying Agent deems fair and reasonable. In connection with any such redemption prior to maturity, the Paying Agent will make appropriate entries in the Certificate Register to reflect a portion of any Certificate so redeemed and the amount of the principal remaining outstanding. The Paying Agent's notation in the Certificate Register shall be conclusive as to the principal amount of any Outstanding Certificate at any time.

Notice of Redemption. The Certificate Registrar shall give notice of redemption one time not less than 30 days nor more than 45 days prior to the date fixed for redemption to the Holders of each of the Series 2026 Certificates being called for redemption by first class mail (electronically while the Series 2026 Certificates are held as book-entry Certificates) at the address shown on the register of the Certificate Registrar. Said notice may be conditional and shall contain the complete official name of the Series 2026 Certificates being redeemed, CUSIP number, certificate numbers, amounts called of each certificate (for partial calls), redemption date, redemption price, the Paying Agent's name and address (with contact person and phone number), date of issue of the Series 2026 Certificates, interest rate, and maturity date. Said notice shall also be given not less than 30 days nor more than 45 days prior to the date fixed for redemption, to the Electronic Municipal Market Access system (EMMA) operated by the

Municipal Securities Rulemaking Board or such other securities depository registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which disseminate redemption notices. No transfer or exchange of any Certificate so called for redemption shall be allowed. If any Holder of any Certificate being redeemed pursuant to the provisions of this Article shall fail to present for redemption any such Certificate within 60 days after the date fixed for redemption, a second notice of the redemption of such Certificate shall be given to said Owner at the address of said Owner as shown on the Certificate register of the Certificate Registrar within 90 days after the date fixed for redemption. The failure of the Certificate Registrar to give such notice shall not affect the validity of the proceedings for the redemption of any Certificate as to which no such failure occurred. Any notice mailed or delivered as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

Manner of Redemption. Certificates shall be redeemed only in the principal amount of $5,000 or any integral multiple thereof. In the case of the Series 2026 Certificates of denominations greater than $5,000, if less than all of such Certificates of a single maturity then outstanding are to be called for redemption then for all purposes in connection with redemption, each $5,000 of face value shall be treated as though it were a separate Certificate in the denomination of $5,000. If it is determined that one or more, but not all of the $5,000 units of face value represented by any Certificate are to be called for redemption, then upon notice of the intention to redeem such $5,000 unit or units, the Owner of such Certificate shall forthwith surrender such Certificate to the Paying Agent for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of face value called for redemption and there shall be issued to the Holder thereof, without charge therefor, fully registered Certificates for the unredeemed balance of the principal amount thereof, in any of the authorized denominations. If the Owner of any such Certificate of a denomination greater than $5,000 shall fail to present such Certificate to the Paying Agent for payment in exchange as aforesaid, such Certificate shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Certificate represented by such $5,000 unit or units of face value on and after the date fixed for redemption and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent and being available for the redemption) such Certificate shall not be entitled to the benefit and security of the Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units.

Effect of Redemption Call. Notice having been given in the manner and under the terms and conditions hereinabove provided, and money for the payment of the redemption price being held by the Paying Agent, all as provided in the Resolution, the Series 2026 Certificates or the portion thereof so called for redemption shall become and be due and payable on the redemption date designated in such notice at the redemption price provided for redemption of such Certificates on such date. Interest on the Series 2026 Certificates or the portion thereof so called for redemption shall cease to accrue from and after the date fixed for redemption unless default shall be made in payment of the redemption price thereof upon presentation and surrender thereof. Such Certificates shall cease to be entitled to any lien, benefit or security under the Resolution and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Certificate or the portion thereof so called shall not be considered to be outstanding. Upon surrender of such Certificate paid or redeemed in part only, the Authority shall execute and the Certificate Registrar shall deliver to the Owner thereof, at the expense of the Authority, a new Certificate or Certificates of the same type, of authorized denominations in the aggregate principal amount equal to the unpaid or unredeemed portion of the Certificate.

Book-Entry Only System of Delivery of the Series 2026 Certificates

The following description of the procedures and recordkeeping with respect to the beneficial ownership interests in the Series 2026 Certificates, payment of interest and other payments on the Series 2026 Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2026 Certificates and other related transactions by and between DTC, DTC Participants and Beneficial Owners is based on certain information furnished by DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority does not take responsibility for the accuracy thereof. Accordingly, the Authority does not make any representation concerning these matters.

The Depository Trust Company, New York, New York, will act as securities depository for the Series 2026 Certificates. The Series 2026 Certificates will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2026 Certificate will be issued for each maturity of the Series 2026 Certificates in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2026 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Certificate ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Certificates, except in the event that use of the book-entry system for the Series 2026 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2026 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as

may be requested by an authorized representative of DTC. The deposit of the Series 2026 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Series 2026 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Certificates, such as redemptions, tenders, defaults and proposed amendments to the Series 2026 Certificates Certificate documents. For example, Beneficial Owners of the Series 2026 Certificates may wish to ascertain that the nominee holding the Series 2026 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Certificates are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2026 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2026 Certificates purchased or tendered, through its Participant, to a tender or remarketing agent, and shall effect delivery of such Series 2026 Certificates by causing the Direct Participant to transfer the Participant's interest in the Series 2026 Certificates, on DTC's records, to the tender or remarketing agent. The requirement for physical delivery of the Series 2026 Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2026 Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Certificates to the tender or remarketing agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2026 Certificates at any time by giving reasonable notice to the Authority or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2026 Certificate certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2026 Certificate certificates will be printed and delivered to DTC.

SO LONG AS CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, IS THE SOLE HOLDER OF THE SERIES 2026 CERTIFICATES, THE AUTHORITY AND THE REGISTRAR WILL TREAT CEDE & CO. OR SUCH OTHER NOMINEE AS THE ONLY OWNER OF THE SERIES 2026 CERTIFICATES FOR ALL PURPOSES UNDER THE CERTIFICATE RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2026 CERTIFICATES, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE AUTHORITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE CERTIFICATE RESOLUTION. THE AUTHORITY DOES NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2026 CERTIFICATES; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE CERTIFICATE RESOLUTION TO BE GIVEN TO HOLDERS OF THE SERIES 2026 CERTIFICATES; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS OWNER.

Beneficial Owners of the Series 2026 Certificates may experience some delay in their receipt of distributions of principal and interest on the Series 2026 Certificates since such distributions will be forwarded by the Paying Agent to DTC, and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

Authority for Issuance of the Series 2026 Certificates

The Series 2026 Certificates are being issued and secured pursuant to the authority granted by (i) the Constitution of the State of Georgia, (ii) Article 4 of Chapter 7 of Title 31 of the Official Code of Georgia Annotated, known as the "**Hospital Authorities Law**", (iii) Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated (the "**Revenue Bond Law**"), and (iv) the provisions of the Resolution.

The Hospital Authorities Law authorizes the Authority:

(1) to issue its revenue anticipation certificates for the purpose of paying all or any part of the cost of the acquisition, construction, alteration, repair, modernization, and other charges incident thereto in connection with any facilities or project, which include hospitals, health care facilities, clinics, and other public health facilities;

(2) to issue its revenue anticipation certificates for the purpose of refunding outstanding certificates;

(3) to acquire, operate, construct, reconstruct, improve, alter, and repair projects;

(4) to make and execute contracts and other instruments necessary to exercise its powers; and

(5) as security for repayment of its revenue anticipation certificates, to mortgage, pledge, or assign any revenue, income, tolls, charges, or fees received by it and to hypothecate any revenues received from political subdivisions.

Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes any county of the State of Georgia to contract for any period not exceeding 50 years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake or provide. Article IX, Section III, Paragraph I(c) of the Constitution of the State of Georgia of 1983 authorizes any county to contract with any public corporation or public authority for the care, maintenance, and hospitalization of its indigent sick and to, as a part of such contract, agree to pay for the cost of acquisition, construction, modernization, or repairs of necessary land, buildings, and facilities by such public corporation or public authority and provide for the payment of such services and the cost to such public corporation or public authority of acquisition, construction, modernization, or repair of land, buildings, and facilities from revenues realized by such county from any taxes authorized by the Constitution or revenues derived from any other source.

The Hospital Authorities Law authorizes the County to:

(1) enter into contracts with hospital authorities for such periods of time not exceeding 40 years as shall be necessary to provide for the continued maintenance and use of the facilities of such hospital authorities, which may obligate the County to pay for such services a fixed and definite minimum sum each year based or calculated upon the anticipated cost of such services including the cost and expense of making the facilities of such hospital authorities available for the furnishing and performance of such services;

(2) include, without limitation, in the determination of the cost of services and facilities furnished pursuant to the contracts described in clause (1) above (a) the cost of acquiring, constructing, altering, repairing, renovating, improving, and equipping projects, (b) principal, interest, and sinking fund and other reserve requirements in connection with the issuance of revenue certificates by hospital authorities to finance, in whole or in part, the cost of projects and the payment of expenses incident thereto, (c) the cost of operating, maintaining, and repairing such projects, and (d) the cost of retiring, refinancing, or refunding any outstanding debt or other obligation of any nature incurred by hospital authorities;

(3) provide annually for the payment of the services and facilities of the hospital authorities used by the County or its residents pursuant to the contracts described in clause (1) above out of general funds of the County or out of tax revenues realized for the purpose of providing for the indigent sick and others entitled to the use of the services and facilities of the hospital authorities; and

(4) for the purpose of providing the tax revenues described in clause (3) above, levy an ad valorem tax not exceeding seven mills, exclusive of all other taxes which may be levied by the County, from which revenues when realized there must be appropriated annually sums sufficient to pay for the cost of the use of the services and facilities of hospital authorities by the County or its residents pursuant to the provisions and covenants of the contracts described in clause (1) above.

The execution, delivery and performance of the Contract by the County was authorized and approved pursuant to a resolution adopted by the Board of Commissioners of the County on September ____, 2026.

Validation of the Series 2026 Certificates

In accordance with the Hospital Authorities Law, the Series 2026 Certificates must be confirmed and validated by the Superior Court of Bacon County in accordance with the procedures of the Revenue Bond Law prior to the issuance of the Series 2026 Certificates. The Contract to be entered into between the Authority and the County, which is pledged to the security and payment of the Series 2026 Certificates, shall be submitted as an integral part of the validation proceedings. The Superior Court of

Bacon County shall make a declaratory adjudication of the validity and binding effect of the Contract and determine that the Contract is in all respects valid and binding upon the County and the Authority. The County shall be made a party to the validation proceedings and the adjudication of the validity of the Contract will conclusively bind the County to its validity and enforceability. The Hospital Authorities Law provides that an adjudication as to the validity of the Contract shall be conclusive and binding upon the County and the resident citizens and property owners thereof.

Estimated Sources and Uses of Funds*

Sources of Funds:

Par Amount of Series 2026 Certificates	$_____
Original Issue [Discount/Premium]	_____
Total	$_____

Use of Funds:

Costs of the Project[1]	$_____
Estimated Costs of Issuance[2]	_____
Total	$_____

_____

1 See "THE SERIES 2026 Certificates – The Project"

2 Includes estimated fees of attorneys and accountants, Underwriter's Discount and expenses, cost of printing, bond validation fees, rating agency's fee, initial fee of Bond Registrar and Paying Agent, and other miscellaneous fees and expenses.

The Project

Proceeds from the Series 2026 Certificates will be used to finance the costs of acquiring, constructing and equipping additions and improvements to healthcare facilities of the System, including renovations, additions and improvements to the Twin Oaks Convalescent Center to provide additional communal space and private resident rooms. The Project includes the construction of two isolation rooms designed to accommodate residents who have, or may develop, communicable diseases or autoimmune conditions; additional private rooms; an additional nurses' station; approximately 3,825 square feet of renovations and new finish upgrades in Wing D; approximately 14,009 square feet of additional resident space in Wing A; approximately 582 square feet of expanded common bathing and living-room space; approximately 2,769 square feet of substantial interior renovations to rehabilitation space; and an approximately 1,876-square-foot expansion of the chapel. The Project comprises approximately 20,003 square feet of new construction work.

Design work is complete and site work for the Project commenced in March, 2026, and completion of the Project is currently projected for June, 2027. The total cost of the Project is estimated to be approximately $10,800,000.

Construction Fund Disbursements

Concurrently with the issuance and delivery of the Series 2026 Certificates, proceeds from the sale of the Series 2026 Certificates will be deposited into the Construction Fund created pursuant to the terms of the Resolution and disbursed in accordance with the terms of the Resolution. Disbursements from the Construction Fund may be made for the purpose of paying the cost of acquiring, constructing, and equipping the Project, including reimbursing for advances from other funds related to the Project. For more information on Construction Fund disbursements and requisition processes see "Appendix C: FORM OF RESOLUTION AND CONTRACT."

Security and Sources of Payment for the Series 2026 Certificates

The Series 2026 Certificates will be secured, on a parity basis with the Series 2022 Certificate, by a pledge of and lien on, and shall be payable from, the gross revenues arising out of or in connection with the Authority's ownership of the Health Care System, including payments received pursuant to the Lease. The Series 2026 Certificates are further secured by payments to be received from the County pursuant to the Contract. For a description of the Health Care System, see "THE AUTHORITY - Health Care System" and "BACON COUNTY HEALTH SERVICES, INC."

The Lease. The Hospital Authorities Law grants to the Authority the power to acquire, construct, and equip hospitals and other public health facilities for the use of patients and officers and employees of any institution under the supervision and control of the Authority or leased by the Authority for operation by others, to promote the public health needs within its area of operation and all utilities and facilities deemed by the Authority necessary or convenient for the efficient operation thereof, and the power to establish rates and charges for the services and use of the facilities of the Authority. Pursuant to such powers, the Authority has heretofore acquired, constructed, and equipped and now owns the Health Care System.

In accordance with the Lease, as supplemented and amended, between the Authority and Health Services, Inc., the Authority leases the Health Care System and its related facilities to Health Services, Inc. as a part of an overall plan to promote the public health needs of Bacon County and surrounding counties by making additional health care facilities available in such counties and to lower the long-term cost of health care in such counties. Health Services, Inc. operates the Health Care System pursuant to the Lease. Pursuant to Paragraph 2(a) of the Lease, Health Services, Inc. is obligated to fix rates and charges in such amounts as will produce revenues sufficient, together with other funds, to (i) pay principal and interest on certificates of the Authority issued for the benefit of Health Services, Inc., (ii) provide for the maintenance and operation of the Health Care System, (iii) create and maintain reserves sufficient to meet the principal and interest payments due on any certificates in any one year after the issuance thereof, and (iv) provide reasonable reserves for the improvement, replacement or expansion of the present facilities or services of the Health Care System.

Pursuant to the terms of the Fourth Amendment to Lease to be dated as of the date of issuance and delivery of the Series 2026 Certificates, the term of the Lease shall continue in full force and effect until the earlier of (i) forty years from the effective date of the Lease or (ii) such time as the Series 2026 Certificates, and any parity obligations hereafter issued, as to principal, interest and premium, if any, have been paid or until provision is duly made therefor, but in no event shall the term of the Lease exceed 40 years from the effective date of the Fourth Amendment to Lease. The Authority may terminate the Lease prior to the end of its term for defaults thereunder by Health Services, Inc. Upon termination of the Lease for any reason, Health Services, Inc. is obligated under the Lease to reconvey, retransfer and assign the operations of the Health Care System to the Authority, plus its assets as then existing subject to such debt or other liabilities as may be applicable thereto.

The Contract. Pursuant to the Contract, the County is obligated to levy on all taxable property within its boundaries an annual tax *within the seven (7) mill limitation prescribed by the Hospital Authorities Law,* or such higher limit as may hereafter be prescribed by law, to the extent necessary to make payments in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2026 Certificates.

Pursuant to the Contract, all payments received by the Authority from the County pursuant to the Contract for payment of the Series 2026 Certificates will be deposited immediately upon receipt into the Sinking Fund. Such payments will be held separate and apart from other funds of the Authority and will not be used for any purpose other than the payment of the principal of and premium, if any, and interest on the Series 2026 Certificates and related expenses.

Any payments made by the County pursuant to the Contract to defray the cost of operating, maintaining, and repairing the Health Care System shall be deposited in the Revenue Fund and then applied to such purposes or they may be directly applied to such purposes.

The Series 2026 Certificates will not be deemed to constitute a debt of the County, the State of Georgia, or any political subdivision thereof, including the Authority, nor a pledge of the faith and credit of the County, the State of Georgia, or any political subdivision thereof, nor shall the County, the State of Georgia, or any political subdivision thereof, including the Authority, be subject to any pecuniary liability thereon. The County's obligations under the Contract to make the payments to the Authority it has contracted to make is absolute and unconditional and shall constitute a general obligation and pledge of the full faith and credit of the County, subject to the seven (7) mill limitation prescribed by the Hospital Authorities Law.

For a more detailed description of the security pledged for payment of the Series 2026 Certificates, see "Appendix C: FORM OF THE RESOLUTION AND CONTRACT."

Authorized Investments of Money

Money in the Construction Fund may be invested by the Authority in any of the authorized investments more particularly described in Section 606(a) of the Resolution (presently authorized by O.C.G.A. § 36-82-7) if and to the extent the same are at the time legal for investment of such money. Money in the Revenue Fund, Sinking Fund, Debt Service Reserve Fund and in the Renewal and Extension Fund may be invested by the Authority in any of the authorized investments more particularly described in Section 606(b) of the Resolution (presently authorized by O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4), if and to the extent the same are at the time legal for investment of such money.

Parity Certificates

The Authority may issue parity certificates ranking as to the charge or lien on the gross revenues of the Health Care System on a parity with the Series 2022 Certificate and the Series 2026 Certificates provided certain conditions are met. For more detailed information on the conditions that must be met for parity obligations to be issued see "Appendix C: FORM OF THE RESOLUTION AND CONTRACT."

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Estimated Debt Service Schedule for the Series 2026 Certificates*

The following table sets forth the annual principal and interest requirements relating to the Series 2026 Certificates.

Date	Principal*	Interest	Total Debt Service
03/01/2027	-		
09/01/2027	-		
03/01/2028	-		
09/01/2028	-		
03/01/2029	-		
09/01/2029	-		
03/01/2030	-		
09/01/2030	-		
03/01/2031	-		
09/01/2031	-		
03/01/2032	-		
09/01/2032	-		
03/01/2033	$465,000.00		
09/01/2033	-		
03/01/2034	490,000.00		
09/01/2034	-		
03/01/2035	515,000.00		
09/01/2035	-		
03/01/2036	540,000.00		
09/01/2036	-		
03/01/2037	565,000.00		
09/01/2037	-		
03/01/2038	595,000.00		
09/01/2038	-		
03/01/2039	625,000.00		
09/01/2039	-		
03/01/2040	655,000.00		
09/01/2040	-		
03/01/2041	685,000.00		
09/01/2041	-		
03/01/2042	720,000.00		
09/01/2042	-		
03/01/2043	760,000.00		
09/01/2043	-		
03/01/2044	795,000.00		
09/01/2044	-		
03/01/2045	830,000.00		
09/01/2045	-		
03/01/2046	870,000.00		
09/01/2046	-		
03/01/2047	915,000.00		
Total	$10,025,000.00		

THE AUTHORITY

Introduction

The Authority, a public body corporate and politic, was created pursuant to the Hospital Authorities Law of Georgia and was established pursuant to the provisions of a resolution adopted on February 7, 1950 by the Board of Commissioners of Bacon County. The Hospital Authorities Law grants to the Authority the power to acquire, construct, and equip hospitals and other public health facilities for the use of patients and officers and employees of any institution under the supervision and control of the Authority or leased by the Authority for operation by others, to promote the public health needs within its area of operation and all utilities and facilities deemed by the Authority necessary or convenient for the efficient operation thereof, and the power to establish rates and charges for the services and use of the facilities of the Authority. Pursuant to such powers, the Authority has heretofore acquired, constructed, and equipped and now owns the Health Care System in Bacon County.

The Hospital Authorities Law authorizes the Authority to issue revenue anticipation certificates or other evidences of indebtedness for the purpose of paying all or any part of the cost of the acquisition, construction, equipping, and other charges incident thereto, in connection with any facilities or project, and for the purpose of refunding outstanding certificates, and as security for repayment of its revenue anticipation certificates, to mortgage, pledge, or assign any revenue, income, tolls, charges, or fees received by Authority and to hypothecate any revenues received from political subdivisions.

Principal Officials

The Hospital Authorities Law provides that the affairs of the Authority shall be governed by a board (the "**Board**") consisting of not less than five nor more than nine members who serve staggered, four-year terms. A vacancy on the Board, for either an unexpired or full term, is filled by the Board from a list of nominees prepared by the Board of Commissioners of Bacon County. Once the Board makes a selection from the nominees submitted by the County, the Board notifies the Board of Commissioners of its selection for final approval. Information about the members of the current Board is as follows:

Name/Office	Expiration of Current Term	Years on Board	Principal Occupation
Danny Stanaland, *Chairman*	July 1, 2030	32	Retired, County Agent
Albert Wildes, *Secretary/Treasurer*	June 1, 2027	15	Farmer
Jerry Boatright	July 1, 2030	14	Retired, Pike Electric
John Sweat	November 1, 2027	3	Satilla REMC

Health Care System

The Health Care System includes a number of integrated components that deliver a wide range of services. Below is a description of the Health Care System facilities.

The Hospital. The Authority owns Bacon County Hospital and Health System, a general, acute care hospital with 25 beds currently in service. The Hospital has a licensed capacity of 25 beds. The Hospital was operated until 1996 by an administrator hired by the Hospital Authority, except for the period 1982-1986, when it was operated by a management team from Baptist Medical Center in Jacksonville, Florida. Since 1996, the Hospital has been operated by Bacon County Health Services, Inc. pursuant to the Lease. The Hospital is DNV accredited and provides adult and pediatric medical care, surgery and obstetrics.

Twin Oaks Convalescent Center. On December 31, 1990, the Authority acquired Twin Oaks Convalescent Center, an 88 bed long-term care facility which provides physical therapy and 24-hour health care for the elderly. Since 1996, the Nursing Home has been operated by Health Services, Inc. pursuant to the Lease. The Nursing Home is a skilled and intermediate care facility fully licensed by the

State of Georgia. For information regarding the planned expansion of the Nursing Home, see "THE SERIES 2026 CERTIFICATES – The Project" herein.

The ABC Child Development Center. Built in 1998 with local grant funds, the ABC Child Development Center is a licensed and accredited child development program that serves the Alma and Bacon County area and is licensed to serve 158 children. The Child Development Center serves children ranging from six weeks to twelve years of age. The early childhood program is designated to provide a safe and nurturing environment while promoting the physical, social, emotional, and intellectual development of young children. The curriculum is sensitive to individual learning styles and respects the range of differences within a single child.

The Rural Health Clinics. Bacon County Community Care Center and Nicholls Family Health Care provide primary level family care services, including episodic and chronic illness care, and patient/family education. Emphasis is on early intervention for disease prevention and health promotion. Community and industrial programs available include breath alcohol testing, urine drug screen collections, CPR and first aid instruction and other programs emphasizing healthy life styles and covering various health care topics.

South Georgia Physicians Group. In 2011 South Georgia Physicians Group LLC was established to provide primary and specialty care services. These physician practices are currently located in Alma and Waycross providing primary care, cardiac care, general surgery and OB/GYN services. South Georgia Physicians Group LLC operates as an affiliated clinical practice and disregarded entity under the corporate umbrella of Health Services, Inc.

The Hospital, Nursing Home, Child Development Center, Rural Health Clinics, South Georgia Physicians Group and all their related facilities, including a rehabilitation center and a pulmonary rehabilitation center are located on an adjoining two block area in the City of Alma, Georgia with additional offices in Ware and Coffee counties. For more detailed information on the Health Care System, see "BACON COUNTY HEALTH SERVICES, INC."

The Authority also owns other office buildings which are not a part of the Health Care System. The revenues from these buildings are accounted for as "other revenue" in the financial statements of Health Services, Inc.

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BACON COUNTY HEALTH SERVICES, INC.

Introduction

Bacon County Health Services, Inc. ("**Health Services, Inc.**") was organized on June 15, 1995 as a non-profit corporation under the laws of the State of Georgia, the purposes of which are exclusively charitable, educational and scientific, and is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. It was formed in connection with a plan of corporate reorganization of the Authority.

The Lease

Health Services, Inc. assumed operation of the Health Care System from the Authority and assumed all assets, liabilities, obligations, and rights of the Authority as of July 1, 1996 in accordance with the terms and conditions of the Lease. Pursuant to the terms of the Fourth Amendment to Lease to be dated as of the date of issuance and delivery of the Series 2026 Certificates, the term of the Lease shall continue in full force and effect until the earlier of (i) forty years from the effective date of the Fourth Amendment to Lease or (ii) such time as the Series 2022 Certificate, the Series 2026 Certificates, and any parity obligations hereafter issued, as to principal, interest and premium, if any, have been paid or until provision is duly made therefor, but in no event shall the term of the Lease exceed 40 years from the effective date of the Fourth Amendment to Lease. The Authority may terminate the Lease prior to the end of its term for defaults thereunder by Health Services, Inc. Upon expiration or termination of the Lease in accordance with its terms, Health Services, Inc. is obligated to reconvey, retransfer and assign the Health Care System to the Authority, plus its assets as then existing subject to such debt or other liabilities as may applicable thereto.

Pursuant to the Lease, Health Services, Inc. has covenanted to operate the Health Care System on a non-profit basis, without inurement of benefit or profit to any private person, but with sufficient revenues over expenses to (i) pay principal and interest on certificates of the Authority issued for the benefit of Health Services, Inc., (ii) provide for the maintenance and operation of the Health Care System, (iii) create and maintain reserves sufficient to meet the principal and interest payments due on any certificates in any one year after the issuance thereof, and (iv) provide reasonable reserves for the improvement, replacement or expansion of the present facilities or services of the Health Care System.

Board of Directors

The Board of Directors of Bacon County Health Services, Inc. is responsible for determining corporate policy relating to general management of the Health Care System. The original Board of Directors of Bacon County Health Services, Inc., were appointed by the Board Members of the Authority, but all subsequent members of the Board of Health Services, Inc., are self-appointed by the current Board of Directors to serve staggered terms. Information about the current Board of Directors is as follows:

Name/Office	Expiration of Current Term	Years on Board	Principal Occupation
Danny Stanaland, *Chairman*	July 1, 2030	32	Retired, County Agent
Jerry Boatright, *Vice Chairman*	July 1, 2030	14	Retired, Pike Electric
Albert Wildes, *Secretary/Treasurer*	June 1, 2027	15	Farmer
Daniel Johnson	June 1, 2030	4	Insurance Agent
Larry Jordan	November 1, 2027	28	Farmer
Tracy Graves	November 1, 2027	3	Pharmacist
Roger Staten, Sr.	November 1, 2028	26	Retired, City of Alma
John Sweat	November 1, 2027	3	Satilla REMC
Rhonda Bennett	August 1, 2029	1	Alma Sunbelt Blueberries, Co-owner
Randy Martin	January 1, 2030	1	Retired, Dept of Public Safety

Administrative Staff

Chief Executive Officer. Cindy R. Turner has been Chief Executive Officer of the Health Care System since September 2005. The CEO's job responsibilities include directing, planning, developing, and evaluating the operations, policies, and personnel of the Health Care System. Ms. Turner is a graduate of Bacon County High School and completed courses in accounting and computer programming at South Georgia College. She became a Licensed Nursing Home Administrator in July 1993 and holds a Georgia Nursing Home Administrator's license. Ms. Turner is a member of the Georgia Hospital Association and Georgia Nursing Home Association. Ms. Turner launched her career with the Health Care System in 1981 as an Admissions Clerk in the Business Office where she was named Director in 1985. She moved into the administrative sector in 1991 when she became Chief Financial Officer. Ten years later, she was named Chief Operations Officer and in 2005, she was named Chief Executive Officer. Ms. Turner has served on many boards, including the Georgia Hospital Association's Board of Trustees, acting as their chairperson in 2014, the Health Care Insurance Resources Workers' Compensation Board, the Governing Council of the American Hospital Association Section for Small or Rural Hospitals, BCHHSSP Board and the Med Assets Executive Services Advisory Committee.

Chief Operating Officer/Director of Pharmacy/Physician Recruiter. Kyle Lott, PharmD, MHA, holds a pivotal multi-role leadership position as Chief Operating Officer, Director of Pharmacy, and Physician Recruiter for the Health Care System. Dr. Lott earned his PharmD and MHA from the University of Georgia College of Pharmacy. Within the Health Care System, he is responsible for the strategic oversight of clinical support departments and top-tier medical recruitment. Simultaneously, Dr. Lott directs pharmacy operations, ensuring medication security, regulatory alignment, and exceptional patient care delivery.

Chief Financial Officer. Cheryl Dubose, CPA, has been Chief Financial Officer of the Health Care System since 2016. Cheryl has a bachelor's degree in Accounting from Valdosta State University and is a Georgia licensed CPA. Ms. Dubose is a member of the Hospital Finance Management Association (HFMA) and the Georgia Hospital Association (GHA). Ms. Dubose has 37 years of experience in accounting and finance with 20 years in the healthcare industry. Her job responsibilities include planning, implementing and managing all financial activities of the Health Care System.

Employees, Employee Relations, and Employee Benefits

As of June, 2026, the Health Care System had 483 employees (315 full-time and 168 part-time), that serve the Hospital, the Nursing Home, the Rural Health Clinics, the Child Development Center and related facilities and offices. Of the 483 employees, there are 78 registered nurses, 68 licensed practical nurses, 51 nursing assistants, 6 physicians, 2 family nurse practitioners, and 284 clinical and technical employees that work in medical records, radiology, cardiopulmonary, laboratory, food service, business and environmental services. The Health Care System has never experienced a disruption of services due to employee action or strike. Management believes that they have a good relationship with employees. There are no employees belonging to labor unions or other collective bargaining groups and neither the Authority nor Health Services, Inc. has any knowledge of any union organizing efforts.

The Health Care System provides a wide range of employee benefits, including health insurance, facility sponsored life insurance, as well as benefit of paid time from work for absences due to sick leave, vacations and holidays. Presently, employee paid time off for sick leave and vacation is grouped together and accrues as full-time hours are worked. The total number of days accrued during the first year of employment is 22 days and increases with tenure. Time away for educational opportunities is also provided.

Other ancillary and optional benefits include: disability insurance (both long-term and short-term), dental insurance, flexible spending accounts, health savings accounts, voluntary life, and other supplemental insurances.

Services

The Hospital, a 25 bed critical access hospital, is the only hospital in Bacon County and provides a broad range of inpatient and outpatient services. It offers most major inpatient clinical services including an emergency room which is staffed with a physician 24 hours per day, general surgery and other surgical services, pharmacy, long-term care, laboratory, X-Rays, ICUs, rehabilitations services for physical, occupational and speech therapies, obstetrics and newborn care, respiratory therapy, pulmonary rehabilitation, patient education, and state-of-the-art radiology services, including, ultrasounds with 4D capability, radiography and fluoroscopy, ACR accredited digital mammography with tomosynthesis, cutting-edge teleradiography and PACS capabilities, 160 slice Toshiba Aquilion CT, 1.5 Tesla MRI, nuclear medicine, ultrasound echo, nuclear medicine stress tests, and a digital radiography room. The Hospital is part of a medical complex on 11 acres and over 25,000 square feet.

The regular hours of operation for the surgical services department are Monday through Friday from 7:00 am until 3:30 pm, with a surgical call team available for emergencies occurring after hours, on weekends, and holidays. The surgical services department includes an ambulatory service area with a 5-bed capacity, a gastrointestinal endoscopic procedure room, and 4 operating rooms. Available services include, general surgery, OB/GYN surgeries, orthopedics and podiatry, endoscopic procedures. Ophthalmology, and pain management interventions. The GI unit offers EGD, colonoscopy, PEG tube insertions and push enteroscopy procedures. The anesthesia team consists of 3 licensed CRNAs on site Monday thru Friday. They are responsible for providing general anesthesia, epidural blocks, and conscious sedation. Nurse staffing includes RNs, LPNs, and Surgical Scrub Technicians. Department policies and practices are based on AORN (Association of Operating Room Nurses) guidelines.

The Nursing Home, an 88 bed hospital based skilled nursing facility, is an intermingled skilled and intermediate care nursing facility which maintains a waiting list of persons seeking admission to the Nursing Home. The Nursing Home is the only such facility in the County. Both the Hospital and the Nursing Home are accredited by the Joint Commission on Accreditation of Healthcare Organizations. The Nursing Home offers services to patients who require short term or long term nursing home care. Examples of patients who benefit from short term nursing home care includes patients who need rehabilitation services such as, physical therapy, occupational therapy, and speech language pathology. Examples of patients who benefit from long term nursing home care includes patients requiring enteral tube feeding, IV therapy, Alzheimer or dementia care, diabetes management, and assistance with activities of daily living due to diagnoses of cancer, cardiovascular accidents, or simply the aging process. The Nursing Home offers a variety of care to its residents that include, in house rehabilitation services, podiatry care, dental care, activities, licensed nurses 24 hours a day, certified nursing assistants 24 hours a day, and an interdisciplinary care team which consists of registered nurses, licensed practical nurses, registered dietitian, pharmacist, certified nursing assistants, and social worker. This professional team meets regularly with the residents and families to discuss the goals and progress of the residents.

The Rural Health Clinics provide primary level family care services, including episodic and chronic illness care, and patient/family education. Emphasis is on early intervention for disease prevention and health promotion. Community and industrial programs available include breath alcohol testing, urine drug screen collections, CPR and first aid instruction.

The Child Development Center is licensed to serve 87 children ranging from six weeks to twelve years of age. Built in 1998 with local grant funds, the Center is a licensed and accredited child development program that serves the Alma and Bacon County area. The early childhood program is designated to provide a safe and nurturing environment while promoting the physical, social, emotional, and intellectual development of young children. The curriculum is sensitive to individual learning styles and respects the range of differences within a single child.

The South Georgia Physicians Group LLC physician practices provide primary care and specialty services that include cardiology, general surgery and ob/gyn services. South Georgia Physicians Group

LLC operates as an affiliated clinical practice and disregarded entity under the corporate umbrella of Health Services, Inc.

Accreditation and Licenses

The Health Care System has received accreditation from the Joint Commission on Accreditation of Healthcare Organizations. The Health Care System is licensed by the Georgia Department of Human Resources and is certified by the United States Department of Health and Human Services. The Hospital is a member of the Georgia Hospital Association, American Hospital Association, and the Georgia Health Care Association.

Malpractice and Other Insurance

The Health Care System is from time to time subject to claims and suits arising in the ordinary course of business. Since 1984, the Health Care System has been insured for general and professional liability. On October 1, 2009, the Health Care System established a segregated portfolio plan in the Georgia Health Care Insurance Company, SPC ("**GHCIC**"), which is incorporated in the Cayman Islands. The name of the plan is Bacon County Hospital and Health System Segregated Portfolio ("**Segregated Portfolio**"). The Segregated Portfolio provides professional and general liability self-insurance to the Health Care System. The Segregated Portfolio is managed by Willis Management (Cayman), Ltd. in Grand Cayman, Cayman Islands. Liability limits related to the claims-made coverage are $500,000 per claim with no aggregate. The Segregated Portfolio has accrued a reserve for estimated claims incurred but not reported (IBNR) as of June 30, 2025 and 2024. In the event that a claim exceeds the $500,000 limit, the Health Care System has purchased an umbrella insurance policy. Liability limits related to this policy in 2025 and 2024 were $5,000,000 in aggregate.

Various claims and assertions are made against the Health Care System in its normal course of providing services. In addition, other claims may be asserted arising from services provided to patients in the past. The Health Care System has designated assets to be used for liabilities resulting from claims for which the Health Care System may ultimately be responsible. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance.

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Competitive Data

Health Services, Inc.'s service area covers all of Bacon County and portions of surrounding counties. Other counties also use the Hospital's 24-hour emergency room services. The County is in a rural area of Georgia, with a primary economic base in agriculture. The Hospital competes for patients with hospitals in surrounding counties and in the city of Savannah. A summary of the Hospital and its principal competitors is presented below:

Hospital	City	Distance From Alma	Number of Beds
Bacon County Hospital	Alma	--	25
Appling HealthCare System	Baxley	20 miles	64
Jeff Davis County Hospital	Hazlehurst	20 miles	35
Coffee Regional Medical Center	Douglas	28 miles	98
Memorial Satilla Health Center	Waycross	30 miles	231
Irwin County Hospital	Ocilla	49 miles	64
Dorminy Medical Center	Fitzgerald	54 miles	75
SGMC Berrien	Nashville	60 miles	63
Tift Regional Medical Center	Tifton	68 miles	181
Southeast Georgia Health System	Brunswick	70 miles	300
Southwell Medical	Adel	72 miles	115
South Georgia Medical Center	Valdosta	80 miles	418
Memorial Medical Center	Savannah	95 miles	749
St. Joseph's Hospital	Savannah	95 miles	330
Candler Hospital	Savannah	95 miles	384

Source: Hospital Management.

Historical Utilization of the Hospital

Historical data summarizing the utilization of the Hospital for fiscal years ended June 30, 2021 through June 30, 2025 are presented below.

	2021	2022	2023	2024	2025
Inpatient Activity					
Licensed Beds	25	25	25	25	25
Average Daily Census	13.3	12.6	8.9	9.6	7.7
Total Patient Days	4,845	4,614	3,243	3,524	2,788
Occupancy Rate	53%	51%	36%	39%	31%
Admissions	1,055	927	813	930	758
Average Length of Stay (in days)	4.6	5.0	3.9	3.8	3.7
Number of Operating Room Cases	1,825	1,760	2,057	1,593	1,454
Outpatient Activity					
Outpatient Visits	32,913	32,830	17,301	18,638	19,117
Emergency Room Visits	9,794	10,194	10,311	10,316	9,985
Observation Room Activity					
Observation Room Patients	798	906	1,043	1,065	1,150
Admissions from Observation Room	261	301	282	330	282

Source: Hospital Management

Medical Staff

As of June, 2026, the medical staff of the Hospital consisted of 301 physicians, of which 9 were active staff members and 292 were courtesy and/or consulting staff members. The following is information regarding the Hospital's 301 member medical staff:

Specialties	Active Staff	Courtesy/Consulting Staff
Anesthesia	-	5
Cardiology	2	1
Dentistry- LTC	-	2
Family Practice	4	-
Internal Medicine	1	1
Obstetrics/Gynecology	1	-
Orthopedics	-	4
Surgery	1	1
Pathology	-	7
Radiology	-	39
Urology	-	2
Ophthalmology/Optometry	-	2
Emergency Room	-	11
Pediatrics	-	1
Gastro	-	1
Telemedicine	-	196
Podiatry	-	6
Oncology	-	1
Nurse Practitioners	-	9
Physical Assistants	-	3
Total:	9	292

Source: Hospital Management.

Major Third-Party Reimbursement Programs

The Health Care System has agreements with third-party payors that provide for payments to the Health Care System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Medicare and Medicaid. Medicare is a federal program, administered by the Health Care Financing Administration, available to individuals age 65 or over and to certain other classes of individuals. Medicaid is a federal and state medical assistance program, administered by the State of Georgia, available to individuals meeting certain income or other need requirements. Medicare and Medicaid provide, among other things, hospital insurance benefits that cover, within prescribed limits as described below, the cost of hospital care.

The Health Care System has been granted Critical Access Hospital ("**CAH**") designation by the Medicare Program. The CAH designation places certain restrictions on daily acute care inpatient census and an annual, average length of stay of acute care inpatients. Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. Nursing Home services rendered to Medicare program beneficiaries are paid based on a patient-driven payment methodology. The Health Care System is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Health Care System and audits thereof by the Medicare Administrative Contractor ("**MAC**"). The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an

independent review by a peer review organization under contract with the Health Care System. The Health Care System's Medicare cost reports have been audited by the MAC through June 30, 2023.

With regard to the Medicaid Program, inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Outpatient services are paid based upon cost reimbursement methodologies. The Health Care System is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Health Care System and audits thereof by the Medicaid fiscal intermediary. The Health Care System' Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2022. The Health Care System has also entered into contracts with certain managed care organizations to receive reimbursement for providing services to selected enrolled Medicaid beneficiaries. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges, or prospectively determined per diems. Long-term care services are reimbursed by the Medicaid program based on a prospectively determined per diem. The per diem is determined by the facility's historical allowable operating costs adjusted for certain incentives and inflation factors.

The Medicare and Medicaid programs are subject to statutory and regulatory changes, and are also subject to administrative rulings, interpretations and discretion, governmental-funding restriction, requirements of more stringent utilization review, and other similar matters that may significantly reduce payments to the Health Care System under either or both of such programs.

*Georgia Indigent Care Trust Fun*d. The Health Care System participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Health Care System receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Health Care System's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately $1,544,000 and $1,852,000 for the years ended June 30, 2025 and 2024, respectively.

Commercial Insurance. Commercial insurance companies pay the Health Care System for covered services based on hospital charges rendered to patients insured by such insurance companies. Rate increases by the Health Care System is not subject to approval by these companies, and these companies reimburse their subscribers or make direct payment to the Health Care System for covered services at prevailing area room rates, plus ancillary service charges, subject to various limitations, insurance provisions and deductions.

Sources of Payment

The following table illustrates the source of gross patient service revenues generated by services of the Health Care System for fiscal years ended June 30, 2021 through June 30, 2025.

Revenue Source	2021	2022	2023	2024	2025
Medicare	$54,262,837	$57,374,818	$57,826,706	$64,275,001	$70,158,300
Medicaid	16,889,821	17,379,763	18,173,649	18,026,767	19,886,544
Blue Cross	15,496,548	15,039,848	12,001,048	12,585,897	16,608,355
Commercial	15,748,444	20,826,358	15,227,572	20,316,208	19,593,157
Patients Self Pay	7,392,027	7,417,819	7,327,302	8,161,616	7,267,821
Total:	$109,789,677	$118,038,606	$110,556,277	$123,365,489	$133,514,177

Source: Hospital Management.

Uncompensated Services

Health Services, Inc. was compensated for services at amounts less than its established rates. Net patient service revenue set forth in the financial statements of Health Services, Inc. includes amounts, representing the transaction price, based on standard charges reduced by variable considerations such as contractual adjustments, discounts, and implicit price concessions. The charges for these uncompensated

services for 2025 and 2024 were approximately $84,000,000 and $75,000,000, respectively. Uncompensated care includes charity and indigent care services of approximately $1,200,000 and $1,900,000 in 2025 and 2024, respectively. The cost of charity and indigent care services provided during 2025 and 2024 were approximately $452,000 and $782,000, respectively computed by applying a total cost factor to the charges foregone. The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for fiscal years 2021 through 2025.

	2021	2022	2023	2024	2025
Gross Patient Charge	$109,789,677	$118,038,606	$110,556,277	$123,365,489	$133,514,177
Uncompensated Services					
Indigent/Charity Care	2,128,759	2,516,474	2,000,780	1,905,592	1,153,395
Medicaid UPL / ICTF	-	(2,088,000)	(3,327,000)	(3,595,000)	(3,256,000)
Medicare	37,674,959	43,522,051	40,508,414	43,477,796	50,209,019
Medicaid	7,917,211	9,913,325	10,393,602	9,841,310	10,873,382
Other Third-Party Payors	11,709,425	15,451,993	11,230,060	15,164,920	16,836,975
Price Concessions	6,432,596	6,049,198	6,645,368	8,347,971	7,902,808
Total	65,862,950	75,365,041	67,451,224	75,142,589	83,719,579
Net Patient Service Revenue	$43,926,727	$42,673,565	$43,105,053	$48,222,900	$49,794,598

Source: Audited Financial Statements of Health Services, Inc.

Net Patient Revenues by Facility

Net patient service revenue by facility, line of business, and timing of revenue recognition for the fiscal years ending June 30, 2021 through June 30, 2025 are as follow:

Service Line	2021	2022	2023	2024	2025
Hospital	$36,944,682	$34,854,747	$34,568,413	$38,599,637	$38,328,602
Nursing Home	4,952,548	5,846,520	6,152,437	6,959,923	7,980,677
Rural Health Clinics	1,159,273	1,106,320	926,622	705,354	693,871
Physician Offices	620,423	840,710	1,200,956	1,558,978	2,137,675
One Source Vascular[1]	249,801	25,268	256,625	399,008	653,773
Total:	$43,926,727	$42,673,565	$43,105,053	$48,222,900	$49,794,598

[1] As of April 2026, One Source Vascular, LLC has ceased operations and Health Services, Inc. is in the process of winding up affairs of and dissolving the entity.

Source: Audited Financial Statements of Health Services, Inc.

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DEBT STRUCTURE OF THE HEALTH CARE SYSTEM

Categories of Long-Term and Short-Term Indebtedness

Set forth below is information concerning long-term debt of the Authority as of June 30, 2026, and as of the anticipated date of issuance of the Series 2026 Certificates. The information set forth below should be read in conjunction with Health Services, Inc.'s financial statements included as Appendix A hereto.

Category of Debt	Amount Authorized or Issued	Amount Outstanding As of 6/30/2026	Amount to be Outstanding Upon Issuance of Series 2026 Certificates
Series 2026 Certificates[1]	$10,025,000*	$-0-	$10,025,000*
Series 2022 Certificates[1]	7,735,000	4,809,000	4,809,000
TOTAL:	$17,760,000*	$4,809,000	$14,834,000*

[1] The Series 2022 Certificates and the Series 2026 Certificates are payable from the gross revenues of the Health Care System. The Series 2026 Certificates and Series 2022 Certificate are further secured by an amended and restated contract to be entered into with the County as of the date of issuance of the Series 2026 Certificates, whereby the County has agreed to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rates within the seven mill limit, or such greater millage limit hereafter authorized under the Hospital Authorities Law of Georgia, as may be necessary to produce in each year revenues which are sufficient to pay the principal of and interest on the Series 2026 Certificates and Series 2022 Certificate.

Operating and Finance Leases

Health Services, Inc. has operating and finance leases for buildings and equipment. Health Services, Inc. determines if an arrangement is a lease at the inception of a contract. Health Services Inc. has incurred financed lease liabilities, with an interest rates of 3.39% to 4.26% and monthly payments of $638 to $3,610 and quarterly payments of $17,756. Outstanding principal balance on such liabilities as of June 30, 2025 was $36,994. See Note 11 of the general purpose financial statements of Health Services, Inc. as Appendix A to this Official Statement for a summary of the operating and financed leases.

Additional Long and Short-Term Indebtedness

Neither the Authority nor Health Services, Inc. has any current plans to issue any other short term obligations and no plans to issue any long term indebtedness other than the Series 2026 Certificates.

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Estimated Aggregate Debt Service Schedule*

Set forth below are the estimated annual principal and interest payment requirements of the Authority with respect to the Series 2022 Certificate and the Series 2026 Certificates.

	Series 2022 Certificate		Series 2026 Certificates*		
Period Ending	Principal	Interest	Principal	Interest	Total Debt Service
03/01/2027	$763,000.00	$95,699.10	-		
03/01/2028	778,000.00	80,515.40	-		
03/01/2029	793,000.00	65,033.20	-		
03/01/2030	809,000.00	49,252.50	-		
03/01/2031	825,000.00	33,153.40	-		
03/01/2032	841,000.00	16,735.90	-		
03/01/2033	-	-	$465,000.00		
03/01/2034	-	-	490,000.00		
03/01/2035	-	-	515,000.00		
03/01/2036	-	-	540,000.00		
03/01/2037	-	-	565,000.00		
03/01/2038	-	-	595,000.00		
03/01/2039	-	-	625,000.00		
03/01/2040	-	-	655,000.00		
03/01/2041	-	-	685,000.00		
03/01/2042	-	-	720,000.00		
03/01/2043	-	-	760,000.00		
03/01/2044	-	-	795,000.00		
03/01/2045	-	-	830,000.00		
03/01/2046	-	-	870,000.00		
03/01/2047	-	-	915,000.00		
Total	$4,809,000.00	$340,389.50	$10,025,000.00		

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Historical Net Income Available for Debt Service

Historical Net Income Available for Debt Service. Presented below are Health Services, Inc.'s net income available for debt service for the past six fiscal years and debt service coverage ratios based on the maximum annual debt service for the Series 2022 Certificate and the Series 2026 Certificates. Debt service on Health Services, Inc.'s leases are not included in the calculation because those obligations do not have a lien on the Gross Revenues of the Health Care System.

Bacon County Health Services, Inc.
Historical Net Income Available for Debt Service and
Maximum Annual Debt Service Coverage Ratios

	Fiscal Year Ending June 30					
Net Income	2021	2022	2023	2024	2025	(***unaudited***) 2026
Operating Revenues	$44,742,803	$46,157,817	$44,689,412	$49,531,985	$51,787,281	$49,810,401
Operating Expenses	44,162,346	49,182,776	47,344,340	50,626,130	52,361,885	54,369,020
Net Operating Income (Loss)	580,457	(3,024,959)	(2,654,928)	(1,094,145)	(574,604)	(4,558,619)
Plus Depreciation, amortization and interest expense	3,039,061	2,822,442	2,822,059	2,741,744	2,453,124	2,173,930
Plus Interest Income	695,598	0	552,926	2,556,455	3,144,648	4,244,809
Plus Non-Capital Grants	6,197,286	3,259,320	765,430	676,091	2,339,012	3,532,167
	9,931,945	6,081,762	4,140,415	5,974,290	7,936,784	9,950,906
Net Income Available for Debt Service	**$10,512,402**	**$3,056,803**	**$1,485,487**	**$4,880,145**	**$7,362,180**	**$5,392,287**
Maximum Annual Debt Service[1]						
Only Series 2022 Certificate	$858,699	$858,699	$858,699	$858,699	$858,699	$858,699
Debt Service Coverage Ratios	**12.24x**	**3.56x**	**1.73x**	**5.68x**	**8.57x**	**6.28x**
Series 2022 Certificate and Series 2026 Certificates (Combined)*	$1,400,000	$1,400,000	$1,400,000	$1,400,000	$1,400,000	$1,400,000
Debt Service Coverage Ratios*	**7.51x**	**2.18x**	**1.06x**	**3.49x**	**5.26x**	**3.85x**

[1] See "DEBT STRUCTURE OF HEALTH CARE SYSTEM – Estimated Aggregate Debt Service Schedule."

* Denotes preliminary and subject to change. Maximum annual debt service on Series 2026 Certificates is based on projections.

The table above is based upon historical operating results, that would have occurred for the last six fiscal years had the maximum annual debt service payable on the Series 2026 Certificates and Series 2022 Certificate been paid during such periods. The financial information presented above, which is based upon historical financial results, should not be considered to represent future results.

Historical Ad Valorem Tax Coverage of Debt Service.

The following table sets forth the historical value of 1 mill in Bacon County and the revenues from a 7 mill tax levy and the debt service coverage ratio to the combined maximum annual debt service on the Series 2022 Certificate and Series 2026 Certificates that would have occurred for the last five fiscal years provided by the Contract with Bacon County had the maximum annual debt service payable on the Series 2022 Certificate and Series 2026 Certificates been paid during such periods.

Bacon County Historical 7 Mill Tax Levy Value and Maximum Annual Debt Service Coverage Ratios

	Fiscal Years Ended June 30				
	2022	2023	2024	2025	2026
Net M&O Tax Digest Value[1]	$264,914,629	$288,529,287	$350,296,701	$363,064,586	$406,982,484
Value of 1 Mill[2]	$264,914.63	$288,529.29	$350,296.70	$363,064.59	$406,982.48
Collection of 7 Mills at 100%	$1,854,402.40	$2,019,705.01	$2,452,076.91	$2,541,452.10	$2,848,877.39
Combined Maximum Annual Debt Service on the Series 2022 Certificate and Series 2026 Certificates*[3]	$1,400,000	$1,400,000	$1,400,000	$1,400,000	$1,400,000
Debt Service Coverage Ratio*	1.32x	1.44x	1.75x	1.82x	2.03x

[1] Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40% of the property's fair market value. For example, the assessed value (40% of the fair market value) of a house that is worth $100,000 is $40,000. Net M&O tax digest value is equal to the gross digest value less exemptions. The Net M&O Tax Digest is for the prior calendar year's tax levy. For example, fiscal year ending June 30, 2026 is based on calendar year 2025 digest. For information on ad valorem property taxation *see* "BACON COUNTY AD VALOREM TAXATION" herein.

[2] A tax rate of one mill represents a tax liability of one dollar per $1,000 of assessed value.

[3] See "DEBT STRUCTURE OF HEALTH CARE SYSTEM – Estimated Aggregate Debt Service Schedule."

* Denotes preliminary and subject to change. Maximum annual debt service on Series 2026 Certificates is based on projections.

Pursuant to the Contract, the County is obligated to levy on all taxable property within its boundaries an annual tax within the seven (7) mill limitation prescribed by the Hospital Authorities Law, or such higher limit as may hereafter be prescribed by law, to the extent necessary to make payments in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2026 Certificates.

Similar contractual arrangements were also in place for prior revenue anticipation certificates issued by the Authority that are no longer outstanding.

The County has never been called upon to levy such tax or make any direct payments pursuant to the Contract or prior contracts.

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FINANCIAL INFORMATION CONCERNING THE HEALTH CARE SYSTEM

Consolidated Statements of Operations and Changes in Net Assets

Set forth on the following page is a historical summary of the revenues, expenses, and changes in net assets of Health Services, Inc. for the fiscal years ended June 30, 2021 through June 30, 2025. The information below has been derived from the audited financial statements of Health Services, Inc. The following financial information should be read in conjunction with the audited financial statements included in Appendix A hereto.

Bacon County Health Services, Inc. presents consolidated financial statements because the reporting entity includes Bacon County Health Services, Inc., and the entities or activities that it controls or sponsors as part of its overall Healthcare System. The consolidating schedules included on pages 38 through 45 of the audit report attached as Appendix A hereto, are presented for purposes of additional analysis of the consolidated financial statements.

The Bacon County Hospital and Health System Segregated Portfolio is included in the consolidated financial statements because it was established by Health Services, Inc. as a segregated portfolio plan in Georgia Health Care Insurance Company, SPC to provide professional and general liability self-insurance to Health Services, Inc. Because the segregated portfolio supports and insures Health Services, Inc.'s operations, its assets, liabilities, revenues, expenses, and net assets are presented with Health Services, Inc. in the consolidated financial statements.

One Source Vascular, LLC is included because Health Services, Inc. entered into an agreement for a 61% controlling interest in One Source Vascular, LLC on April 1, 2021. One Source Vascular, LLC provided vascular care in Waycross, Georgia. As a controlled subsidiary, One Source Vascular, LLC is consolidated with Health Services, Inc., while the portion not owned by the controlling interest is reflected as a noncontrolling interest in the consolidated financial statements.

As of April 2026, One Source Vascular, LLC has ceased operations and Health Services, Inc. is in the process of winding up affairs of and dissolving the entity.

Intercompany Eliminations are included as a separate column in the consolidating schedules of the audited financial statements of Health Services, Inc. because transactions and balances between consolidated entities must be removed so that the consolidated financial statements present the group as a single economic reporting entity.

All significant intercompany transactions have been eliminated.

Health Services, Inc. is the primary operating entity, accounting for approximately 98.7% of consolidated revenues, 98.7% of consolidated operating expenses, and 93.1% of the net assets in fiscal year ending June 30, 2025. The Segregated Portfolio is not a patient-care revenue center. Its role is principally insurance related. It contributed about 1.0% of consolidated revenues and 10.2% of consolidated net assets, reflecting the asset base maintained for self-insurance purposes. One Source Vascular, LLC is consolidated because it is controlled, but it had negative net assets as of June 30, 2025. Its revenues represented about 1.3% of consolidated revenues, while its operating expenses represented about 2.1% of consolidated operating expenses. Intercompany Eliminations reduce both revenues and expenses by $510,232 in fiscal year 2025, preventing internal activity from being double-counted in the consolidated totals.

For more complete information, reference is made to the audited financial statements of Health Services, Inc. for fiscal years 2025 and 2024, which is included in this Official Statement as Appendix A and to the audited financial statements for prior fiscal years, copies of which are available from Health Services, Inc., upon request.

BACON COUNTY HEALTH SERVICES, INC.
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

	Fiscal Years Ending June 30				
	2021	**2022**	**2023**	**2024**	**2025**
Revenues					
Net patient service revenues	$43,926,727	$42,673,565	$43,105,053	$48,222,900	$49,794,598
Other revenue	816,077	3,484,252	1,584,359	1,309,085	1,992,683
Total Revenues	44,742,804	46,157,817	44,689,412	49,531,985	51,787,281
Operating Expenses					
Salaries and wages	17,351,800	18,656,257	18,754,217	20,729,055	22,194,165
Employee health and welfare	4,180,557	4,437,488	4,329,969	5,038,407	5,654,983
Supplies and other	13,081,487	13,128,367	12,613,335	13,974,467	14,305,035
Purchased services	6,509,440	10,138,222	8,824,760	8,142,457	7,754,578
Interest	405,380	332,326	261,462	140,822	158,789
Depreciation and amortization	2,633,681	2,490,116	2,560,597	2,600,922	2,294,335
Total Operating Expenses	44,162,345	49,182,776	47,344,340	50,626,130	52,361,885
Operating Income (Loss)	580,459	(3,024,959)	(2,654,928)	(1,094,145)	(574,604)
Nonoperating Gains (Losses)					
Investment income	695,598	(87,927)	590,627	2,556,455	3,144,648
Gain on disposal of assets	2,900	1,530	15,017	1,126	
Noncapital grants	9,721,261	3,259,320	765,430	674,965	2,339,012
Total Nonoperating Gains	10,419,759	3,172,923	1,371,074	3,232,546	5,483,660
Excess Revenues (Expenses)	11,000,218	147,964	(1,283,854)	2,138,401	4,909,056
Capital Grants and Contributions	-	-	924,688	500,000	-
Change in Unrealized Gain (Loss) on Debt Securities	2,146,357	(2,180,018)	1,229,337	106,636	132,483
Noncontrolling Interest in Excess Revenues of Subsidiary	(15,010)	282,844	235,391	40,755	177,275
Increase (Decrease) In Net Assets Without Donor Restrictions	13,131,565	(1,749,210)	1,105,562	2,785,792	5,218,814
Net Assets Without Donor Restrictions, Controlling Interest, Beginning	28,870,766	42,002,331	40,253,115	41,358,677	44,144,469
Net Assets Without Donor Restrictions, Controlling Interest, Ending	42,002,331	40,253,121	41,358,677	44,144,469	49,363,283
Purchase of Interest by Noncontrolling Members	51,372	(136,486)	54,572	4,116	-
Noncontrolling Interest in Excess Revenues of Subsidiary	-	-	(235,391)	(40,755)	(177,275)
Decrease in Net Assets Without Donor Restrictions, Noncontrolling Interest	51,372	(136,486)	(180,819)	(36,639)	(177,275)
Net assets Without Donor Restrictions, Noncontrolling Interest, Beginning	-	51,372	(85,108)	(265,927)	(302,566)
Net Assets Without Donor Restrictions, Noncontrolling Interest, Ending	51,372	(85,114)	(265,927)	(302,566)	(479,841)
Total Net Assets Without Donor Restrictions, Beginning	28,870,766	42,053,703	40,168,007	41,092,750	43,841,903
Total Net Assets Without Donor Restrictions, Ending	$42,053,703	$40,168,007	$41,092,750	$43,841,903	$48,883,442

Budgetary Process

The administrative staff of Health Services, Inc. prepares an operating and capital budget annually containing proposed salary increases, general cost increases, and patient rate increases. The budget is approved by the Board of Directors of Health Services, Inc. prior to the beginning of each fiscal year.

Current Operating Budget. Set forth below is a summary of Health Services, Inc.'s operating budgets for the fiscal year ending June 30, 2026 and June 30, 2027. The budgets are based on figures supplied by Hospital Management, whose figures are based upon certain assumptions and estimates regarding future events, transactions, and circumstances. Realization of the results projected in this budgets will depend upon implementation by management of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could vary materially from those projected in the budget set forth below.

BACON COUNTY HEALTH SERVICES, INC.
STATEMENT OF OPERATIONS
as Budgeted for the Fiscal Years Ending June 30, 2026 and June 30, 2027

	2026	2027
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenue	$51,698,570	$53,218,711
Other Revenue	2,961,930	3,017,689
Total Revenue	54,660,500	56,236,400
Expenses		
Salaries and Wages	23,516,000	23,462,000
Employee Health and Welfare	5,466,000	6,033,000
Supplies and Other	11,363,700	11,177,450
Purchased Services	13,710,800	15,762,450
Interest	147,000	372,000
Depreciation and Amortization	2,343,500	2,325,500
Total Expenses	56,547,000	59,132,400
Operating Income (Loss)	(1,886,500)	(2,896,000)
Non-operating Gains		
Investment Income	366,500	432,000
Gain (Loss) on Disposal of Assets	-	-
Total Non-Operating Income	366,500	432,000
Excess of Revenue Over (Under) Expenses	(1,520,000)	(2,464,000)
Grants/Contributions		
Change In Unrealized Gain/Loss	430,000	500,000
Net Assets – Unrestricted, Ending	$48,883,442	$51,896,195

Accounting Policies

Pursuant to the Hospital Authorities Law, the Authority is required to engage a firm of certified public accountants to conduct an annual audit of the Authority's financial affairs, books, and records at the end of each fiscal year for the preceding year. In 1996, the Authority established Bacon County Health Services, Inc. as the parent company operating the Healthcare System. All assets, liabilities, and management of the Healthcare System were transferred to Health Services, Inc. pursuant to the Lease. Health Services, Inc. is required to obtain an annual independent audit. For a detailed discussion of significant accounting policies of Health Services, Inc., see Note 1 to the consolidated financial statements of Health Services, Inc. attached to this Official Statement as Appendix A.

Defined Contribution Plan

Health Services, Inc. has a defined contribution plan covering substantially all employees with at least one year of eligible service as of the beginning of the plan year. Employees are 100% vested as to employee contributions and become 100% vested as to employer contributions after six years of vesting service. Health Services, Inc., at its sole discretion, has agreed to match up to 3% of employee contributions. Health Services, Inc.'s contributions to the plan were approximately $286,000 and $292,000 for the years ended June 30, 2025, and 2024, respectively.

Employee Health Insurance

Health Services, Inc. has a self-insurance program under which a third-party administrator processes and pays claims. Health Services, Inc. reimburses the third-party administrator for claims incurred and paid and has purchased stop-loss insurance coverage for claims in excess of $70,000 for each individual employee. Total expenses related to this plan were approximately $3,640,000 and $3,126,000 for 2025 and 2024, respectively.

Bacon County Hospital Foundation, Inc.

The Bacon County Hospital Foundation, Inc. (the "**Foundation**") is a separate entity from the Authority and Health Services, Inc. The Foundation is solely dedicated soliciting contributions on behalf of the Authority and Health Services, Inc. to ensure that the Bacon County community has the most up-to-date healthcare services. In the absence of donor restrictions, the Foundation has discretionary control over the amounts, timing, and use of its distributions. The Authority received approximately $25,000 and $10,000 in contributions from the Foundation for the years ended June 30, 2025 and 2024, respectively.

Rural Hospital Tax Credit Contributions.

The State passed legislation which will allow individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations during calendar years 2017 through 2029. Health Services, Inc. submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar years 2025 and 2024. Contributions received under the program approximated $1,260,000 and $755,000 during fiscal years 2025 and 2024, respectively. Health Services, Inc. will have to be approved by the State to participate in the program in each subsequent year.

Miscellaneous

Change Healthcare Cyber Security Breach. On February 21, 2024, Change Healthcare, a subsidiary of UnitedHealth Group, reported a cyber security breach. The Hospital utilizes Change Healthcare in its revenue cycle process for clearinghouse services, including patient billing and collections related to certain payors. As a result of payment delays associated with the cyber security breach, the Hospital experienced significant increases in outstanding patient accounts receivable near the end of fiscal year 2024. Due to the delays in cash collections, the Hospital applied for and received approximately $166,000 in advance payments from United Healthcare Services. At June 30, 2024,

approximately $166,000 of these advanced payments remained outstanding and is shown in other liabilities on the consolidated balance sheets. As of June 30, 2025, this balance has been repaid in full.

One Source Vascular. On April 1, 2021, Health Services, Inc. entered into an agreement for a 61% controlling interest in One Source Vascular, LLC. As of April 2026, One Source Vascular, LLC has ceased operations and Health Services, Inc. is in the process of winding up affairs of and dissolving the entity.

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BACON COUNTY

Introduction

Bacon County is located in southeastern Georgia, approximately 214 miles southeast of Atlanta and 90 miles southwest of Savannah. At approximately 286 square miles, Bacon County is the 115th largest of Georgia's 159 counties. The City of Alma is the only incorporated municipality in the County and serves as the county seat. Other unincorporated communities in the County include Rockingham and Sessoms. The County was established in 1914 in the wiregrass region of the State and is known as the blueberry capital of State of Georgia.

The County operates under a Board of Commissioners and County Administrator form of government, has a land area of approximately 284 square miles, and has a population of approximately 11,070 residents according to U.S. Census Bureau estimates as of July 1, 2025. Key industries in the local economy include health care, manufacturing, agriculture, and forestry.

Major highways into the County include U.S. 1/U.S. 23, which are four-lane, and GA Highway 32. The County has nearby access to Interstates 75, 95, and 16 and within a two-hour commute of Interstate 10. The County is also located in close proximity to the Georgia Ports of Savannah and Brunswick as well as the Port of Jacksonville in Florida. Rail freight is readily available to businesses located in the County. Additionally, the Bacon County Airport is equipped to serve corporate jets and private aviation offering a 5,000-foot, radio controlled lighted runway, open 24 hours daily.

The Bacon County School District provides pre-K through 12 public education to approximately 2,048 students. Nearby higher educational institutions include: Coastal Pines Technical College located in Alma (also campuses in Waycross, Baxley, Jesup, Hazlehurst, Camden County and the Golden Isles); South Georgia State College located in Douglas & Waycross; Wiregrass Georgia Technical College located in Douglas & Pearson; Brewton-Parker College located in Mount Vernon; Southeastern Technical College located in Vidalia; Abraham Baldwin Agricultural College located in Tifton; Valdosta State University located in Valdosta; College of Coastal Georgia located in Brunswick; Georgia Southern University located in Statesboro and Savannah; and East Georgia State College located Swainsboro.

The community is served by the Bacon County Hospital and the Health Care System which offers the latest in medical technology in a caring, supportive environment.

Government Format, Services, and Employee Relations

The County is a political subdivision of the State of Georgia and operates under a Board of Commissioners with a County Administrator form of government. The governing body, the Board of Commissioners, is made up of six members consisting of a Chairman and five district commissioners. The Board of Commissioners establishes policy, adopts the annual budget, levies taxes, and oversees County operations. The County utilizes a County Administrator form of administration, under which the Administrator is responsible for implementing the policies of the Board of the Board of Commissioners, supervising the day-to-day operations of County government, and preparing the County's annual budget. Currently, the Chairman of the Board also serves as the County Administrator.

Commissioners serve four-year staggered terms and are elected to a combination of district and at large posts. The Chairman is elected at large. The other five members are elected from single member districts. The members of the Board of Commission and the expiration of their current terms are as follows:

Name	Current Term Expires
Shane Taylor, *Chairman*	December 31, 2028
Lonann Sweat, *Vice Chair & District 3*	December 31, 2026
Lee Hagans, *District 2*	December 31, 2028
Corey Tyre, *District 4*	December 31, 2028
Rusty Sears, *District 5*	December 31, 2026
Sammy Boatright, *District 6*	December 31, 2028

Chairman Taylor has announced his intention to resign from office upon a successor Chairman being elected and sworn into office. A special election in the County for the office of Chairman is scheduled to occur in November 2026, and the new Chairman is expected to be sworn into office shortly after the election results are certified. The successor Chairman will also serve as the successor County Administrator.

Other elected officials include the Sherrif, Tax Commissioner, Clerk of Superior Court, Coroner, and judges.

The County provides a full range of services including general administrative services, courts, public works, public safety, public health and social services, agricultural services, sanitation, public improvements and recreation. The County's Sheriff's Department provides law enforcement and public safety services, operates the County jail, and maintains a 24-hour uniformed patrol. The Alma/Bacon County Fire Department and EMS are staffed by both professionals and volunteers. Units are Advanced Life Support-equipped and manned 24/7 by paramedics and EMTs. The department has a main station and seven volunteer stations to protect the approximately 285 square miles of Bacon County. The department provides and receives assistance from neighboring counties. The department is rated 5/9 by the Insurance Services Office (ISO). The Alma/Bacon County Fire Department is partially funded by the City of Alma and under the direction of the Bacon County Board of Commissioners. The Bacon County Road Department is responsible for maintenance of county roads, including road grading, mowing, tree trimming, and road repair. Trash pickup in the county is provided by Ryland Environmental.

No employees of the County are represented by labor organizations or are covered by collective bargaining agreements, and the County is not aware of any union organizing efforts at the present time. The Board of Commissioners believes that employee relations are good.

Categories of Land Use

The County consists of approximately 285 square miles of land. Set forth below are the percentages of land use for various categories within the territorial limits of the County, computed based upon the acres of land for the various categories set forth in the tax digest for each respective year

	2021	2022	2023	2024	2025
Agricultural	24.02%	17.46%	17.36%	26.29%	21.74%
Commercial	0.55	0.55	0.55	0.47	0.48
Industrial	0.16	0.24	0.24	0.23	0.25
Forest Land Cons Use	8.16	12.99	12.99	13.21	13.75
Residential	6.71	6.71	6.71	6.61	6.61
Conservation use	56.82	58.66	58.64	48.86	53.68
Other	3.6	3.34	3.51	3.66	3.4
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Population Information

The following table sets forth the population estimates, including percentage change, in the County, the State, and the United States for decennial census years 1980 through 2020 and for the U.S. Census Bureau estimates as of July 1, 2025.

Year	Bacon County	Percentage Change	Georgia	Percentage Change	United States	Percentage Change
1980	9,379	--	5,463,105	--	226,545,805	--
1990	9,566	1.99%	6,478,216	18.58%	248,709,873	9.78%
2000	10,103	5.61	8,186,453	26.36	281,421,906	13.15
2010	11,096	9.82	9,687,653	18.33	308,745,538	9.71
2020	11,140	3.97	10,711,908	10.57	331,449,281	7.35
2025	11,070	0.63	11,302,748	5.52	341,784,857	3.11

Source: U.S. Department of Commerce, Bureau of the Census.

The following table sets forth the age estimates of the County population as a percentage of total population.

Age	% of Population	Age	% of Population
Under 5 years	7%	45 to 54 years	15%
5 to 9 years	8	55 to 59 years	5
10 to 14 years	6	60 to 64 years	6
15 to 19 years	8	65 to 74 years	11
20 to 24 years	5	75 to 84 years	5
25 to 34 years	9	85 years and over	2
35 to 44 years	13		

Source: U.S. Census Bureau, 2024 American Community Survey, 5-Year Estimates

Per Capita Personal Income

The following table sets forth the per capita personal income in the County, the State, and the United States for the years 2020 through 2024.

Year	Bacon County	Georgia	United States
2020	$37,498	$51,496	$59,151
2021	39,649	56,262	64,692
2022	40,549	57,396	66,298
2023	42,194	60,006	70,002
2024	44,797	63,006	73,204

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data (last updated February 5, 2026).

Median Household Income

The following table sets forth the median household income for the County, the State, and the United States for the years 2020 through 2024.

Year	Bacon County	Georgia	United States
2020	$36,692	$61,224	$64,994
2021	40,391	65,030	69,021
2022	43,938	71,355	75,149
2023	50,310	74,664	78,538
2024	44,694	77,353	80,734

Source: Source: U.S. Census Bureau, American Community Survey 5-Year Estimates.

Median Home Values

The following table sets forth the median home values for the County, State, and the United States for the years 2020 through 2024.

Year	Bacon County	Georgia	United States
2020	$82,300	$190,200	$229,800
2021	88,200	206,700	244,900
2022	95,600	245,900	281,900
2023	104,100	272,900	303,400
2024	101,400	303,300	332,700

Source: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates

Bank Deposits

As of June 30, 2025, two financial institutions with a total of three branch offices provided banking services within the County. The following table shows the number of institutions and banking deposits in the County for the fiscal years ending 2020 through 2025.

Year	Amount
2021	$293,011,000
2022	338,275,000
2023	320,088,000
2024	342,595,000
2025	390,009,000

Source: State of Georgia Department of Banking and Finance.

Industry and Employment

Civilian Employment Statistics of the County. Employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact.

	2021	2022	2023	2024	2025
Employment	4,436	4,488	4,614	4,490	4,450
Unemployment	157	149	152	172	151
Total Labor Force	4,593	4,637	4,766	4,662	4,601
County Unemployment Rate	3.4%	3.2%	3.2%	3.7%	3.3%
State Unemployment Rate	3.9	3.2	3.3	3.5	3.4
U.S. Unemployment Rate	5.3	3.6	3.6	4.0	4.4

Source: State of Georgia, Department of Labor, Labor Information Systems.

Principal Employers. Set forth below are the largest principal employers located in the County as of June 1, 2026, their type of business, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed.

Employer	Type of Business	Employees
Bacon County Hospital & Health System	Health	482
Titan Industries	Modular Buildings & Cargo Trailers	400
D. L. Lee & Sons	Food Wholesale	400
Bacon County School District	Education	375
Satilla Rural Electric Membership Corp	Electricity	132
La Regina	Food Processing	108
Milliken & Company[1]	Textile	81
Alma Telephone Company & Broadband	Telephone & Internet Service	79
Boatright Trucking	Trucking Services	75
Beach Timber Company	Timber	57
Industrial Forge	Manufacturing	48

[1] Milliken & Company will be closing their plant in October 2026.

Source: Bacon County Development Authority.

Economic Sector Distribution. The following table shows the average percentage of persons who worked in each major sector of the local economy in the County in the years 2020 through 2024. Data are annual averages for each respective year. Figures are based on employees covered under the State unemployment insurance program.

Industry	2021	2022	2023	2024	2025
Agriculture, Forestry, Fishing & Hunting	8.3%	7.0%	6.7%	8.3%	7.3%
Construction	*	*	*	*	*
Manufacturing	17.4	18.8	18.8	16.8	16.2
Utilities	*	*	*	*	*
Wholesale Trade	2.2	2.3	2.0	1.9	1.9
Retail Trade	8.8	8.6	8.3	8.5	9.0
Transportation and Warehousing	1.7	1.6	1.9	1.3	0.6
Information	*	*	*	*	*
Finance and Insurance	3.8	3.4	3.0	3.1	3.0
Real Estate and Rental and Leasing	0.1	*	0.2	0.2	0.1
Professional Scientific & Technical Svc	1.4	1.3	1.3	1.6	1.5
Management of Companies and Enterprises	*	*	*	*	*
Admin., Support, Waste Mgmt, Remediation	*	*	9.7	7.1	7.3
Health Care and Social Assistance	*	14.0	13.7	15.0	15.7
Arts, Entertainment, and Recreation	*	*	*	*	*
Accommodation and Food Services	5.4	4.4	4.8	4.8	4.5
Other Services (except Public Admin.)	1.4	1.7	1.6	1.6	1.4
Unclassified - industry not assigned	0.1	0.3	0.3	0.1	0.2
Federal, State, and Local Government	17.5	18.0	16.7	18.0	18.6
Totals	100.0	100.0	100.0	100.0	100.0

*Denotes confidential data relating to individual employers and cannot be released. These data use the North American Industrial Classification System (NAICS) categories. Average weekly wage is derived by dividing gross payroll dollars paid to all employees - both hourly and salaried - by the average number of employees who had earnings; average earnings are then divided by the number of weeks in a reporting period to obtain weekly figures. Figures in other columns may not sum accurately due to rounding.

Source: State of Georgia, Department of Labor, Labor Information Systems

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BACON COUNTY AD VALOREM TAXATION

Introduction

Ad valorem property taxes are an important source of revenue to fund the operations of the County. *Ad valorem* property taxes are levied on an annual basis based on the fair market value of the property assessed by the County as of January 1st of each year. *Ad valorem* property taxes are levied on the assessed value of the property which, by law, is established at 40% of the fair market value. Taxes are levied in mills (one-tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

Ad valorem property taxes are levied, based upon value, against all real and personal property within the County. There are, however, certain classes of property which are exempt from taxation, including public property, religious property, charitable property, property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped, college and certain educational property, public library property, certain farm products, certain air and water pollution control property, and personal effects.

Assessed Value

Assessed valuation, which represents the value upon which *ad valorem* property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires all counties to assess taxable tangible property, with certain exceptions, at 40% of its fair market value and to tax such property on a levy made by each tax jurisdiction according to 40% of the property's fair market value. Georgia law requires certain agricultural real property to be assessed for *ad valorem* property tax purposes at 75% of the value of which other real property is assessed and requires certain historical property to be valued at a lower fair market value for *ad valorem* property tax purposes. Conservation use property represents up to 2,000 acres of real property of a single owner that is either devoted to the good faith production of agricultural products or timber or is a type of environmentally sensitive property. Forest Land Conservation Use property ("**FLCU**") designated property is valued at 40% of its current use assessment and Conservation Use property is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. "Standing Timber" is assessed one time, following its sale or harvest, at 100% of its fair market value.

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the Bacon County Board of Tax Assessors. The Tax Commissioner of Bacon County is required to present the tax returns to the Bacon County Board of Tax Assessors by April 1 of each year. The Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year. The Tax Commissioner then certifies the digest and forwards a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may be appealed by property owners within 45 days of the date of receiving an assessment notice based on taxability, value, uniformity, and/or denial of an exemption. Assessments and appeals are subject to review at various stages by the Bacon County Board of Equalization and by state courts.

The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the county which bills these taxes to the utilities.

Tax Relief Initiatives

For the purposes of reducing the burden of *ad valorem* taxation for property owned by a taxpayer and occupied as his or her legal residence ("**homesteads**"), the State has granted several types of

homestead exemptions more particularly described below. In addition, local governments are authorized to provide for increased exemption amounts and several have done so. Local government exemption amounts supersede the State exemption amount when the local exemption is greater than the State exemption. The deductions are taken from the homestead's 40% assessed value before utilizing millage rates to determined tax owed. There are no local homestead exemptions offered within Bacon County that exceed the State exemptions.

Standard Homestead Exemption. The home of each resident of Georgia that is actually occupied and used as the primary residence by the owner may be granted a $2,000 exemption from county and school taxes except for school taxes levied by municipalities and except to pay interest on and to retire bonded indebtedness. The $2,000 is deducted from the 40% assessed value of the homestead. The owner of a dwelling house of a farm that is granted a homestead exemption may also claim a homestead exemption in participation with the program of rural housing under contract with the local housing authority.

Individuals 65 Years of Age and Older May Claim a $4,000 Exemption. Individuals 65 years of age or over may claim a $4,000 exemption from all county ad valorem taxes if the income of that person and his spouse does not exceed $10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The owner must notify the county tax commissioner if for any reason they no longer meet the requirements for this exemption.

Individuals 62 Years of Age and Older May Claim Additional Exemption for Educational Purposes. Individuals 62 years of age or over that are residents of each independent school district and of each county school district may claim an additional exemption from all ad valorem taxes for educational purposes and to retire school bond indebtedness if the income of that person and his spouse does not exceed $10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The owner must notify the county tax commissioner if for any reason they no longer meet the requirements for this exemption. This exemption may not exceed $10,000 of the homestead's assessed value. The full $10,000 exemption is available to qualified homestead property owners in the County.

Floating Inflation-Proof Exemption. Individuals 62 years of age or over may obtain a floating inflation-proof county homestead exemption, except for taxes to pay interest on and to retire bonded indebtedness, based on natural increases in the homestead's value. If the appraised value of the home has increased by more than $10,000, the owner may benefit from this exemption. Income, together with spouse or any other person residing in the house cannot exceed $30,000. This exemption does not affect any municipal or educational taxes and is meant to be used in the place of any other county homestead exemption.

Disabled Veteran or Surviving Spouse. Any qualifying disabled veteran may be granted an exemption of $60,000 plus an additional sum from paying property taxes for county, municipal, and school purposes. The additional sum is determined according to an index rate set by United States Secretary of Veterans Affairs. The value of the property in excess of this exemption remains taxable. This exemption is extended to the unremarried surviving spouse or minor children as long as they continue to occupy the home as a residence.

Surviving Spouse of U.S. Service Member. The unremarried surviving spouse of a member of the armed forces who was killed in or died as a result of any war or armed conflict will be granted a homestead exemption from all ad valorem taxes for county, municipal and school purposes in the amount of $60,000 plus an additional sum. The additional sum is determined according to an index rate set by United States Secretary of Veterans Affairs. The surviving spouse will continue to be eligible for the exemption as long as they do not remarry.

Surviving Spouse of Peace Officer or Firefighter. The unremarried surviving spouse of a peace officer or firefighter killed in the line of duty will be granted a homestead exemption for the full value of the homestead for as long as the applicant occupies the residence as a homestead.

Homeownership Opportunity and Market Equalization Act. During the 2026 legislative session, the Georgia General Assembly enacted Senate Bill 33, known as the "Homeownership Opportunity and Market Equalization Act." Among other provisions, the legislation makes Georgia's statewide floating homestead exemption applicable to all local governments and school districts and limits annual growth in the taxable value of qualifying homestead property. The floating homestead exemption provides that the base value of homesteads for property tax purposes will be adjusted and will increase by a rate of inflation determined by the State of Georgia Revenue Commissioner in lieu of market increases. The legislation also authorizes local governments, subject to additional legislative and voter approval requirements, to impose a Local Homestead Option Sales Tax for property tax relief purposes.

In addition to the various homestead exemptions, qualified homestead property owners 62 and older with a gross income of $15,000 or less may defer but not exempt the payment of *ad valorem* taxes on part or all of the homestead property. Generally, the tax would be deferred until the property ownership changes or until such time that the deferred taxes plus interest reach a level equal to 85% of the fair market value of the property.

Voters in the County have approved for exemption of the following types of tangible personal property from *ad valorem* taxation, known as "freeport" exemptions: (1) inventory of goods in the process of being manufactured, (2) inventory of finished goods manufactured or produced in the State held by the manufacturer or producer for a period not to exceed 12 months, and (3) inventory of finished goods on January 1 that are stored in a warehouse, dock, or wharf which are destined for shipment outside the State for a period not to exceed 12 months.

Conservation Use and Forest Land. A large percentage of amounts constituting real and personal property on the County's general tax digest is designated as conservation use property or forest land conservation use property. The FLCU property designation was created pursuant to the Forest Land Protection Act, a constitutional amendment that became effective on January 1, 2009, after approval by the State's voters in the preceding November of 2008 general election. The FLCU designation allows for a lower tax rate for property owners that qualify for the designation. The FLCU designation is available for timber land that either (a) has been certified by the U.S. Department of Natural Resources as "environmentally sensitive property" or (b) is kept in accordance with a recognized sustainable forestry certification program. Real property receiving the FLCU designation is valued at 40% of its current use value and not 40% of its actual fair market value. FLCU property must remain employed for its current use for at least 15 years after its designation. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least 10 years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

Tax Abatements. The County is also subject to tax incentive agreements, usually in the form of property tax abatements, that the County's local development authority enters into with businesses. The tax incentives are negotiated with businesses for the purpose of attracting or retaining businesses within the County and have various requirements regarding job creation and capital investments. Incentives may be granted to any business located within or promising to relocate to the County. Typically, the tax

incentive agreement contains a recapture provision that requires repayment of a portion of the abated taxes if the business fails to meet its jobs or investment goals.

Annual Tax Levy

The County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within the territorial limits of the County, will produce the necessary amount of property tax revenues. The County then levies its *ad valorem* property taxes. Under Georgia law, there is no limitation on the annual rate of levy for the payment of principal of and interest on bonded indebtedness of the County. *Ad valorem* property taxes received for the payment of debt service on general obligation bonds of the County are required by law to be held and accounted for separately from other funds of the County.

Property Tax Collections

The County bills and collects its own property taxes. Real and personal property taxes levied by the County are normally billed by September 15 and are normally payable on or before November 15, but the law allows taxpayers 60 days from the date of mailing before interest may be charged. Pursuant to O.C.G.A. § 48-2-40, past due taxes bear interest at an annual rate equal to the bank prime loan rate as posted by the Board of Governors of the Federal Reserve System in statistical release H. 15 or any publication that may supersede it, plus 3%, to accrue monthly until the tax is paid. Such annual interest rate is determined for each calendar year based on the first weekly posting of statistical release H. 15 on or after January 1 of each calendar year. Pursuant to O.C.G.A. § 48-2-44(b)(1), taxpayers who willfully fail to pay *ad valorem* taxes within 120 days of the date when due, shall be assessed a penalty of 5% of the amount of tax due and not paid at the time such penalty is assessed, together with interest as specified by law. Thereafter, additional penalties of 5% of any tax amount remaining unpaid are applied every 120 days from the imposition of the initial penalty, together with interest as specified by law. The aggregate amount of penalties imposed pursuant to O.C.G.A. § 48-2-44(b)(1) shall not exceed an amount equal to 20% of the principal amount of the tax originally due. These penalties do not apply to *ad valorem* taxes of $500 or less on homestead property. Pursuant to O.C.G.A. § 48-2-44(b)(2), any city or county authorized as of April 22, 1981, by statute or constitutional amendment to receive a penalty of greater than 10 percent for failure to pay an *ad valorem* tax is authorized to continue to receive that amount.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed arising after January 1 in the year in which taxed. The lien becomes enforceable 30 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of the property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector notifies the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after 30 days from giving the notice described in the preceding sentence, the Tax Commissioner, as *ex officio* sheriff, may issue an execution for nonpayment of taxes. The Tax Commissioner then publishes a notice of the sale in a local newspaper weekly for four weeks and gives the taxpayer ten days written notice by registered or certified mail. A public sale of the property is then made by the Tax

Commissioner at the Bacon County Courthouse on the first Tuesday of the month after the required notices are given.

Motor Vehicle Property Taxes

The State of Georgia Motor Vehicle Tax Unit assesses the value of all motor vehicles by make, model, and year and provides this information to each county's tax office. The State has two types of motor vehicle property taxes, the Title Ad Valorem Tax ("**TAVT**") and the Annual Ad Valorem Tax ("**AAVT**"). The TAVT applies to most vehicles purchased on March 1, 2013 or later, with a few exceptions. The AAVT applies to most vehicles purchased prior to March 1, 2013 and non-titled vehicles. The TAVT is a one-time tax that is paid at the time the vehicle is titled. It replaced motor vehicle sales tax and the AAVT and is paid every time vehicle ownership is transferred or a new resident registers the vehicle in Georgia for the first time. The current TAVT rate is 7.0% of the fair market value of the vehicle with respect to title transfers, 3.0% of the fair market value of the vehicle with respect to new resident registrations, and 0.5% of the fair market value of the vehicle for family member or inheritance title transfers. The AAVT applies to most vehicles not taxed under the TAVT method. The AAVT is a value tax that is assessed annually and must be paid at the time of registration. Payment of is a prerequisite to receiving a tag or renewal decal. The AAVT is due each year on all vehicles whether they are operational or not, even if the tag or registration renewal is not being applied for. The AAVT must be paid by the last day of a vehicle owner's registration period (birthday) to avoid a 10% penalty. Tax amounts vary according to the current fair market value of the vehicle and the tax district in which the owner resides. Tax receipts are distributed by each county tax office to the State, and applicable county, school district and municipality.

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M&O Tax Digest

Set forth below is information concerning the assessed and estimated actual value of taxable property within the County for the past five calendar years.

Categories[1]	2021	2022	2023	2024	2025
Agriculture	$51,296,069	$48,839,944	$56,728,515	$69,496,444	$71,980,363
Commercial	39,734,610	49,966,051	50,127,730	51,293,392	49,047,565
Industrial	22,862,631	29,126,407	45,398,385	39,132,499	44,566,438
Forest Land Cons Use	5,795,880	9,049,120	9,049,120	9,197,520	11,147,520
Preferential	1,861,640	1,686,720	1,686,720	1,862,440	1,727,160
Qualified Timberland	0	0	64,227	66,094	68,088
Residential	97,061,089	103,964,935	139,968,039	150,705,093	166,660,610
Utility[2]	24,307,526	26,655,416	30,430,547	30,430,547	52,604,255
Conservation Use	73,896,347	75,995,497	75,877,456	65,589,413	82,018,016
Motor Vehicles[3]	5,831,180	5,107,520	5,194,900	5,139,380	5,009,810
Mobile Homes[4]	5,418,476	5,619,708	6,871,315	6,851,123	6,619,664
Timber (100%)	4,901,306	4,993,675	5,798,611	5,465,743	4,009,887
Gross Tax Digest	332,966,754	361,004,993	427,195,565	435,229,688	495,459,376
Less Bond Exemptions	N/A	N/A	N/A	(69,261,102)	(85,560,892)
Net Bond Tax Digest[5]	332,966,754	361,004,993	427,195,565	365,968,586	409,898,484
Gross Tax Digest	332,966,754	361,004,993	427,195,565	435,229,688	495,459,376
Less M&O Exemptions	(68,052,125)	(72,475,706)	(76,898,864)	(72,165,102)	(88,476,892)
Net M&O Tax Digest[6]	264,914,629	288,529,287	350,296,701	363,064,586	406,982,484
Estimated Actual Value[7]	$825,064,926	$895,021,970	$1,059,290,996	$1,079,875,606	$1,232,633,610

1. The State requires all counties to assess real estate and personal property at the rate of at least 40% of estimated actual value, with the exception of Timber, which is assessed at 100%.
2. The State of Georgia Property Tax Unit assesses the value of the property of public utilities at the percentage of fair market value used by the County. The Property Tax Unit then divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these figures to the County which bills these taxes to the utilities with the amount of tax for each.
3. The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia assesses the value of motor vehicles at the percentage of fair market value used by the County. Any motor vehicle purchased on or after March 1, 2013 is not subject to county ad valorem. Any motor vehicle purchased on or after March 1, 2013 is not subject to annual ad valorem taxes, but are subject to a one time title ad valorem tax.
4. The State of Georgia assesses the value of mobile homes at the percentage of fair market value used by the County.
5. Total assessed value, after deducting exemptions, for purposes of levying tax for County general obligation bonds. N/A indicates years in which no bond tax digest information is available.
6. Total assessed value, after deducting exemptions, for purposes of levying tax for the M&O of the County.
7. Calculated by taking the Gross Tax Digest, less Timber (assessed at 100%), divided by 40%, plus Timber at 100%.

Sources: State of Georgia Department of Revenue.

Millage Rates

Set forth below is information concerning the rate of levy of property taxes per $1,000 of assessed value, or millage rates, of the County, the School District and the municipalities located within the County for the past five calendar years. Since 2016, there has been no State levy for *ad valorem* taxation.

	2021	2022	2023	2024	2025
County					
County Incorporated	12.992	12.992	12.095	11.838	11.326
County Unincorporated	12.992	12.992	12.095	11.838	11.326
County Bond	0.000	0.000	0.000	0.000	0.000
School District[1]					
School M&O	14.253	14.253	14.000	14.000	12.500
School Bond	0.000	0.000	0.000	0.000	0.000
Municipalities					
Alma	11.300	11.300	10.237	10.001	9.716

[1] The annual rate of levy for M&O of the School District may not exceed 20 mills. The annual rate of levy for payment of debt service of the School District is without limitation as to rate or amount.

Source: State of Georgia Department of Revenue, Local Government Services Division.

Ten Largest Taxpayers

Set forth below is information concerning the ten largest taxpayers in the County in calendar year 2025.

Taxpayer	Type of Business	2025 Assessed Value for County	Assessed Value As a Percent of 2025 Gross Assessed Values[1]	2025 Taxes Levied for County
Satilla Rural EMC	Public Utility	$25,297,034	5.11%	$572,953
Alma Telephone Co.	Public Utility	10,414,009	2.10	166,849
Ga. Transmission Corp	Public Utility	2,916,541	0.59	65,951
Ga. Power Company	Public Utility	2,948,036	0.60	66,706
Titan Modular System	Manufacturer	4,950,044	1.00	56,064
D L Lee & Sons Inc.	Meat Wholesale	8,296,684	1.67	46,599
Boatright, Greg Neal	Real Property	6,179,404	1.25	50,056
Beach Timber Co. Inc.	Timber	4,337,678	0.88	45,808
Mid South Feeds Inc.	Feed Manufacturer	4,760,381	0.96	31,568
Alma Pak International	Packaging	2,824,541	0.57	31,991
Totals:		$70,123,194	14.72%	$1,134,545

1. Based on calendar year 2025 gross tax digest of $495,459,376.

Source: Bacon County Tax Commissioner.

Tax Levies and Collections

The County levies M&O taxes on January 1 of each year and normally bills said taxes by November. M&O taxes are due and payable 60 days after the tax bill is mailed. Set forth below is information concerning total real and personal property tax and public utilities tax collections of the County reported as of the County's fiscal years ended June 30, 2021 through June 30, 2025 for the prior calendar year's tax levy. Bacon County may place liens on property once the related tax payments become delinquent.

Fiscal Year (Ending June 30)	2021	2022	2023	2024	2025
Tax Levy Calendar Year	2020	2021	2022	2023	2024
Current Year's M&O Tax Levy	$3,109,120.43	$3,231,937.56	$3,544,326.52	$3,765,123.42	$4,091,311.53
Due Date of Taxes	1/07/2021	1/17/2022	2/27/2023	2/01/2024	1/22/2025
County's Current Year's Collections	$2,885,011.18	$2,981,258.79	$3,320,910.87	$3,482,384.28	$4,102,915.84
County's Prior Years Collections	110,923.75	139,686.50	215,906.89	196,634.55	144,139.86
Total Tax Collections	$2,995,934.93	$3,120,945.29	$3,535,817.76	$3,679,018.83	$4,247,055.70
Current Year's Tax Collections as a Percentage of Total Current Year's M&O Tax Levy	92.79%	92.24%	93.70%	92.49%	100.28%
Total Tax Collections as a Percentage of Current Year's M&O Tax Levy	96.36%	96.57%	99.79%	97.71%	103.81%
Delinquent Taxes Outstanding	$248,031.43	$279,343.37	$287,400.41	$232,399.20	$250,453.27

Source: Bacon County Tax Commissioner.

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DEBT STRUCTURE OF BACON COUNTY

Summary of County Debt by Category

Direct Debt. The following is a summary of long-term direct debt activity for the County as of the fiscal year ended June 30, 2025. The information set forth below should be read in conjunction with the County's financial statements included as Appendix B hereto.

Category of Debt	Amount Outstanding As of June 30, 2025	Amount Due within One Year
Financed Purchases	$1,521,051	$285,371
Total	$1,521,051	$285,371

Hospital Authority Intergovernmental Contract Debt. The only existing tax supported intergovernmental contract debt of the County relates to the Authority's Series 2022 Certificate and Series 2026 Certificates. For information concerning such debt see "DEBT STRUCTURE OF THE HEALTH CARE SYSTEM -Categories of Long-Term and Short-Term Indebtedness" herein.

The information above should be read in conjunction with the County's financial statements included as Appendix B hereto.

Additional Indebtedness

The County has no current plans to issue any other short term obligations or long term indebtedness within the next year.

Debt Limitation

State Law. Article IX, Section V, Paragraph I(a) of the Constitution of the State of Georgia provides that the County may not incur long-term obligations (other than refunding obligations) payable out of general property taxes without the approval of a majority of the qualified voters of the County voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the County may not incur long-term obligations payable out of general property taxes in excess of 10% of the assessed value of all taxable property within the County. Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations are not subject to the legal limitations described above.

As computed in the table on the following page, based upon assessed values as of January 1, 2025, the County could incur, upon necessary voter approval, immediately after the issuance of the Series 2026 Certificates, approximately $40,989,848* of long-term obligations payable out of general property taxes. Assessments for the year 2026 have not been finalized; however, it is not expected that the assessed value of all taxable property would be materially less than the assessed value of all taxable property of the County for the year 2025.

Computation of Legal Debt Margin

Gross Tax Digest for the County as of January 1, 2025	$ 495,459,376
Less Bond Exemptions	(85,560,892)
Net Bond Tax Digest	$ 409,898,484
Debt Limit (10% of Net Bond Tax Digest)	$ 40,989,848
Less Amount of Debt Outstanding Applicable to Debt Limit	-0-
Legal Debt Margin	$ 40,989,848

Source: Georgia Department of Revenue.

Indebtedness of Overlapping Governmental Entities

Property owners in the County are responsible for both the County's debt obligations and any debt obligations of other taxing entities ("**Overlapping Entities**") in the proportion to which the jurisdiction of the County overlaps such entities. Set forth below are the estimated overlapping general obligation debt and overlapping property tax supported contractual obligations of Overlapping Entities. Such data excludes revenue bonds or other debt obligations supported by utility revenues that are not supported or secured by property taxes. Although the County has attempted to obtain accurate information as to the overlapping debt, it does not guarantee its completeness or accuracy. Information regarding overlapping debt is based on information supplied by others, as there is no central reporting entity which has this information available.

Category of Obligation	Amount Outstanding
Bacon County School District[1]	
General Obligation Bonds	$6,690,000
City of Alma[1]	
GEFA Loan	2,911,557
Total:	$9,601,557

1. As of June 30, 2026.

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FINANCIAL INFORMATION CONCERNING BACON COUNTY

Five Year General Fund Operating History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the County's General Fund for the past five fiscal years. Information in the table has been extracted from audited financial statements of the County for the fiscal years ended June 30, 2020 to June 30, 2025. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown, taken by itself, presents fairly the financial condition of the County for the fiscal years shown. For more complete information, reference is made to the audited financial statements, copies of which are available from the County upon request.

	Fiscal Year Ending June 30				
	2021	2022	2023	2024	2025
Revenues					
Taxes	$5,496,688	$5,906,341	$6,496,259	$7,307,019	$7,618,484
Licenses and Permits	37,647	47,124	50,500	21,888	21,560
Intergovernmental	189,117	119,709	68,368	76,280	60,873
Charges for Services	1,276,956	1,535,470	2,054,197	2,166,717	2,257,633
Fines and forfeitures	134,699	100,437	97,229	161,469	166,392
Miscellaneous	258,017	1,178,794	464,572	290,507	863,408
Total Revenues	7,393,124	8,887,875	9,231,125	9,753,880	10,988,350
Expenditures					
Current:					
General Government	1,167,130	1,412,255	1,300,205	1,469,177	1,777,504
Judicial	710,000	701,359	740,828	829,465	804,593
Public Safety	3,397,000	3,555,355	4,214,820	4,521,183	5,298,433
Public Works	1,250,000	1,313,959	1,601,635	1,784,274	2,018,559
Health and Welfare	186,250	183,486	197,704	226,187	252,037
Culture and Recreation	222,000	219,033	284,508	311,678	525,119
Housing and Development	375,500	477,474	392,371	454,742	419,578
Debt Service:					
Principal	-	-	-	-	-
Interest	24,050	-	-	-	-
Total Expenditures	7,641,846	8,797,250	8,732,071	9,596,706	11,095,823
Revenues Over (Under) Expenditures	(218,722)	90,625	499,054	157,174	(107,473)
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	-	-	37,095	-	72,565
Transfers In	902,964	438,409	470,161	-	0
Transfers Out	-	-	-	-	49,233
Total Other Financing Sources (Uses)	902,964	438,409	507,256	-	121,798
Net Change in Fund Balance	654,242	529,034	1,006,310	157,174	14,325
Fund Balance – Beginning of Year	$536,566	1,190,808	1,719,842	2,726,152	2,883,326
Fund Balance – End of Year[2]	$1,190,808	$1,719,842	$2,726,152	$2,883,326	$2,897,651

Budgetary Process

General Description. Budgetary control over expenditures is exercised by the Board of Commissioners at the department level for its General Fund. The County's budget process begins when, prior to fiscal year end, a proposed operating budget for the next fiscal year is drafted and considered by the Commissioners. A public hearing is conducted to obtain taxpayer comments. Prior to the start of the next fiscal year, the budget is legally enacted through approval by the Board of Commissioners. The budget for the General Fund is adopted on the modified accrual basis. The Chairman of the Board of Commissioners is responsible for administering the approved budget.

Pursuant to O.C.G.A. § 36-81-3(b), the annual budget approved by the Board of Commissioners must be balanced. A budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The Board of Commissioners has the authority under O.C.G.A. § 36-81-3(d), however, to amend its budget as follows:

> (i) Any increase in appropriation at the legal level of control of the County, whether accomplished through a change in the anticipated revenues in any fund or through a transfer of appropriations among departments, requires the approval of the Board of Commissioners. Such amendment shall be adopted by ordinance or resolution; and
>
> (ii) Transfers of appropriations within any fund below the local government's legal level of control shall require only the approval of the budget officer; and
>
> (iii) The Board of Commissioners may amend the legal level of control to establish a more detailed level of budgetary control at any time during the budget period. Said amendment shall be adopted by ordinance or resolution.

Current General Fund Budget. For fiscal year ending June 30, 2026, the County's Geneal Fund Budget included revenues totaling $12,100,250, and expenditures totaling $12,096,149, a projected excess revenues of $4,101. On June 30, 2026, the Board of Commission adopted a Geneal Fund budget for fiscal year ending June 30, 2027, for operational proposes that is a continuation of the fiscal year 2026 General Fund budget. The County continues to evaluate estimates of future events, transactions, and circumstances for fiscal year 2027 and the Board of Commissioners is expected to adopt a final fiscal year 2027 General Fund budget before the end of calendar year 2026. The County does not currently expect the fiscal year 2027 General Fund budget to be materially different from the fiscal year 2026 General Fund budget.

Accounting Policies

The accounting policies of the County conform to generally accepted accounting principles ("**GAAP**") as applicable to governmental units. The Governmental Accounting Standards Board ("**GASB**") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described in Note 2 of the audited financial statements for the County attached as Appendix B to this Official Statement.

Employee Retirement Plans

The County has established a non-contributory defined benefit pension plan, the Association County Commissioners of Georgia Bacon County Defined Benefit Pension Plan (the "**Plan**"), covering the majority of all of the County's employees. The County's pension plan is administered through the Association of County Commissioners of Georgia Third Restated Defined Benefit Plan (the "**ACCG Plan"),** an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia ("**ACCG**"). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to the Association County Commissioners of Georgia, Retirement Services, 191Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

The County adopted the ACCG 401(a) Defined Contribution and the ACCG 457 Deferred Compensation Programs on May 27, 2008. The Plan is administered by the ACCG. To be eligible, an employee must work a minimum of 32 hours per week and must have a minimum of six months' continuous employment with the County. The County will match employee contributions to the Plan equal to 50% of the amount the participant is contributing to a section 457(b) eligible deferred compensation plan but in no event will matching contributions made on behalf of the participant exceed 3% of the participant's includable compensation. Employer matching contributions are 100% vested after participant has been employed as an eligible employee for five years. Matching contributions remain 0% vested until the participant satisfies the full vesting period. The total amount contributed by the County for the year ended June 30, 2025 to the 401(a) defined contribution plan was $50,741. The County has the sole authority of amending and changing the Plan.

See Notes 9 and 10 of the County's general purpose financial statements included as Appendix B to this Official Statement for a more detailed summary of the County's retirement plans and related liabilities.

Other Employee Benefits

A County employee's right to vacation expires with the County's year end. Sick pay accrues up to a maximum amount of 45 days. The County does not pay accrued sick leave upon retirement or termination of employment. In addition, the County provides health insurance, life insurance, personal days off for holidays and educational opportunities. The County does not provide life or short-term disability insurance for employees. Employees are also covered under statutory plans for social security and workers' compensation.

Governmental Immunity and Insurance Coverage

Governmental Immunity. Under Georgia law, the defense of sovereign immunity is available to the County, except for actions for the breach of written contracts and actions for the recovery of damages for any claim for which liability insurance protection has been provided, but only to the extent of the

liability insurance provided. The County, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983, alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the County in the exercise of its delegated powers. In addition, the Georgia Whistleblower Act (O.C.G.A. § 45-1-4) (the "**Whistleblower Act**"), protects public employees who disclose, or who refuse to participate in, an alleged violation of or non-compliance with any federal, state, or local law, rule or regulation pertaining to the possible existence of any activity constituting fraud, waste, and abuse in or relating to any state programs or operations. Any public employee who reports a potential violation shall be free from discipline or reprisal from his employer, unless such disclosure was made with false and reckless disregard. A public employee who has been the object of retaliation in violation of the Whistleblower Act may institute a civil action for relief against the employer. The County is a public employer subject to the Whistleblower Act.

Insurance Coverage. The County is exposed to various risks in terms of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other counties in the state as part of the Interlocal Risk Management Agency ("**IRMA**") for property and liability insurance and the ACCG Group Self-Insurance Worker's Compensation Fund ("**WCSIF**"), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The ACCG administers both risk pools.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government's contracts and in accordance with the Worker's Compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgement, and all expenses incurred for investigation, negotiation, or defense. The County has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year.

The County is not aware of any claims, which the County is liable for (up to the applicable deductible) which were outstanding and unpaid at June 30, 2025. No provision has been made in the financial statements for the year ended June 30, 2025, for any estimate of potential unpaid claims.

The County carries a combined property, casualty, and crime coverage with the ACCG-IRMA.

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LEGAL MATTERS

Litigation

The Authority and Health Services, Inc., like other similar entities, are subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The Authority and Health Services, Inc., after reviewing the current status of all pending and threatened litigation with their counsel believe that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the Authority and Health Services, Inc. are adequately covered by insurance or will not have a material adverse effect upon the financial position or results of operations of the Authority or Health Services, Inc.

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with its counsel believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity will not have a material adverse effect upon the financial position or results of operations of the County.

There is no litigation now pending or, to the knowledge of the Authority, Health Services, Inc., or the County, threatened against any of these entities which seeks to restrain or enjoin the issuance or delivery of the Series 2026 Certificates, the provisions of the security therefor, or the use of the proceeds of the Series 2026 Certificates, or which questions or contests the validity of the Series 2026 Certificates or the proceedings and authority under which they are to be issued. Neither the creation, organization nor existence of the Authority, Health Services, Inc., or the County, nor the title to the present members or other officials of the Authority, Health Services, Inc., or the County to their respective offices, is being contested or questioned. There is no litigation pending or, to the knowledge of the Authority, threatened which in any manner questions the right of the Authority to adopt its Resolution, to enter into the Contract, the Lease or to secure the Series 2026 Certificates in the manner provided in the Resolution. No litigation and no proceedings are pending against the County or its officials, or to its knowledge are threatened against them, which would affect the sale of the Series 2026 Certificates, the security therefor, or the ability of the County to enter into and perform its obligations under the Contract.

Legal Proceedings

Validation of the Series 2026 Certificates. In accordance with the law of the State, the Series 2026 Certificates and the security therefor must be confirmed and validated by judgment of the Superior Court of Bacon County, Georgia, prior to issuance of the Series 2026 Certificates. Validation is a condition precedent to the issuance and delivery of the Series 2026 Certificates. Under State law, the judgment of validation will be forever conclusive against the Authority and the County.

Opinions of Counsel. All legal matters incidental to authorization and issuance of the Series 2026 Certificates are subject to the approval of Gray Pannell LLC, Savannah, Georgia, Bond Counsel. It is anticipated that the approving opinion of Gray Pannell LLC will be in substantially the form included in Appendix E. Certain legal matters will be passed upon for the Authority by its counsel, Conner & Jackson P.C., Waycross, Georgia, for Health Services, Inc., by its counsel, Shepherd, Simpson & Wildes, LLC, Waycross, Georgia, and for the County by its counsel, Keith M. Morris, Baxley, Georgia. Gray Pannell LLC, Savannah, Georgia, is acting as Disclosure Counsel.

The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Certificates express the professional judgment of the attorneys or law firms rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the attorney or law firm does not become an insurer or guarantor of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX STATUS

The Series 2026 Certificates

Federal Tax Exemption. In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2026 Certificates is excludable from gross income for federal income tax purposes under § 103 of the Code and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026 Certificates is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2026 Certificates.

State Tax Exemption. In the opinion of Bond Counsel, interest on the Series 2026 Certificates is exempt from present State of Georgia income taxation.

Maintenance of Tax Status. The Code and the regulations promulgated thereunder contain a number of restrictions, conditions and requirements that must be satisfied subsequent to the issuance of the Series 2026 Certificates in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Series 2026 Certificates in the gross income of the holders thereof for federal income tax purposes retroactively to the date of issuance of the Series 2026 Certificates. The Authority has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the Series 2026 Certificates in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the Authority complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the Series 2026 Certificates. Bond Counsel has not undertaken to determine or to inform any person whether any action taken or not taken or any event occurring or not occurring after the date of issuance of the Series 2026 Certificates may adversely affect the value of, or the tax status of interest on, the Series 2026 Certificates.

Current and future legislative proposals, if enacted into law, clarification of the Code by the Treasury Department or the Internal Revenue Service, or future court decisions may cause interest on the Series 2026 Certificates to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent owners of the Series 2026 Certificates from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for or marketability of the Series 2026 Certificates. Prospective purchasers of the Series 2026 Certificates are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, regulatory initiatives or litigation.

The opinion expressed by Bond Counsel is based upon existing law, legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2026 Certificates, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the treatment of the Series 2026 Certificates for federal income tax purposes. Such opinions are not binding on the Internal Revenue Service (the "**IRS**") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2026 Certificates ends with the issuance of the Series 2026 Certificates, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners of the Series 2026 Certificates regarding the tax-exempt status of the Series 2026 Certificates in the event of an audit examination by the IRS. Under current procedures, parties (such as the beneficial owners) other than the Authority and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of Series 2026 Certificates is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2026 Certificates for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026 Certificates, and may cause the Authority or the beneficial owners of the Series 2026 Certificates to incur significant expense.

As to certain questions of fact material to the opinion of Bond Counsel, Bond Counsel has relied upon representations and covenants made on behalf of the Authority and certificates of appropriate officers and public officials (including certifications as to the use of proceeds of the Series 2026 Certificates and of the property financed or refinanced thereby).

Reference is made to the proposed forms of opinions of Bond Counsel relating to the Series 2026 Certificates attached hereto in Appendix E for the complete text thereof. See also "LEGAL MATTERS" herein.

*Premium Bonds.** Certain of the Series 2026 Certificates have been sold to the public at an original issue premium. The Series 2026 Certificates which have been purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the "**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. However, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium properly allocable to such purchaser during each year. Proceeds received from the sale, exchange, redemption, or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to § 1016(a)(5) of the Code) will be treated as a gain from the sale or exchange of such Premium Bond and not as interest.

The federal income tax treatment of bond premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Premium Bonds should consult an independent tax advisor in order to determine the federal income tax consequences to such holders of purchasing, holding, selling, or surrendering a Premium Bond at its maturity.

*Original Issue Discount Bonds.** Certain of the Series 2026 Certificates have been sold to the public at an original issue discount (the "**Discount Bonds**"). Generally, original issue discount is the excess of the stated redemption price at maturity of such a Discount Bond over the initial offering price to the public (excluding underwriters and other intermediaries) at which price a substantial amount of that maturity of the Discount Bonds was sold. Under existing law, an appropriate portion of any original issue discount, depending in part on the period a Discount Bond is held by the purchaser thereof, will be treated for federal income tax purposes as interest that is excludable from gross income rather than as taxable gain.

Under § 1288 of the Code, original issue discount on Series 2026 Certificates accrues on a compounded basis. The amount of original issue discount that accrues to an owner of a Discount Bond, who acquires the Discount Bond in this initial offering, during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual

period) less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond. Proceeds received from the sale, exchange, redemption, or payment of a Discount Bond in excess of the owner's adjusted basis (as increased by the amount of original issue discount that has accrued and has been treated as tax-exempt interest in such owner's hands), will be treated as a gain from the sale or exchange of such Discount Bond and not as interest.

The federal income tax consequences from the purchase, ownership and redemption, sale, or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the consequences of owning Discount Bonds, including the effect of such ownership under applicable state and local laws.

Other Tax Consequences. Prospective purchasers of the Series 2026 Certificates should be aware that ownership of the Series 2026 Certificates may result in collateral federal income tax consequences to certain taxpayers depending on their status and income. Prospective purchasers of the Series 2026 Certificates should consult independent advisors as to the consequences of owning the Series 2026 Certificates, including the effect of such ownership under applicable state and local laws and any collateral federal income tax and state tax consequences.

Information Reporting and Backup Withholding. Interest paid on the Series 2026 Certificates is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2026 Certificates from gross income for federal income tax purposes, however, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2026 Certificates, under certain circumstances, to "backup withholding" at the fourth lowest rate applicable to unmarried individuals with respect to payments on the Series 2026 Certificates and proceeds from the sale of the Series 2026 Certificates. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2026 Certificates. This backup withholding generally applies if the owner of Series 2026 Certificates (i) fails to furnish the paying agent (or other person who otherwise would be required to withhold tax from such interest payments) such owner's social security number or other taxpayer identification number ("**TIN**"), (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances fails to provide the paying agent or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2026 Certificates also may wish to consult with independent tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions from backup withholding.

Disposition of the Series 2026 Certificates. Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement, reissuance or other disposition of a Series 2026 Certificate may result in a taxable event for federal income tax purposes.

INVESTMENT AND RISK CONSIDERATIONS

The following section is intended only as a summary of certain pertinent risk factors relating to an investment in the Series 2026 Certificates. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Series 2026 Certificates. In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and financial advisors when considering a purchase of the Series 2026 Certificates.

Economic Conditions and Force Majeure Events

Future economic conditions and other conditions, including demand for health care services, the ability of Health Services, Inc. to provide the services required by patients, physicians' confidence in the Health Care System, economic developments in the County, together with changes in rates, costs, third party reimbursement, and governmental regulation, may adversely affect revenues and expenses and, consequently, the Authority's ability to make debt service payments.

Natural disasters, public health emergencies, acts of terrorism, civil disturbances, severe weather events, and other extraordinary events beyond the control of the Authority, Health Services, Inc. and the County may adversely affect the operations or financial condition of the County, Health Services, Inc., and the Health Care System. Damage from natural causes, fire, deliberate acts of destruction, or various facility system failures may have a material adverse impact on healthcare facility operations, financial conditions and results of operations.

Enforcement of Remedies

Remedies available to Certificate Holders upon an event of default under the Resolution, the Lease or the Contract are in many respects dependent upon judicial actions which are often subject to discretion and delay. Remedies may be limited by general principles of equity and laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Ad Valorem Property Taxes

The County is obligated under the Contract to levy an annual ad valorem tax on all taxable property located within the territorial limits of the County, at such rate within the seven mill limit or such greater millage limit hereafter authorized under the Hospital Authorities Law of Georgia, as may be necessary to produce in each year revenues which are sufficient to fulfill the County's obligations under the Contract. State and local laws, regulations, or judicial interpretations relating to the assessment, levy, collection, or limitation of *ad valorem* property taxes (including, but not limited to, changes affecting assessment practices, exemptions, homestead or other relief measures, millage rate caps, rollback provisions, or voter approval requirements) are subject to change and could adversely affect the County's capacity to generate *ad valorem* tax revenues if adopted. No assurance can be given as to the nature or extent of any future legislative, regulatory, or judicial actions affecting *ad valorem* property taxation. The County's *ad valorem* tax revenues are derived from the assessed value of taxable property within its jurisdiction. Assessed values and collection of taxes may be adversely affected by unfavorable economic conditions, including declines in real estate market values, reduced new development, business closures, changes in industry composition, population shifts, or other economic disruptions. Such conditions could result in a reduction in the taxable digest or slower growth than anticipated. A material decrease in the tax base may require the County to increase millage rates or reduce expenditures in order to maintain financial balance.

Cyber-Security

Computer networks and data transmission and collection are vital to the efficient operations of the Health Care System, Health Services, Inc., and the County. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the Health Care System, Health Services, Inc., and the County, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, and cause a loss of confidence in the commercial operations, which could materially adversely affect the operations of the Health Care System Health Services, Inc. and County

Nonprofit Health Care Environment

General. As a nonprofit tax-exempt organization, Health Services, Inc. is subject to federal, state and local laws, regulations, rulings and court decisions governing its organization, operation and charitable purposes. Health Services, Inc. also conducts complex business transactions and is a major County employer. Tension can arise between rules governing charitable organizations and the day-to-day operations of a complex health care organization.

Recently, more health care provider operations and practices have been challenged or questioned for compliance with regulatory requirements for nonprofit tax-exempt organizations. These challenges can extend beyond federal and state statutory and regulatory compliance, such as Medicare and Medicaid compliance, to core business practices. Areas examined have included pricing, billing and collection, charitable care, executive compensation, real property tax exemption and others. Challenges and questions have come from state attorneys general, the Internal Revenue Service (the "**IRS**"), labor unions, Congress, state legislatures, other federal and state agencies and patients, in hearings, audits, litigation and other forums. These challenges or examinations include the following, among others:

Federal Budget Matters. The effect of future government health care funding, spending reductions or federal deficit policy changes on the Health Care System's financial condition is unpredictable. Because health care spending is a significant portion of federal spending, it has been, and may continue to be, a major target of cost-reduction efforts. Reduced governmental payor reimbursement rates, delayed reimbursement, limited covered services or eliminated, reduced or delayed health care program spending could materially adversely affect the Health Care System's financial condition.

Past federal deficit-reduction legislation and policies have caused across-the-board federal program spending reductions, including a yearly 2% reduction in Medicare reimbursement rates (known as "**Medicare sequestration**") required by the Budget Control Act of 2011. Another federal statutory sequester, the "Pay-As You-Go" or "PAYGO" sequester, may be triggered in future years. Without a long-term deficit-reduction resolution, Medicare and Medicaid reimbursement may remain targets for interim and long-term federal spending reductions. Congress could extend or increase those reductions, materially adversely affecting the Health Care System's financial condition.

The federal government is subject to a debt "ceiling" established by Congress. Political disputes over raising the ceiling or passing spending bills have resulted in substantial federal government shutdowns and other funding delays. These events are unpredictable and may recur. Any failure by Congress to increase the debt ceiling or authorize spending may affect the federal government's ability to incur additional debt, pay existing debt instruments and satisfy federal program obligations, including Medicare and Medicaid. Future budget changes and spending cuts are impossible to predict, and reductions in Medicare or Medicaid spending may materially adversely affect the Health Care System's financial condition.

Health Care Reform. The Patient Protection and Affordable Care Act of 2010 (the "**Affordable Care Act**") and the Health Care and Education Reconciliation Act of 2010 (collectively, the "**Health Care Reform Law**") were designed to overhaul the United States health care system and regulate many participants, including individuals, employers and health insurers. This legislation addresses nearly all aspects of hospital and provider operations and health care delivery and has changed and will continue to change how services are covered, delivered and reimbursed. These changes have resulted in lower Medicare reimbursement, utilization changes, increased government enforcement and the need for health care providers to assess, and potentially alter, their business strategy and practices, among other consequences. While most providers will receive reduced payments for care, millions of uninsured Americans may have coverage. State health information exchange requirements could fundamentally alter the health insurance market and negatively affect providers by taking on a rate-setting role. Federal deficit reduction efforts will likely further curb federal Medicare and Medicaid spending to the detriment of hospitals, physicians and other health care providers.

A significant component of the Health Care Reform Law expanding the base of health care consumers by changing how consumers pay for health care for themselves and their families and how employers procure health insurance for employees and dependents. A primary driver is to provide, make available, or subsidize health insurance premiums for some currently uninsured (or underinsure) consumers below certain income levels. If the Health Care Reform Law produces its intended result, utilization may increase among those currently avoiding or rationing care, and bad debt expenses may decrease. Increased utilization also will increase variable and fixed costs of providing

health care services, which may or may not be offset by increased revenues, and may create physician shortages, especially in specialties necessary for critical intervention or chronic disease management (*e.g.*, primary care).

The Health Care Reform Law also contains more than thirty-two sections related to health care fraud and abuse and program integrity, and significant amendments to existing criminal, civil and administrative anti-fraud statutes. Increased compliance and regulatory requirements, disclosure and transparency obligations, quality of care expectations and extraordinary enforcement provisions that could increase potential legal exposure could increase the Health Care System's operating expenses.

With respect to charity care, the Health Care Reform Law contains many features from previous tax exemption reform proposals, including sweeping changes applicable to charitable hospitals exempt under § 501(c)(3) of the Internal Revenue Code. It: (a) imposes new eligibility requirements for 501(c)(3) hospitals, coupled with an excise tax for failures to meet certain requirements; (b) requires mandatory IRS review of the hospital's entitlement to exemption; (c) sets new reporting requirements, including information related to community health needs assessments and audited financial statements; and (d) imposes further reporting requirements on the Secretary of the Treasury regarding charity care levels. The Health Care Reform Law does not, however, mandate specific charity care levels for nonprofit hospitals. See "Tax Exempt Status; Continuing Legal Requirements" below.

Because health care reform remains politically controversial, implementation of the Health Care Reform Law also remains controversial. Since enactment, the Affordable Care Act has faced opposition from Republican lawmakers seeking repeal and/or replacement and lawsuits challenging various aspects of the law. The Affordable Care Act has survived several U.S. Supreme Court challenges, and no bill wholly repealing it has passed both chambers of Congress. However, lawsuits and legislation have shaped implementation. For example, the Tax Cuts and Jobs Act of 2017 effectively eliminated a key Affordable Care Act provision—a tax penalty for failing to maintain health coverage (the "**Individual Mandate Tax Penalty**")—by reducing the penalty to zero dollars effective 2019.

Given the Health Care Reform Law's complexity, additional legislation is likely to be considered and enacted over time, and substantial regulations with significant effects on the health care industry and third-party payors will be required. In response, third-party payors, suppliers and vendors of goods and services to health care providers are expected to impose new contractual terms and conditions. The health care industry therefore will face significant new statutory, regulatory and contractual requirements, and related structural and operational changes and challenges, for a substantial period. In addition, executive branch actions and policies could affect the viability and implementation of the Affordable Care Act. President Trump has, and may continue to, reverse certain executive orders or policies of prior administrations and has taken a broad view of executive powers, which could undermine the Affordable Care Act. Management cannot predict the effects of the One Big Beautiful Bill Act, signed into law by President Trump on July 4, 2025 ("**OBBBA**") which, among other things, made the tax cuts contained in the Tax Cuts and Jobs Acts of 2017 permanent, on the Affordable Care Act or otherwise, or whether the Affordable Care Act will be further materially modified or wholly repealed or replaced. Any legal, legislative or executive action that (1) reduces federal health care program spending, (2) increases the number of individuals without health insurance, (3) reduces the number of people seeking health care, or (4) otherwise significantly alters the health care delivery system or related insurance markets could materially adversely affect the Health Care System's financial condition.

Management of the Health Care System is analyzing, and will continue to analyze, the Health Care Reform Law's effects, including legislation, regulations and executive actions, on current and projected operations, financial performance and financial condition. However, management cannot predict with reasonable certainty any interim or ultimate effects of the legislation, promulgated regulations or potential executive actions.

Health Care Payment Reform. As part of the Health Care Reform Law, payment structures from governmental payors, including Medicare, Medicaid and other government programs, and from private payors, have been or will be altered. With varying effective dates, annual Medicare market basket updates for many providers, including hospitals, will be reduced, and payment adjustments for expected productivity gains will be implemented. The Health Care Reform Law also provides for demonstration and pilot projects to test, evaluate, encourage and expand existing and new payment structures and methodologies to reduce health care expenditures while maintaining or improving quality of care. Such projects include bundled payments under Medicare and Medicaid, and comparative effectiveness research programs that compare the clinical effectiveness of medical treatments and develop recommendations concerning practice guidelines and coverage determinations. Certain other provisions encourage new health care delivery programs, such as accountable care organizations in which a group of providers

is held jointly responsible for improving quality and cost of care for a population, with the opportunity to share in resulting financial benefits, or combinations of provider organizations that voluntarily meet quality thresholds and share in Medicare cost savings. The outcomes of these projects and programs, including their effect on payments to providers and financial performance, cannot be predicted, but may reduce the Health Care System's net revenue.

Competition Among Health Care Providers. Increased competition from many sources, including specialty hospitals, other hospitals and health care systems, inpatient and outpatient facilities, ambulatory surgery centers, long-term care and skilled nursing facilities, clinics, physicians and others, may adversely affect hospital utilization and/or revenues. Existing and potential competitors may not be subject to restrictions applicable to hospitals. Future competition may arise from sources not currently anticipated or prevalent.

Additionally, scientific and technological advances, new procedures, drugs and appliances, preventive medicine and outpatient health care delivery may reduce future hospital utilization and revenues or create new competition. These technologies could increase hospital costs. In some cases, hospital investment in facilities and equipment for capital-intensive services may be lost because of rapid changes in diagnosis, treatment or clinical practice from new technology or pharmacology. No assurance can be given that increasing competition or new technologies will not materially adversely affect the Health Care System's financial condition.

Internal Revenue Service Form 990. IRS Form 990 is used by 501(c)(3) not-for-profit organizations to submit information required by the federal government for tax exemption. Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other transactions, political campaign activities and other IRS-designated compliance risk areas. It also requires detailed community benefit reporting on Schedule H and establishes uniform charity-care reporting standards. A separate schedule requires detailed reporting on tax-exempt certificates or bonds, including compliance with arbitrage rules and rules limiting private use of bond-financed facilities, including safe harbor guidance for management and research contracts. Form 990 increases transparency into exempt organizations' operations and likely will enhance enforcement by making detailed compliance-risk information available to the IRS and other stakeholders, including state attorneys general, unions, plaintiff's class action attorneys, public watchdog groups and others. The Health Care Reform Law amended the Code to require tax-exempt hospitals to include in Form 990 a report describing how they are addressing needs identified in each community health needs assessment conducted (see "Tax Exempt Status; Continuing Legal Requirements" below) and their audited financial statements (or the consolidated financial statements in which they are included).

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed in federal and state courts across the United States alleging, among other things, that hospitals failed to provide required charity care to uninsured patients and overcharged uninsured patients. The cases are proceeding in courts around the country with inconsistent results. Although general predictions are not possible, some hospitals and health systems have incurred substantial defense costs and, in some cases, substantial settlements.

Indigent Care. Tax-exempt hospitals often treat large numbers of indigent patients unable to pay in full for medical care. General economic conditions affecting employment and health coverage affect patients' ability to pay for health care. Similarly, government policy changes that create coverage exclusions under local, county, state and federal health care programs may increase the frequency and severity of indigent treatment by such hospitals and other providers. Future legislation also could require tax-exempt hospitals to maintain minimum indigent-care levels as a condition of federal income tax exemption and exemption from certain state and local taxes.

Action by Purchasers of Hospital Services and Consumers. Major purchasers of hospital services could seek to restrict hospital charges or charge increases. Increased public scrutiny also may cause consumers to perceive hospital pricing strategies negatively, and hospitals may be forced to reduce fees. Decreased utilization could result, and hospitals' revenues may be negatively affected. In addition, consumers and consumer groups are increasing pressure for hospitals and other health care providers to be transparent and provide information about service cost and quality that may affect future consumer choices about where to receive care.

Facility Damage. Hospitals are highly dependent on the condition and functionality of their physical facilities. Damage from natural causes, fire, deliberate acts of destruction or facility system failures may materially adversely affect hospital operations, financial condition and results of operations.

Doctor and Nursing Shortage. A doctor and nursing shortage currently exists and may particularly affect hospitals. Such shortages could materially adversely affect hospital operations, patient and physician satisfaction, financial condition and future growth.

Federal Laws Affecting Health Care Facilities

American Recovery and Reinvestment Act of 2009. Title XIII of the American Recovery and Reinvestment Act of 2009 (the "**Recovery Act**"), also known as the Health Information Technology for Economic and Clinical Health Act (the "**HITECH Act**"), modified the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") (as discussed below) to strengthen privacy and security protections for individuals' health information. The HITECH Act significantly increased fines and remedies for HIPAA violations and electronic health record security breaches. If certain procedures and technologies are not in place, the HITECH Act requires disclosure to affected individuals, news media and the U.S. Department of Health & Human Services (**"HHS"**) if protected information security is breached. Criminal penalties apply to persons who obtain or disclose protected health information without authorization. A state attorney general also may bring civil actions for residents adversely affected by HIPAA or HITECH Act violations, seeking to enjoin further violations or obtain money damages. HHS now performs periodic audits of health care providers to ensure required HITECH Act policies are in place. Individuals harmed by HIPAA or HITECH Act violations may recover a percentage of monetary penalties or settlements based on methods HHS establishes. Any HITECH Act violation is subject to HIPAA civil and criminal penalties.

Federal Privacy Laws. HIPAA addresses the confidentiality of individuals' health information and requires distinct privacy and security protections for individually identifiable health information. HHS promulgated privacy regulations under HIPAA (the "**Privacy Regulations**") that protect patient medical records and other personal health information maintained by health care providers, hospitals, health plans, health insurers and health care clearinghouses. Management believes that the Health Care System's operations and information systems comply with the Privacy Regulations.

Security regulations (the "**Security Regulations**") have also been promulgated under HIPAA to require covered entities, such as healthcare providers, to implement administrative, physical and technical safeguards to protect patient information. Additionally, HHS promulgated regulations to standardize the electronic transfer of information pursuant to certain enumerated transactions (the "**Code Set Transactions**"). Management of the Health Care System believes that its health care facilities are in substantial compliance with the Security Regulations and the Code Set Transactions. However, ransomware attacks on healthcare providers have increased, and information technology safeguards are complex and constantly changing. Therefore, despite dedicating resources to prevent unauthorized access or use of protected health information, the Health Care System may suffer a ransomware attack. Remedial steps to mitigate a potential breach of patient information are costly and require significant resources.

Disclosure of certain broadly defined protected health information is prohibited unless HIPAA and related regulations expressly permit it or the patient authorizes it. HIPAA's privacy and security provisions extend beyond patient medical records to a wide range of health care clinical and financial settings, where patient privacy restrictions often impose communication, operational, accounting and billing restrictions. These add costs and create potentially unanticipated legal liability.

Violations of HIPAA can result in civil monetary penalties and criminal penalties. HIPAA incorporates a tiered civil monetary penalty structure promulgated by the HITECH Act, with civil penalties generally ranging from $100 to $50,000 per violation (with caps of $25,000 to $1.5 million for all violations of a single requirement in a calendar year) depending on the severity of the violation and the level of culpability involved.

The HITECH Act also (i) extends HIPAA beyond "covered entities," such as healthcare providers, plans and clearing-houses, to their business associates, (ii) imposes a breach notification requirement on HIPAA covered entities, (iii) limits certain uses and disclosures of individually identifiable health information, (iv) restricts covered entities' marketing communications and (v) permits civil monetary penalties for a HIPAA violation even if an entity did not know and, exercising reasonable diligence, would not have known of a violation. Compliance with HIPAA and related regulations has imposed substantial financial burdens on the Health Care System, including electronic billing and other electronic transactions and procedures to protect patient record privacy and security.

Management believes that the Health Care System is in material compliance with the Privacy Regulations, the Security Regulations, and HITECH.

Medicare and Medicaid Programs. Medicare and Medicaid are hospital reimbursement or payment programs governed by the federal Social Security Act. Medicare is exclusively federal; Medicaid is jointly funded by federal and state governments and governed by federal and state laws. Medicare provides certain health care benefits to beneficiaries who are 65 or older, blind, disabled or qualify for the End Stage Renal Disease Program. Medicaid pays

providers for care given to the medically indigent and others receiving federal aid, is funded by federal and state appropriations and is administered by the states. Hospital benefits are available under each participating state's Medicaid program, within prescribed limits, to persons meeting minimum income or other eligibility requirements, including children, the aged, the blind and/or the disabled.

Health care providers have been, and will continue to be, significantly affected by recent federal health care law and regulation changes, particularly those involving Medicare and Medicaid. Much recent statutory and regulatory activity seeks to reduce health care cost growth, particularly costs paid under Medicare and Medicaid. The Health Care Reform Law amended Medicaid funding and substantially increased the potential number of Medicaid beneficiaries. For Medicare, the Health Care Reform Law mandates significant reimbursement modifications, including moving from a fee-for-service model to a quality-of-care model where value-based payments are tied to clinical objectives, including patient outcomes and satisfaction.

Past federal budgets have cut Medicare and Medicaid program budgets. Although future federal budget cuts are uncertain, any reduction in Medicare and/or Medicaid spending, or in the rate of spending increase, may adversely affect the Health Care System's Medicare and Medicaid revenues. The following summarizes these programs and related risk factors.

The Medicare Program. Medicare is the federal health insurance system under which physicians, hospitals and other health care providers are reimbursed or paid for services provided to eligible elderly and disabled persons or persons who qualify for the End Stage Renal Disease Program. Medicare is administered by the Centers for Medicare & Medicaid Services ("**CMS**"), which delegates to the states the process for certifying hospitals to which CMS will make payment. To achieve and maintain Medicare certification, hospitals must meet CMS's "Conditions of Participation" on an ongoing basis, as surveyed by the CMS delegated agency in the provider's state. Medicare certification requirements are subject to change and may require hospitals to change their facilities, equipment, personnel, billing, policies and services. If CMS determines that a provider does not comply with its Conditions of Participation, a notice of termination of participation in Medicare may be issued or other sanctions potentially could be imposed.

Acute care hospitals generally are paid for inpatient services to Medicare inpatients under the Prospective Payment System ("**PPS**"), while Critical Access Hospitals ("**CAH**") are paid based on allowable costs for inpatient and outpatient services and are not subject to PPS. To qualify as a CAH, a hospital must (a) be located in a state that has created a rural health plan and participates in the Medicare Rural Hospital Flexibility Program ("Flex Program"); (b) be located in a rural area more than 35 miles from another hospital or more than 15 miles from another hospital in areas with mountainous terrain or only secondary roads; (c) provide no more than 25 acute care inpatient beds; (d) maintain an annual average acute-care length of stay of 96 hours or less; and (e) provide 24-hour emergency services, with medical staff on site or on-call and available on-site within 30 minutes (60 minutes if certain frontier area criteria are met). The Hospital was designated a CAH on July 1, 2002.

Under PPS, Medicare pays a predetermined rate for each covered hospitalization, with separate PPS payments for inpatient operating and capital-related costs. CAHs are eligible for cost-based reimbursement for inpatient and outpatient services, potentially increasing revenues.

Medicare consistently is one of the Health Care System's most important patient-service revenue sources. Any revisions to Medicare or to the Hospital's CAH classification may significantly affect Health Care System revenues. Medicare reimbursement laws and regulations are extremely complex and subject to interpretation. No guarantee exists that the described Medicare inpatient and outpatient reimbursement methodologies will continue in their present form, as those methodologies and associated payment rates have frequently been subject to Congressional action.

Several significant Medicare payment reform measures - designed to incentivize hospitals based on quality and performance - implemented reimbursement incentives and penalties: the Readmission Reduction Program, the Hospital Value-Based Purchasing Program, the Hospital Inpatient Quality Reporting Program, and the Hospital-Acquired Condition Reduction Program (see "Medicare Payment for Preventable Medical Errors" below). The Readmission Reduction Program reduces Medicare payments by specified percentages to hospitals with excess or preventable admissions based on historical discharge data. The Hospital Value-Based Purchasing Program, funded through an across-the-board reduction to the PPS standardized DRG amounts, reallocates and redistributes Medicare reimbursement funds to hospitals based on quality and patient experience measures. The DRG percentage reduction is 2.0% for each federal fiscal year. Under the Hospital Inpatient Quality Reporting Program, annual payment updates to

hospitals that do not successfully report designated quality measures are reduced by two percentage points, and beginning in federal fiscal year 2015, hospitals that do not participate successfully in the program will lose one-quarter of the percentage increase in their payment updates. Management of the Health Care System is not aware of any situation in which a Medicare readmission penalty, Hospital Value-Based Purchasing Program performance measure, or payment reduction related to quality reporting is being, or may in the future be, assessed that would materially adversely affect the financial condition or results of operations of the Health Care System.

Medicare Payment for Preventable Medical Errors. The Deficit Reduction Act of 2005 (the "DRA") required the Secretary of HHS to identify high-cost and/or high-volume complicating secondary-diagnosis conditions reasonably preventable through evidence-based guidelines (collectively, "**hospital-acquired conditions**"). The DRA also required hospitals, beginning October 1, 2007, to report on discharge claims whether selected hospital-acquired conditions were present on admission. In its 2008 IPPS Final Rule, CMS included several conditions identified by the National Quality Forum as "never events" (i.e., inexcusable outcomes in a health care setting). Each year, additional hospital-acquired conditions or never events have been added through inpatient prospective payment system rulemaking. All such conditions have negative payment implications when acquired during an inpatient stay. Effective July 1, 2011, federal payments to states for Medicaid services related to hospital-acquired conditions are prohibited. Under the Hospital-Acquired Condition Reduction Program, beginning in federal fiscal year 2016, Medicare payments to certain hospitals in the lowest-performing quartile for hospital-acquired conditions will be reduced by 1%. Adverse events and their payment implications remain a regulatory focus.

Other Medicare Service Payments. Medicare payment for skilled nursing, psychiatric, inpatient rehabilitation, general outpatient and home health services is subject to Medicare's consolidated billing rules. Consolidated billing requires covered providers to bill Medicare for the entire package of services patients receive, other than a few excluded services, based on regulatory formulas or predetermined rates. There is no guarantee these fluctuating rates will cover the actual cost of providing services to Medicare patients or that the Health Care System will be fully reimbursed for all services billed through consolidated billing.

Reimbursement of Hospital Capital Costs. Hospital capital costs apportioned to Medicare patient use (including depreciation and interest) are paid by Medicare based solely on a standard federal rate (based on average national capital costs), subject to limited hospital-specific adjustments. There can be no assurance that future capital-related payments will cover the Health Care System's actual capital-related facility costs for Medicare patient stays or provide flexibility to meet changing capital needs.

Medicare and Medicaid Audits and Withholds. Hospitals participating in Medicare and Medicaid are subject to audits and retroactive audit adjustments for reimbursement claimed under those programs. Although management believes the Health Care System's reserves are adequate, future adjustments could be material. Medicare and Medicaid regulations also provide for or require payment withholding in certain circumstances, which could materially adversely affect the Health Care System's financial condition and results of operations. In addition, hospital contracts with third-party payors often include audit, setoff and withhold provisions that may cause substantial retroactive adjustments with the same effect. Management is not presently aware of any Medicare or other payment being, or potentially being, withheld that would materially adversely affect the Health Care System's financial condition or results of operations.

Under both the Medicare and Medicaid programs, certain health care providers, including hospitals, must periodically report specified financial information. Penalties are imposed for inaccurate reports. Because these requirements are numerous, technical and complex, there can be no assurance that the Health Care System will avoid such penalties in the future. These penalties may be material and adverse and could include administrative, criminal or civil liability for making false statements or claims and/or an administrative action for exclusion from participation in the federal health care programs. Under certain circumstances, payments may be determined to have resulted from improper claims subject to the federal False Claims Act ("**FCA**") or other federal statutes, subjecting the provider to civil, administrative or criminal sanctions. The Department of Justice ("**DOJ**") has initiated a number of national investigations involving proceedings under the FCA relating to alleged improper billing practices by hospitals. These actions have resulted in substantial settlement amounts in certain cases.

Management does not anticipate that Medicare audits or cost report settlements will materially adversely affect the Health Care System's financial condition or results of operations, taken as a whole, and is not aware of any improperly submitted claims. However, given the complexity of Medicare regulations and the ongoing investigations described above, no assurance can be given that significant difficulties will not develop.

Recovery Audit Contractors. Section 302 of the Tax Relief and Health Care Act of 2006 required the Secretary of Health and Human Services to use recovery audit contractors ("**RACs**") paid on a contingency fee basis under the Medicare Integrity Program to identify underpayments and overpayments and recoup overpayments under the Medicare program. Since January 1, 2012, state Medicaid agencies also must implement a recovery audit program to identify underpayments and overpayments. Currently, RACs may request to review Medicare and Medicaid payments for services billed during the previous three years and the current year.

Management is not aware of any situation in which a Recovery Audit, if conducted, and resulting Health Care System payments would materially adversely affect the Health Care System's financial condition. However, given the complexity of Medicare regulations and ongoing audit risk, no assurance can be given that an audit would not have that effect.

Medicaid Programs. Medicaid is a jointly funded federal and state medical assistance program for qualified needy individuals and their dependents. Under federal guidelines, each state establishes eligibility standards; determines the type, amount, duration and scope of services; sets payment rates; and administers its programs. One Health Care Reform Law component incentivizes states to expand Medicaid to individuals earning up to 138% of the federal poverty level by offering additional Medicaid funding. Georgia has not expanded Medicaid to cover such individuals and has declined the related additional federal funding.

The OBBBA includes substantial Medicaid reforms expected to materially adversely affect health care providers that rely on Medicaid reimbursement. Key Medicaid provisions include: (1) mandatory work or "community engagement" requirements for most non-disabled adult beneficiaries under age 65, (2) more frequent and stringent eligibility redeterminations, (3) increased cost-sharing for certain beneficiaries, (4) restrictions on state financing mechanisms, such as Provider Taxes (defined and discussed below), (5) limits on State-Directed Payments (defined and discussed below), and (6) new Medicaid coverage limitations for certain immigrant populations. These changes are expected to materially affect state Medicaid programs and the broader health care delivery system, including a significant increase in the uninsured population. The CBO estimates that OBBBA will increase the uninsured population by 10 million by 2034.

Certain states, including Georgia, have transitioned all or part of their Medicaid programs to Medicaid managed care organizations ("**MCOs**"). Medicaid managed care delivers Medicaid health benefits and additional services through contracts between state Medicaid agencies and MCOs that receive set per-member-per-month capitation payments. Providers serving Medicaid managed care beneficiaries may be reimbursed at rates that do not adequately reflect actual care costs and may face increased financial and administrative burdens. Participation may require providers to meet MCO requirements in addition to federal and state Medicaid requirements. Provider-MCO disputes often delay or decrease Medicaid reimbursement and may create other significant provider costs, such as legal fees.

State Provider Fee Programs; Supplemental and State-Directed Payments. Certain states, including Georgia, have created programs that impose a fee or tax on health care providers ("**Provider Taxes**"), the proceeds of which are intended to generate new in-state funds that can be matched with federal funds so the state receives additional federal Medicaid funding. In many cases, the Provider Tax cost is paid back to providers through increased Medicaid reimbursement rates for patient services or supplemental Medicaid payments. The OBBBA freezes Provider Tax levels for states like Georgia that have not expanded Medicaid under the ACA. Under federal Medicaid managed care regulations, states can direct Medicaid MCOs to pay providers according to specific, prior-approved rates or methods, including increased rates, through "State-Directed Payments." The OBBBA requires CMS to cap the State-Directed Payment ceiling for certain services at 100% of the specified total published Medicare rate in Medicaid expansion states and 110% of the total published Medicare payment rate in non-expansion states. Certain eligible State-Directed Payments submitted or approved by CMS before July 4, 2025, may qualify for temporary grandfathering until rating periods beginning January 1, 2028, followed by a phased reduction of 10% per year until total payment rates reach the newly applicable Medicare-based payment limits. If a Provider Tax program, State-Directed Payment program, or other supplemental Medicaid reimbursement mechanism or program is terminated, or continued with reduced funding, the financial condition and financial performance of health care providers receiving a net gain from such programs could be materially affected.

In response to the COVID-19 pandemic, Congress passed the Families First Coronavirus Response Act (the "**FFCRA**") in March 2020. Under the FFCRA, Georgia Medicaid members were eligible for continuous coverage during the federal public health emergency (the "**PHE**"). In December 2022, a federal spending bill permitted states to begin Medicaid redetermination on April 1, 2023, regardless of the PHE end date. Georgia began redetermining

eligibility for approximately 2.7 million Medicaid and PeachCare for Kids® members. A large portion of Medicaid members may drop from the rolls. Fewer Medicaid members may increase the self-pay patient population, materially affecting the Health Care System's net revenue and operating margin. Fewer Medicaid members also may affect the Health Care System's participation in the 340B Drug Pricing Program, which permits nonprofit hospitals with a minimum disproportionate share percentage of 11.75% for the most recently filed cost report to purchase outpatient drugs at significantly reduced prices. If declining Medicaid volume affects that percentage, the Health Care System may have to buy drugs at higher costs, negatively affecting revenues.

The Medicaid Division of the Georgia Department of Community Health ("DCH") administers Medicaid and related programs such as PeachCare for Kids, Georgia's child health insurance program. DCH uses DRG's to reimburse hospitals for inpatient services to Medicaid recipients. Georgia periodically audits reimbursable costs underlying Medicaid reimbursements. While management believes Medicaid patient rates will be appropriately based on allowable costs, no assurance can be given that certain costs will not be disallowed.

From time to time, the DCH or the Georgia legislature may change policies relating to Medicaid eligibility, services and reimbursement. Any reduction in services covered by the Georgia Medicaid program or payment amounts for covered services could negatively affect the Health Care System's business. In addition, the federal contribution to Medicaid programs could diminish in the future. Any reduction in the federal government's contribution to the Georgia Medicaid program could reduce reimbursement available through the program and ultimately negatively affect the Health Care System's revenues.

On July 1, 2023, Georgia began implementing the state's Section 1115 Pathways to Coverage waiver. The waiver, which is not a full Medicaid expansion under the ACA and does not qualify for enhanced matching funds, was initially approved in October 2020 and authorizes Georgia to extend Medicaid coverage to 100% FPL for parents and childless adults. Initial and continued enrollment depends on work-requirement compliance. On September 23, 2025, CMS temporarily extended Georgia's Section 1115 "Pathways to Coverage" waiver through 2026; the extension allows parents and caretakers of children up to age 6 (in households at or below 100% FPL) to receive Medicaid coverage without work requirements and eliminates monthly work-activity reporting in exchange for annual reporting. Georgia must comply with OBBBA federal work requirements beginning January 1, 2027. It is unclear how Pathways to Coverage will affect the Health Care System.

Because Medicaid is a significant payor, changes in qualification criteria, covered benefits and reimbursement amounts could materially affect the Health Care System's net revenue and operating margin. The effect of implementing a Medicaid managed care program cannot be predicted. Increased benefit limitations and more restrictive payments could make reimbursement reductions materially greater than current estimates and increase uninsured or underinsured patients. Accordingly, there is no assurance that Medicaid payments are or will remain adequate.

Disproportionate Share Payments. Federal Medicare and state Medicaid laws permit states to include a "disproportionate share" payment adjustment to compensate hospitals serving a disproportionate share of indigent patients with supplemental payments (collectively, "**DSH**"). Under Georgia's disproportionate share program, part of the Indigent Care Trust Fund ("**ICTF**"), each Georgia hospital must file fiscal-year financial and service data with the Georgia Department of Community Health. Hospitals qualifying for ICTF payments must file additional data on uncompensated care. The state identifies eligible providers and draws matching federal funds to allocate to qualifying providers under the state distribution formula. In the Fiscal Year ended June 30, 2025, the Health Care System received $1,544,000 in disproportionate share payments from the ICTF. Disproportionate share payments have been subject to multiple pieces of legislation since 2013, and there is no guarantee the Health Care System will continue to receive distributions in any amount.

Pricing Transparency and Surprise Billing. Under the Healthcare Reform Acts, hospitals must publicly list their standard charges, and effective January 1, 2019, CMS has required this disclosure to be machine-readable and include charges for all hospital items and services and average charges for DRGs. On November 27, 2019, CMS published a final rule on "Price Transparency Requirements for Hospitals to Make Standard Charges Public." This rule took effect on January 1, 2021 and requires all hospitals also to make public their payor-specific negotiated rates, minimum negotiated rates, maximum negotiated rates, and cash prices for all items and services, including individual items and service packages, that could be provided to a patient. In addition, hospitals must either (i) make available an internet-based price estimator tool that estimates a patient's financial liability for 300 shoppable services (including 70 CMS-specified shoppable services) or (ii) make public charges, payor-specific negotiated rates, minimum negotiated rates, and maximum negotiated rates for 300 shoppable services (including 70 CMS-specified shoppable services) in a consumer-friendly manner. Hospitals must display the required

information prominently and clearly identify the hospital location associated with the standard charge information on a publicly available website.

Effective January 1, 2024, CMS modified the Pricing Transparency requirements to require a standard format for published standard charge data. The final rule required a footer at the bottom of the hospital's home webpage linking directly to the URL containing the machine-readable file of the hospital's standard charges, to improve accessibility. In addition, by July 1, 2024, each hospital must make a good faith effort to ensure that the data in the machine-readable file is true, accurate and complete and include an affirmative statement that it accurately represents the hospital. The updated final rule also strengthened and streamlined enforcement against hospitals that fail to implement the new format, accessibility and compliance requirements.

The final rule may make competitively sensitive rate information available to competing hospitals, insurers and employer sponsors of group health plans, potentially causing market distortions and anti-competitive effects that could affect hospital rates and revenue. Required publication of hospital standard charges (including negotiated rates) may change consumer choice in ways that negatively affect the Health Care System. Accordingly, compliance could materially adversely affect the Health Care System financially or operationally.

As part of the Consolidated Appropriations Act, Congress passed legislation aimed at preventing or limiting patient balance billing in certain circumstances. The legislation addresses surprise medical bills stemming from emergency services, out-of-network ancillary providers at in-network facilities, and air ambulance carriers. It prohibits surprise billing when out-of-network emergency services or out-of-network services at an in-network facility are provided, unless informed consent is received. In these circumstances, providers may not bill the patient for amounts exceeding in-network cost-sharing requirements. Insurers and providers have 30 days to negotiate payment disputes in a private, voluntary process. If no agreement is reached, independent dispute resolution ("**IDR**") may be sought for a binding determination not eligible for judicial review. CMS regulations and guidance implementing the IDR process have been subject to significant provider-initiated litigation. As a result, portions of those regulations and guidance materials have been vacated by a federal district court, causing CMS to pause and resume IDR operations several times and significantly delaying claim processing.

Plaintiffs in such litigation also have alleged that CMS's regulations and guidance materials favor payers. For these reasons, no assurance can be given that the hospital will receive timely payments through this process. The Consolidated Appropriations Act also requires health plans to communicate in-network and out-of-network deductibles and out-of-pocket maximums, maintain publicly available, online and current directories for in-network providers, and offer consumers a price comparison tool.

In addition to the federal laws, the State of Georgia passed a "no surprise" act. The state laws are similar to the federal laws in prohibiting balance billing a patient for emergency or nonemergency services when the provider is out of network. If the provider is out of network, the insurer will remit payment for either (i) the verifiable median contracted amount paid by all eligible insurers for similar services calculated by a vendor utilized and chosen by the Commissioner; (ii) the most recent verifiable amount agreed to by the insurer and the nonparticipating medical provider for the same services during which the provider was in-network with the insurer; (if applicable); or (iii) a higher amount as the insurer may deem appropriate given the complexity and circumstances of the services provided. Thus, if the Hospital is out of network with a health plan or a state health plan, reimbursement will be limited and the Hospital may not bill the patient for the difference between the amount paid and the Hospital's charges. The state law provides an arbitration process for disputes between the provider and insurer.

Government Regulation of Hospitals

Hospital operations are extensively regulated by federal and state governments. These regulations affect virtually every aspect of operations, including (1) imposing cost-increasing procedures (including complicated billing and recordkeeping), (2) requiring services free or below cost, (3) limiting decisions based on economic best interest and (4) restricting advantageous business opportunities with physicians and other health care providers. Such regulations are complex and regularly amended and extended.

Significant federal and state restrictions include (1) the Physicians Self-Referral Law ("**Stark**"), state self-referral prohibitions and "Anti-Kickback" laws, which restrict financial relationships with and referrals by private physicians, (2) the Anti-kickback Statute (as defined below) and its accompanying regulations, which prohibit providing any form of remuneration to anyone if it induces the referral, ordering or purchasing of services or supplies billed to the state or federal government, unless it satisfies a "safe harbor"; (3) the federal False Claims Act and state counterparts; (4) the Emergency Medical Treatment and Active Labor Act ("**EMTALA**"), imposing operating

requirements on hospitals with emergency departments; and (5) Civil Monetary Penalties for violation of (a) beneficiary inducements; (b) information blocking; or (c) HHS Grants, Contracts and Other Agreements.

Federal and state governments may impose criminal, civil and administrative sanctions for violations of existing laws and regulations, including criminal fines, civil monetary penalties, repayment of erroneously paid claims, prison terms and exclusion from Medicare, Medicaid and/or other governmental programs. Given the complexity and breadth of the regulations and increased enforcement, alleged violations may trigger investigations, audits and inquiries that could result in expensive and prolonged enforcement actions against the Health Care System. Enforcement actions may be initiated by one or more government entities and/or private individuals, and multiple penalties may be imposed for each violation. Exclusion from Medicare, Medicaid or other governmental health programs likely would cause substantial revenue loss. See also "INVESTMENT AND RISK CONSIDERATIONS - Physician Recruitment and Service Agreements."

Stark Law. The Stark Law prohibits, subject to limited exceptions, a physician who has a financial relationship, or whose immediate family has a financial relationship, with entities (including hospitals) providing "designated health services" from referring Medicare patients to those entities for such services. The Stark Law defines designated health services as including: physical therapy services, occupational therapy services, radiology or other diagnostic services (including MRIs, CT scans and ultrasound procedures), durable medical equipment, radiation therapy services, parenteral and enteral nutrients, equipment and supplies, prosthetics, orthotics and prosthetic devices, home health services, outpatient prescription drugs, inpatient and outpatient hospital services and clinical laboratory services. The Stark Law also prohibits the entity receiving the referral from filing a claim or billing for services arising from the prohibited referral. The prohibition applies regardless of the reasons for the financial relationship and referral; no intent finding is required. Sanctions include denial of payment, refunds of amounts improperly collected, a civil penalty of up to $15,000 for each service arising from the prohibited referral, exclusion from federal health care programs and a civil penalty of up to $100,000 against parties that enter into a circumvention scheme. Under an emerging legal theory, Stark Law violations may also support FCA liability. The financial arrangements between a physician (or immediate family member) and an entity that trigger Stark Law self-referral prohibitions are broad and include ownership and investment interests, compensation arrangements and certain disclosure obligations.

Medicare may deny payment for all services related to a prohibited referral, and a hospital or other health care provider that has billed for prohibited services may be obligated to refund amounts collected from Medicare. For example, if an office lease between a hospital and a large group of heart surgeons is found to violate Stark, a hospital could be obligated to repay CMS for Medicare payments for all heart surgeries performed at the hospital by all physicians in the group for the lease term; a potentially significant amount. The government may also seek substantial civil monetary penalties, and in some cases, a hospital or other health care provider may be liable for fines up to three times the amount of any monetary penalty and/or be excluded from Medicare and Medicaid. CMS has been very active in recent years in revising and promulgating regulations to close perceived loopholes and impose new restrictions that have caused hospitals and other health care providers to revise certain common physician transactions. Government enforcement authorities have become increasingly active in bringing Stark enforcement actions. In addition, given its complexity and potential to generate large financial damages and penalties, whistleblowers are bringing Stark-based False Claims Act actions with increasing frequency. Potential repayments to CMS, settlements, fines or exclusion for a Stark violation or alleged violation could materially adversely affect a hospital or other health care provider. Stark Law regulations are subject to frequent amendment. Such amendments may require the Health Care System to amend or terminate certain physician arrangements to comply with new regulatory requirements.

Although management does not believe the Health Care System is or will be involved in any prohibited Stark Law activity and is not aware of any related challenge or investigation, no assurance can be given that the Health Care System will not be found to have violated the Stark Law. Stark Law sanctions could materially adversely affect the Health Care System's operations and financial condition.

Georgia Patient Self-Referral Act. Subject to certain exemptions, the Georgia Patient Self-Referral Act prohibits a healthcare provider from referring a patient for "designated health services" to an entity in which the provider is an investor or has an investment interest. A health care provider is any physician or other person licensed, certified or registered under Georgia law to provide healthcare services. Unlike the Stark law, which applies only to Medicare, the Georgia Patient Self-Referral Act prohibits billing any governmental or private payor for services furnished in violation of the law.

Penalties for violating the Georgia Patient Self-Referral Act's anti-referral provisions could apply to many joint business activities between hospitals and physicians, such as hospital - physician joint ventures. The Health Care System will conduct certain activities of these general types and similar activities. While management does not believe that the Health Care System is or will be involved in any prohibited activity and is not aware of any related challenge or investigation, no assurance can be given that a future challenge or investigation will not occur. If the Health Care System's activities violate this law's anti-referral provisions, the determination may materially adversely affect its financial position, especially if violations are prosecuted and result in exclusion from reimbursement programs or substantial fines.

Anti-Kickback Law. A federal law (the "**Anti-Kickback Statute**") makes it a felony to knowingly and willfully offer, pay, solicit or receive remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce referrals for business reimbursable under any federal health care program. The Anti-Kickback Statute applies to many common hospital transactions, including hospital-physician joint ventures, medical director agreements, physician recruitment agreements, physician office leases and other transactions. It has been interpreted to cover any arrangement where one purpose of remuneration was to obtain or pay for service referrals or induce further referrals. Violations may result in imprisonment for up to five years and/or fines of up to $50,000 per act. The Office of Inspector General ("**OIG**") also may impose civil assessments and fines and exclude hospitals engaged in prohibited activities from Medicare, Medicaid, TRICARE (a health care program providing benefits to dependents of active duty and retired members of the United States military services) and other federal health care programs for at least five years.

The Health Care Reform Law amended several Anti-Kickback Statute provisions. One amendment permits an Anti-Kickback Statute violation without showing that an individual knew the statute's prohibitions or specifically intended to violate it, potentially expanding criminal and civil fraud exposure for transactions and arrangements lacking such intent. The Health Care Reform Law further amended the Anti-Kickback Statute to provide that a violation constitutes a false or fraudulent claim under the federal FCA, which prohibits knowingly presenting a false, fictitious or fraudulent claim for payment to the United States government. FCA actions may be brought by the United States Attorney General or as a qui tam action by a private individual in the government's name.

In addition to certain statutory exceptions to the Anti-Kickback Statute, the OIG has promulgated regulatory "safe harbors" designed to protect certain payment and business practices. However, only a limited number of final safe harbors have been established to date, and they are narrow and do not cover many common economic relationships involving hospitals. The regulations do not comprehensively describe all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources. While failure to comply with a statutory exception or regulatory safe harbor does not make an arrangement unlawful, it may increase the likelihood of a regulatory challenge or investigation.

HIPAA created a new program operated jointly by HHS and the United States Attorney General to fund and coordinate federal, state and local law enforcement with respect to fraud and abuse including the Anti-Kickback Statute. HIPAA also provides for minimum periods of exclusion from a federal health care program for fraud related to the federal health care programs, provides for intermediate sanctions and expands the scope of civil monetary penalties.

Pursuant to HIPAA, the DRA and the HITECH Act, federal investigations and prosecutions of Medicare and Medicaid "fraud and abuse" cases are receiving increased emphasis, and increases in personnel investigating and prosecuting such cases have been reported. This likely will increase scrutiny of hospitals and health care providers, including the Health Care System.

Hospital providers in many states also are subject to state anti-kickback laws similar to the federal Anti-Kickback Statute or generally applicable anti-kickback or fraud laws. These prohibitions are similar in public policy and scope to the federal Anti-Kickback Statute and could have material adverse effects for the same reasons as the federal statutes.

Management believes the Health Care System has used best efforts to comply with the Anti-Kickback Statute. Like most Medicare-participating hospitals, Health Services Inc. may have entered into arrangements with other health care providers that may not meet all "safe harbor" requirements. However, management believes these arrangements promote efficient, quality health care delivery, are fair market value, arm's-length transactions and comply with the Anti-Kickback Laws. Nevertheless, regulatory authorities may not concur with that analysis. Given the breadth of those laws and narrowness of the safe harbors, no assurance can be given that regulatory authorities

will not take a contrary position or that Health Services Inc. will not be found to have violated the Anti-Kickback Statute.

At present, Management of the Health Care System is not aware of any pending or threatened claim, investigation or enforcement action regarding the Anti-Kickback Statute that, if determined adversely to the members of the Health Care System, would materially adversely affect the Health Care System's financial condition. Furthermore, services provided at hospital facilities by physicians involved in such arrangements could be deemed unnecessary by Medicare and/or Medicaid, causing all claims submitted to those programs to be deemed false claims and subjecting the hospital to additional penalties under the False Claims Act. See also "INVESTMENT AND RISK CONSIDERATIONS-Physician Recruitment and Service Agreements**."**

False Claims Laws. Three principal federal statutes address "false claims." First, the civil FCA imposes civil liability (including substantial monetary penalties and damages) on any person or corporation that (1) knowingly presents or causes to be presented a false or fraudulent claim for payment to the United States government; (2) knowingly makes, uses or causes to be made or used a false record or statement to obtain payment; or (3) conspires to defraud the federal government by getting a false or fraudulent claim allowed or paid. Specific intent to defraud the federal government is not required to establish knowledge. "Knowingly" broadly includes actual knowledge, deliberate ignorance or reckless disregard of the facts. This statute authorizes private persons to file *qui tam* actions on behalf of the United States. Because *qui tam* lawsuits are sealed while the federal government evaluates whether to join, it is impossible to determine at this time whether any such actions are pending against the Health Care System, and no assurance can be given that such actions will not be filed in the future.

The Fraud and Enforcement and Recovery Act ("**FERA**"), signed into law on May 20, 2009, expanded potential exposure under the civil FCA for a wide range of business transactions involving federal government funds. Under FERA amendments, the civil FCA may impose liability for false claims with more remote connections to the federal government. FERA also expands liability for retaining money owed to the government, including Medicare overpayments.

The Health Care Reform Law further expanded the civil FCA by requiring a person who receives an overpayment to report and repay it within 60 days after it is identified or the date any corresponding cost report is due, whichever is later. The Health Care Reform Law defines overpayments as "any funds that a person receives or retains under Medicare or Medicaid to which the person, after applicable reconciliation is not entitled." Failure to repay any overpayment by the deadline could lead to FCA liability.

In addition, the Health Care Reform Law eliminates "public disclosure" as a jurisdictional defense to *qui tam* suits. The "public disclosure bar" previously required dismissal of a *qui tam* suit where the allegations were publicly disclosed in (i) a criminal, civil, or administrative proceeding; (ii) a congressional, administrative, or U.S. Government Accountability Office report, hearing, audit, or investigation; or (iii) news media. Under the Health Care Reform Law, courts are directed to dismiss the *qui tam* suit if the relator is not the original source of the claims or allegations that were publicly disclosed, unless the government opposes the dismissal.

In addition to the civil FCA, the Civil Monetary Penalties Law authorizes the imposition of substantial civil money penalties against an entity that engages in activities including, but not limited to, (1) knowingly presenting or causing to be presented, a claim for services not provided as claimed or which is otherwise false or fraudulent in any way; (2) knowingly giving or causing to be given false or misleading information reasonably expected to influence the decision to discharge a patient; (3) offering or giving remuneration to any beneficiary of a federal health care program likely to influence the receipt of reimbursable items or services; (4) arranging for reimbursable services with an entity which is excluded from participation from a federal health care program; (5) knowingly or willfully soliciting or receiving remuneration for a referral of a federal health care program beneficiary; (6) using a payment intended for a federal health care program beneficiary for another use; (7) blocking patient's immediate access to his or her healthcare records, unless the failure to provide the records is covered by an exception; or (8) knowingly making or causing to be made a false statement, omission or misrepresentation of material fact in any application, bid or contract to participate in a federal health care program. The Secretary of HHS, acting through the OIG, also has both mandatory and permissive authority to exclude individuals and entities from participation in federal health care programs pursuant to this statute. The penalties for engaging in information blocking depend on the type of individual or entity. A health care provider commits information blocking when the provider engages in a practice that is likely to interfere with, prevent, or materially discourage the access, exchange, or use of EHI, and the provider knows the practice is unreasonable and is likely to interfere with, prevent, or materially discourage the access, exchange, or use of EHI. The OIG may assess penalties against a healthcare provider that engages in information blocking. A health IT

developer of certified health IT, health information exchange, or network that engages in information blocking may be subject to penalties of up to $1 million per violation.

In addition, pursuant to HIPAA, the commission of either one of the prohibited practices listed below may lead to civil monetary penalties: (1) the practice or pattern of presenting a claim for an item or service on a reimbursement code that the person knows or should know will result in greater payment than appropriate, i.e., upcoding, and (2) engaging in a practice of submitting claims for payment for medically unnecessary services. Violation of such prohibited practices could amount to civil monetary penalties of up to $10,000 for each item or service involved. Management of the Health Care System does not expect that the prohibited practices provisions of HIPAA will affect the Health Care System in a material respect.

Finally, it is a criminal federal health care fraud offense to: (1) knowingly and willfully execute or attempt to execute any scheme to defraud any health care benefit program; or (2) obtain, by false or fraudulent pretenses, representations or promises, any money or property owned or controlled by any health care benefit program. Penalties include fines and/or imprisonment and forfeiture of any property derived from proceeds traceable to the offense.

The DRA provides financial incentives to states that pass similar false claims statutes or amend existing false claims statutes that track the FCA more closely with regard to penalties and rewards to *qui tam* relators. A number of states, including Georgia, have passed similar statutes expanding the prohibition against the submission of false claims to nonfederal third-party payors.

Georgia False Claims Laws. Georgia law prohibits submitting a false claim or making a false record or statement to secure reimbursement from an insurance company or HMO. Violations may result in civil or criminal penalties. The Georgia Taxpayer Protection False Claims Act of 2012 provides that any person or entity that knowingly or recklessly submits a false claim to any Georgia government body has submitted a false claim, regardless of specific intent to defraud the government. While management believes the Health Care System substantially complies with these laws, no assurance can be given that its operations will not be investigated in the future.

At present, members of the Health Care System are not aware of any pending or threatened claims, investigations or enforcement actions regarding federal or state false claims acts that, if determined adversely to the Health Care System, taken as a whole and taking into account current reserves, would materially adversely affect its financial condition.

Physician Recruitment and Service Agreements. The IRS, CMS and OIG have issued various pronouncements that could limit physician service, recruiting and retention arrangements. In IRS Revenue Ruling 9721, the IRS ruled that tax-exempt hospitals that provide recruiting and retention incentives to physicians risk loss of tax-exempt status unless the incentives are reasonably necessary to address a community need and accordingly provide a community benefit; improvement of a charitable hospital's financial condition does not necessarily constitute such a purpose. With respect to physician service contracts, the IRS takes the position that the compensation paid must be consistent with the value of services actually provided by the physician. The OIG also has taken the position that any arrangement between a federal health care program-certified facility and a physician that is intended even in part to encourage the physician to refer patients may violate the federal Anti-Kickback Statute unless a regulatory exception applies. Physician service, recruitment and retention arrangements may also implicate the Stark Law. While the OIG has promulgated a practitioner recruitment safe harbor to the Anti-Kickback Statute, it is limited to recruitment in areas that are health professional shortage areas ("**HPSAs**"). OIG also requires consistency with fair market for certain other exceptions that may apply to service contracts and may allege that any amount paid above fair market value implies an intent to induce referrals. The Stark Law exception for practitioner recruitment is not limited to HPSAs, rather it applies to the recruitment of physicians who are relocating their practices to the geographic area served by the hospital, if certain requirements are met. The Stark Law also contains an exception pertaining to retention arrangements that allows hospitals, in limited circumstances, to pay incentives to retain a physician in underserved areas. In addition, the Stark Law includes certain exceptions that may apply to service contracts, many of which also require (among other things) that payments to the physician are consistent with fair market value for services actually performed.

Sanctions that the IRS, other regulatory authorities or courts could impose for violations of IRS regulations, the Stark Law and the Anti-Kickback Statute and for false claims under the FCA and similar federal or state laws include, among other things, loss of tax-exempt status, repayment of up to three times the amount of claim payments

related to services provided or referred by affected physicians, exclusion of the Health Care System from federal health care programs, including Medicare and Medicaid, and/or additional monetary penalties.

Management believes the Health Care System's physician recruitment arrangements materially comply with these laws and regulations, but no assurance can be given that regulatory authorities will not take a contrary position, that the Health Care System will not be found to have violated applicable law, or that future laws, regulations or policies will not materially adversely affect the Health Care System's ability to recruit and retain physicians.

Emergency Medical Treatment and Active Labor Act. The federal Emergency Medical Treatment and Active Labor Act ("**EMTALA**") imposes certain requirements on hospitals and facilities with emergency departments. Generally, EMTALA requires that hospitals and other facilities with emergency departments provide "appropriate medical screening" to patients who come to the emergency department to determine if an emergency medical condition exists. If so, the hospital must stabilize the patient within the capabilities of the hospital and the patient cannot be transferred unless stabilization has occurred or the transfer is done pursuant to EMTALA requirements. EMTALA defines the term "dedicated emergency department" to mean any hospital facility or department, whether situated on or off the main hospital campus, that satisfies any one of the following criteria: (i) is licensed by the state as an emergency room or emergency department; (ii) is held out to the public as a place that provides care for emergency medical conditions on an urgent, non-appointment basis; or (iii) during the preceding calendar year, based upon a representative sample of patient visits, provided at least one third of all of its outpatient visits for the examination and treatment of emergency medical conditions on an urgent, non-appointment basis. The 2009 Inpatient Prospective Payment System Final Rule (the "**2009 IPPS Final Rule**") contained some modifications to EMTALA obligations. Under the 2009 IPPS Final Rule, if an individual with an unstable emergency medical condition presents to a participating hospital and is admitted, the admitting hospital has satisfied its EMTALA obligation. If the patient is subsequently transferred to a hospital with capabilities for specialized care, that hospital does not have an EMTALA obligation to accept the individual. CMS also finalized requirements that hospitals must meet to participate in a community call plan to share on-call responsibilities and comply with EMTALA.

Failure to comply with EMTALA may result in exclusion from Medicare and/or Medicaid and civil monetary penalties. Accordingly, failure by the Health Care System to meet its EMTALA responsibilities could adversely affect its financial condition.

Management believes the Health Care System's policies and procedures have been and currently are in material compliance with EMTALA, but no assurance can be given that an EMTALA violation will not be found. Any resulting sanctions could materially adversely affect the Health Care System's future operations or financial condition.

Enforcement Activity. Enforcement activity against health care providers has increased, and authorities may aggressively pursue perceived health care law violations. In the current regulatory climate, many hospitals and physician groups may face audits, investigations or other enforcement actions regarding the health care fraud laws described above. For example, HHS approved federal funding for state Medicaid fraud control units to conduct data-mining activities to detect abuse patterns. Defense costs, management attention and case facts may dictate settlement. Regardless of merits, a hospital could incur materially adverse settlement costs and settlement-implementation costs. Prolonged and publicized investigations also could damage a hospital's reputation and business, regardless of outcome.

Certain acts or transactions may result in violation or alleged violation of multiple federal health care fraud laws described above, so penalties or settlement amounts often are compounded. Generally these risks are not covered by insurance.

Joint Ventures. The OIG has expressed concern in various advisory bulletins that many hospital joint venture arrangements may implicate the Anti-Kickback Statute, because the parties typically can refer federal health care program patients. In addition, under federal tax laws governing § 501(c)(3) organizations, a tax-exempt hospital's participation in a joint venture with for-profit entities must further the hospital's exempt purposes and permit the hospital to act exclusively in furtherance of those purposes, with only incidental benefit to any for-profit partners. If the joint venture does not satisfy these criteria, the hospital's tax exemption may be revoked, the hospital's income from the joint venture may be subject to tax or the parties may be subject to another sanction. Finally, many hospital joint ventures with physicians may also implicate the federal Stark Law.

Compliance with the Anti-Kickback Statute or tax laws governing § 501(c)(3) organizations depends on the totality of facts and circumstances, while the Stark Law requires strict compliance with an exception if triggered. While management believes the Health Care System's joint venture arrangements materially comply with the Anti-Kickback Statute, OIG pronouncements, § 501(c)(3) tax laws and the Stark Law, no assurance can be given that regulatory authorities will not take a contrary position or that such transactions will not be found to violate these laws and related regulations. Any noncompliance determination could materially adversely affect the Health Care System's future financial condition.

Management consults with legal counsel to ensure transactions materially comply with the Stark Law and the tax laws governing § 501(c)(3) organizations and is otherwise generally in material compliance with the Anti-Kickback Statute. However, no assurance can be given that regulatory authorities will not take a contrary position or that such transactions will not be found to have violated the Stark Law, the tax laws governing § 501(c)(3) organizations and/or the Anti-Kickback Statute.

Review of Outlier Payments. CMS reviews health care providers receiving large proportions of Medicare revenues from outlier payments. Outlier payments are additions or adjustments to standard payments due to unusual variations in care type or amount. Providers found to have obtained inappropriately high outlier payments will be subject to further CMS and potentially OIG investigation.

Exclusive or Anti-Competitive Credentialing. Some hospitals have adopted admissions policies for their medical staffs that deny staff appointment or privileges to physicians that compete against the subject hospital ("exclusive" or "economic" "credentialing"). CMS has announced that it will examine whether exclusive credentialing violates provisions of federal law, including the Stark Law. CMS action could lead to regulations prohibiting or restricting exclusive credentialing. Any final rule or regulation of CMS on exclusive credentialing could adversely affect the Health Care System's policies.

State Regulation

Georgia has established statutory and regulatory requirements for health care facilities. Failure to comply with laws and rules governing licensure and standards of care could result in the revocation of a hospital's license and operating privileges, including licensure of inpatient facilities and outpatient programs such as hospitals, home health agencies, skilled nursing facilities, hospice programs and basic care facilities.

In Georgia, approvals for construction of new health care facilities and renovation of and additions to existing facilities are subject to governmental requirements, such as site approvals and findings of community need for additional hospital facilities, beds and services. Under the Georgia State Health Planning and Development Act, a certificate of need ("**CON**") program is administered by the DCH - Healthcare Facility Regulation ("**HFR**") and requires, among other things, HFR review before construction of a new health care facility, a capital expenditure above a statutory threshold, an increase in bed capacity, establishment of a new clinical health service or purchase of diagnostic or therapeutic equipment valued above a statutory threshold. HFR's review is based on statutory requirements, including a finding of community need for additional health care facilities and services. A CON is issued for a specific maximum expenditure, and the operator must build the approved project within a specified period. If a new institutional health service is offered or developed without a required CON, or if a CON is revoked for failure to comply with the Act, HFR may revoke the operator's license and assess an administrative fine for each day the service continues without CON approval. HFR also may seek injunctive relief. No assurance can be given that the hospital can obtain CON approval for future projects necessary to maintain competitive rates and charges or its quality and scope of care.

If the CON program were discontinued or additional exceptions promulgated, additional health care providers could enter the market and compete with the Health Care System. No assurance can be given that the Health Care System will obtain CON approval for future projects necessary to maintain competitive rates and charges or its quality and scope of care.

Negative Rankings Based on Clinic Outcomes, Cost, Quality, Patient Satisfaction and Other Performance Measures

Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly use statistical and other measures to characterize, publicize, compare, rank and change the quality, safety and cost of services provided by hospitals and physicians. Published rankings such as "score cards," "P4P" and other financial and non-financial incentive

programs may affect the reputation and revenue of hospitals and medical staff members and influence consumers and providers such as the Health Care System. Current quality measures include clinical outcomes, cost reduction, patient satisfaction and health information technology investment. Negative third-party performance measures may adversely affect a hospital's reputation and financial condition.

Future Legislation

Legislation periodically introduced in Congress and the Georgia legislature could limit hospital revenues, reimbursement, costs or charges or increase indigent-care requirements to maintain charitable status. The effects of any such legislation on the Health Care System cannot currently be determined accurately.

In addition to legislative proposals previously discussed herein, other proposals that could adversely affect the Health Care System include: (a) changes in the taxation of nonprofit corporations or in the scope of their income or property tax exemptions; (b) limitations on the amount or availability of tax-exempt financing for corporations described in § 501(c)(3) of the Code; (c) regulatory limitations affecting the Health Care System's ability to undertake capital projects or develop new services; and (d) elimination of the exclusion of interest on tax-exempt certificates from gross income for all or some taxpayers. The scope and effect of any adopted legislation cannot be predicted.

Legislative bodies, including Congress as described above, have considered legislation concerning charity care standards that nonprofit, charitable hospitals must meet to maintain federal income tax-exempt status under the Code and mandating that such hospitals have an open-door policy toward Medicare and Medicaid patients and offer, in a non-discriminatory manner, qualified charity care and community benefits. Nonprofit, charitable hospitals that violate these requirements could incur excise tax penalties or lose tax-exempt status under the Code. The scope and effect of any federal or state legislation regarding nonprofit hospital charity care cannot be predicted. Any such legislation or similar legislation, if enacted, may subject a portion of the Health Care System's income to federal or state income taxes or other tax penalties and adversely affect its ability to generate revenues sufficient to meet its obligations and pay debt service on the Series 2026 Certificates and its other obligations.

State Budgets

Many states face severe financial challenges, including erosion of general fund tax revenues, resulting in shortfalls between revenue and spending demands. These challenges may negatively affect hospitals by decreasing the percentage of privately insured patients, increasing indigent patients unable to pay for care, increasing Medicaid-eligible individuals and/or reducing Medicaid reimbursement rates. Many states, including Georgia, face budgetary challenges that have resulted, and likely will continue to result, in reduced Medicaid funding levels to hospitals and other health care providers. State budget stress could reduce Medicaid payment rates, increase Medicaid eligibility standards and/or delay payments due under Medicaid and other state or local payment programs. The OBBBA generally is expected to increase state budget challenges, forcing states to make difficult operating-priority decisions and potentially increasing financial pressure on state Medicaid programs and Medicaid providers.

Managed Care and Third-Party Payors

Health Plans and Managed Care. Most private health insurance coverage is provided by "managed care" plans, including health maintenance organizations ("**HMOs**") and preferred provider organizations ("**PPOs**"), that generally use discounts and other economic incentives to reduce or limit health care costs and utilization. Medicare and Medicaid also purchase hospital care through managed care options. Managed care payments to hospitals typically are lower than payments from traditional indemnity or commercial insurers.

Managed care plans have replaced indemnity insurance as the primary nongovernmental payment source for hospital services, and hospitals must attract and maintain managed care business, often regionally. Regional coverage and aggressive pricing may be required. Contracting hospitals also must provide contracted services without significant operating losses, which may require multiple forms of cost containment.

HMO and PPO provider contracts generally require a health care provider to serve HMO and PPO participants at a discount from established charges. Currently, many HMOs and PPOs pay providers on a negotiated fee-for-service basis or, for institutional care, on a fixed rate per day of care, usually discounted from typical charges. These discounts may result in payment below actual cost. Additionally, patient volume directed to a provider may vary significantly from projections and/or utilization changes may be dramatic and unexpected, jeopardizing the provider's ability to manage this revenue and cost component.

Some HMOs use "capitation," under which hospitals receive a predetermined periodic rate for each HMO enrollee "assigned" or otherwise directed to receive care at a particular hospital. Capitation transfers loss risk from the insurer to the healthcare provider because the predetermined payment may not cover actual care costs. Because profit is limited to the unspent portion of the capitated payment, hospitals, physicians and other providers must integrate services to offer a continuum of care and share financial incentives rewarding effective, appropriate utilization and quality care. If payment is insufficient to meet actual costs or enrollee utilization materially exceeds projections, a hospital's financial condition could be materially impacted.

Often, HMO contracts are enforceable for a stated term despite hospital losses and may require hospitals to care for enrollees for a period regardless of whether the HMO can pay. Hospitals also periodically have disputes with managed care payors concerning payment and contract interpretation.

Failure to maintain contracts could reduce the Health Care System's market share and net patient services revenues. Conversely, participation may lower net income if the Health Care System cannot adequately contain costs. The Health Care System's long-term economic viability may depend on how effectively it competes in a managed care market.

Physician Relationships

Many hospitals and health systems are pursuing physician strategies to offer an integrated package of health care services, including physician and hospital services, to patients, health care insurers and managed care providers. These strategies may include management service organizations ("**MSOs**") that provide physicians or physician groups with financial and managed care contracting services, office and equipment, office personnel and management information systems. Integration objectives also may be achieved through physician-hospital organizations, or PHOs, which are typically jointly owned or controlled by a hospital and physician group for managed care contracting, implementation and monitoring. Other structures include hospital-based clinics or medical practice foundations, which may purchase and operate physician practices and provide administrative services to physicians. Additionally, some hospitals and health systems are pursuing accountable care arrangements with varying degrees of clinical and financial integration with physician groups and other providers to improve efficiencies and quality outcomes for population-management in a risk-sharing model. Many integration strategies are capital intensive and may create business and legal liabilities for the related hospital or health system.

Often, the sponsoring hospital or health system funds start-up capitalization and operational deficits for such structures. Depending on the strategy's size and characteristics, these capital requirements may be substantial. In some cases, the sponsoring hospital or health system may be asked to guarantee debt of a related entity carrying out an integrated delivery strategy. In certain structures, the sponsoring hospital or health system may have an ongoing commitment to support operating deficits, which may be substantial annually or in aggregate. In addition, participating physicians may seek independence for various reasons, putting the hospital or health system's investment at risk and potentially reducing its managed care leverage and/or overall utilization.

These integrated delivery strategies generally are designed to conform to existing medicine-delivery trends, implement anticipated aspects of health care reform, increase community physician availability and/or enhance managed care capability of the affiliated hospital and physicians. However, these goals may not be achieved, and an unsuccessful structure may produce materially adverse results counterproductive to some or all of these goals.

All such integrated delivery strategies carry with them the potential for legal or regulatory risks in varying degrees. Such strategies may call into question compliance with the Medicare fraud and abuse laws, relevant antitrust laws and federal or state tax exemption. Such risks will turn on the facts specific to the implementation, operation or future modification of any integrated delivery system. In addition, depending on the type of structure, a wide range of governmental billing and other issues may arise, including questions of the authorization of the entity to bill for or on behalf of the physicians involved. Other related legal and regulatory risks may arise, including employment, pension and benefits, requirements for risk-bearing organizations, and corporate practice of medicine, particularly in the current atmosphere of frequent and often unpredictable changes in federal and state legal requirements regarding health care and medical practice. The ability of hospitals or health systems to conduct integrated physician operations may also be altered or eliminated in the future by legal or regulatory interpretation or changes or by health care fraud enforcement.

Hospital Pricing. Inflation in hospital costs may evoke action by legislatures, payors or consumers. It is possible that legislative action at the state or national level may be taken with regard to the pricing of health care services.

Physician Medical Staff. The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures for curtailing, denying or revoking a physician's privileges or membership. Physicians denied medical staff membership or clinical privileges, or whose membership or privileges are curtailed or revoked, often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, including antitrust claims, some of which could result in substantial uninsured damages to a hospital. In addition, hospital management actions or decisions may cause unrest among certain physician groups or medical staff members, potentially resulting in legal or other actions, such as resignation from the medical staff. Failure of the hospital governing body to adequately oversee medical staff conduct also may result in hospital liability to third parties.

Physician Supply. Sufficient community-based physician supply is important to hospitals and health systems. A physician shortage, especially in primary care, could become a significant issue for health providers in coming years and may be compounded by expanded coverage for the uninsured under the Health Care Reform Law. In addition, CMS annually reviews overall physician reimbursement formulas. Changes to physician compensation formulas could lead physicians to locate practices in communities with lower Medicare and Medicaid populations. The Health Care System may need to invest additional resources in physician recruitment and retention or increase the percentage of employed physicians to continue serving the growing population base and maintain market share.

Physician Contracting. The Health Care System may contract with physician organizations (such as independent physician associations, physician-hospital organizations, and accountable care organizations) to arrange for the provision of physician and ancillary services. Because physician organizations are separate legal entities with their own goals, obligations to shareholders, financial status, and personnel, there are risks involved in contracting with physician organizations.

The Health Care System's success depends in part on its ability to attract physicians to join physician organizations at its facilities and participate in their networks, and on physicians, including employed physicians, performing their obligations and delivering high quality patient care cost-effectively. No assurance can be given that the Health Care System will attract and retain the required number of physicians or that physicians will deliver high quality health care services. Without a sufficient number and type of providers, the Health Care System could fail to be competitive, fail to keep or attract payor contracts, or be prohibited from operating until its physician organizations provide adequate patient access. Such occurrences could materially adversely affect the Health Care System's business or operations.

Other Health Care Professionals and Employees

Health Care Worker Classification. Health care providers, like all businesses, must withhold income taxes from employee payments. If an employer fails to withhold, it becomes liable for the employee tax. Businesses need not withhold federal taxes from payments to workers classified as independent contractors. The IRS has criteria for determining whether a worker is an employee or independent contractor for tax purposes. If the IRS reclassified many hospital independent contractors (e.g., physician medical directors) as employees, back taxes and penalties could be material.

Employee/Labor Relations and Collective Bargaining. The Health Care System's ability to employ and retain qualified employees, including senior management, and maintain good relations with employees and any unions affects patient-service quality and financial condition. Hospitals are large employers with diverse employees. Hospital employees increasingly are unionized, and many hospitals have collective bargaining agreements covering essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation upon expiration may significantly increase hospital costs. Employee strikes or other adverse labor actions may adversely affect operations, revenue and hospital reputation. No employees of the Health Care System are currently represented by unions.

Wage and Hour Class Actions and Litigation. Federal law and many states impose standards for worker classification, overtime eligibility and payment, rest-period liability and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations. Lawsuits over these "wage and hour" issues have proliferated, often as large, sometimes multi-state, class actions involving multi-million dollar claims, judgments and/or settlements. A major class action decided or settled adversely to the Health Care System could materially adversely affect its financial condition and results of operations. Currently, no such class action lawsuits are pending against the Health Care System.

Staffing Shortages. In past years, the health care industry experienced shortages of nursing personnel, respiratory therapists, radiation technicians, pharmacists and other trained health care technicians, partly due to fewer entrants to those professions. Recent unemployment growth lessened these shortages, but they may reappear if national economic conditions improve and demand for professional and technical staff increases. Competition for employees, coupled with increased recruiting and retention costs, could significantly increase hospital operating costs and constrain growth, materially adversely affecting the Health Care System's financial condition and results of operations.

Pension and Benefit Funds. As large employers, hospitals may incur significant expenses to fund pension and benefit plans for employees and former employees and required workers' compensation benefits. Funding obligations may be erratic or unanticipated and may require significant available cash needed for other purposes. In addition, if investment returns are lower than anticipated or losses occur, the Health Care System may have to make additional deposits for pension fund liabilities.

Professional Liability Claims and General Liability Insurance

In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against health care providers. Insurance may not provide coverage for judgments for punitive damages.

Litigation also arises from hospitals' corporate and business activities, employer status, medical staff or provider network peer review or denial of medical staff or provider network privileges. As with professional liability, certain risks may not be covered by insurance. For example, some antitrust claims or business disputes are not covered and may, in whole or in part, become a direct liability of the Health Care System if determined or settled adversely.

There is no assurance that hospitals will be able to maintain current coverage amounts, that coverage will be sufficient to cover malpractice judgments against a hospital or that coverage will be available at a reasonable cost in the future.

Accreditations

Failure to receive accreditation or licensure could materially adversely affect the Health Care System. Renewal and continuance of certain licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require affirmative action or response by the Health Care System. Management currently anticipates no difficulty renewing or continuing currently held licenses, certifications or accreditations. Nevertheless, actions in any of these areas could result in lost utilization or revenues or impair the Health Care System's ability to operate all or part of its facilities and, consequently, could adversely affect its ability to make principal, interest and premium, if any, payments with respect to the Series 2026 Certificates. No assurance can be given as to the effect on future operations of existing laws, regulations and certification or accreditation standards or future changes in such laws, regulations and standards.

Antitrust

Enforcement of antitrust laws against health care providers is becoming more common, and antitrust liability may arise in many circumstances, including medical staff privilege disputes, third-party contracting, physician relations and joint venture, merger, affiliation and acquisition activities. The Federal Trade Commission has publicly acknowledged increasing enforcement action involving hospital and physician combinations, and health care sector enforcement remains active. The most common potential liability areas are joint activities among providers regarding payor contracting, medical staff credentialing, hospital and physician mergers and acquisitions, and allegations of excluding competitors from market opportunities. From time to time, the Health Care System may be involved in joint contracting activity or affiliation discussions with other hospitals or providers. Violation of antitrust laws can result in criminal and civil enforcement by federal and state agencies and large financial damages.

From time to time, the Health Care System may be involved in activities that could receive antitrust scrutiny, and it cannot be predicted when or to what extent liability may arise. With respect to payor contracting, the Health Care System may be involved in joint contracting activity with hospitals or their providers. The degree to which joint contracting activities may expose participants to antitrust risk from governmental or private sources depends on factual matters that may change over time.

Court decisions also have established private causes of action against hospitals that use local market power to promote ancillary healthcare businesses in which they have an interest. Such activities may result in monetary liability for the participating hospitals.

The FTC proposed a Rule to eliminate noncompetition restrictions in employment and independent contractor arrangements. If this Rule becomes final and enforceable, it may increase competition from healthcare providers. At this time, the FTC Rule has not been finalized and the Health Care System is monitoring the FTC's guidance and potential legal challenges related to the proposed Rule.

Environmental Laws and Regulations

The Health Care System is subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These include, but are not limited to: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the hospital; and requirements for training employees in the proper handling and management of hazardous materials and wastes.

The Health Care System may be subject to requirements related to investigating and remedying hazardous substances located on its property, including such substances that may have migrated off of its property. Typical hospital operations include the handling, use, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance. There is no assurance that the Health Care System will not encounter such problems in the future and such problems may result in material adverse consequences to the operations or financial condition of the Health Care System.

At present, management is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues that, if determined adversely to the Health Care System, would materially adversely affect its financial condition.

Market for Certificates

Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Series 2026 Certificates. There is presently no secondary market for the Series 2026 Certificates, and no assurance can be given that one will develop. Consequently, investors may not be able to resell the Series 2026 Certificates should they need or wish to do so.

Impact of Economic Recession and Disruption of Credit Markets

An economic downturn, such as occurred in 2008, and a slow recovery may negatively affect national and global economies, including through credit scarcity, lack of financial-sector confidence, extreme financial-market volatility, increased interest rates, reduced business activity, increased consumer bankruptcies and increased business failures and bankruptcies.

The economic climate generally may adversely affect the health care sector. Patient service revenues and inpatient volumes may not increase as historic trends would otherwise indicate. Increased national unemployment may result in increased self-pay admissions, increased bad debt and uncompensated care, reduced demand for elective procedures, and reduced availability and affordability of health insurance. The economic climate also may increase state budget stress, potentially causing reductions in Medicaid payment rates, tightening of Medicaid eligibility standards and payment delays under Medicaid and other state or local payment programs.

The Health Care System has investments. Market fluctuations have materially affected, and will continue to affect, their value and sale proceeds; such fluctuations may be, and historically have been, material. Investment income or losses affect the Health Care System's net income. No assurance can be given that Health Care System investments will produce positive returns or avoid future losses.

Tax Exempt Status; Continuing Legal Requirements

The exclusion of interest on the Series 2026 Certificates from gross income for federal income tax purposes depends, among other things, on Health Services Inc., which operates the facilities financed or refinanced with Series 2026 Certificate proceeds, maintaining its status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and continuing to use such facilities in activities that do not constitute an unrelated trade or business. Maintaining that status depends on compliance with general rules based on the Code, Treasury regulations and judicial decisions regarding the organization and operation of tax-exempt hospitals and health systems. The IRS' interpretation of and position on these rules as they affect health care organizations (for example, with respect to charity care, joint ventures, physician and executive compensation, physician recruitment and retention, etc.) are constantly evolving. The IRS can, and occasionally does, alter or reverse its positions concerning tax-exemption issues, even long-held positions on which tax-exempt health care organizations have relied.

In addition to Code and Treasury regulation violations, the IRS has asserted that tax-exempt hospitals violating Medicare and Medicaid regulations regarding referral inducements may also face tax-exempt status revocation. Because many hospital-physician transactions potentially violate these broad prohibitions, the IRS has broadened the activities that may directly affect tax exemption without defining specifically how those rules will apply. As a result, tax-exempt hospitals, particularly those with extensive physician transactions, are subject to increased IRS scrutiny and possibly enforcement. The IRS's policy position is not necessarily indicative of a judicial determination of the applicable issues.

Section 4958 of the Code imposes excise taxes on "excess benefit transactions" between "disqualified persons" and tax-exempt organizations such as Health Services Inc. According to the legislative history and regulations associated with § 4958, these excise taxes may be imposed by the IRS either in lieu of or in addition to revocation of exemption. These intermediate sanctions may be imposed in situations in which a "disqualified person" (such as a voting member of the board, certain officers and others in a position to exercise substantial influence over the affairs of the exempt organization) engages in "excess benefit transactions" such as (i) a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receipt of unreasonable compensation from a tax-exempt organization or (iii) receipt of payment in an arrangement that otherwise violates the prohibition against private inurement. A disqualified person who benefits from an excess benefit transaction will be subject to an excise tax equal to 25% of the amount of the excess benefit. Organization managers who participate in the excess benefit transaction knowing it to be improper are subject to an excise tax equal to 10% of the amount of the excess benefit, subject to a maximum penalty of $20,000 per transaction. A second penalty, in the amount of 200% of the excess benefit, may be imposed on the disqualified person (but not upon the organization manager) if the excess benefit is not corrected within a specified period of time. Fair market value and reasonable compensation for tax purposes typically reflect a range rather than a specific dollar amount, and the IRS does not rule in advance on whether a transaction results in more than fair market value payment or more than reasonable compensation to a disqualified person. Although it is not possible to predict what enforcement action, if any, the IRS might take related to potential excess benefit transactions, the regulations indicate that not all excess benefit transactions jeopardize exempt status. Rather, the IRS will consider all relevant facts and circumstances including: the size and scope of the organization's activities that further exempt purposes before and after the excess benefit transaction or transactions occurred; the size and scope, and frequency, of any excess benefit transactions; whether the organization has implemented appropriate safeguards reasonably calculated to prevent excess benefit transactions; and whether the organization has corrected, or made good faith efforts to correct, any excess benefit such as by obtaining repayment of the amount of any excess benefit.

The legislation is potentially favorable to taxpayers because it gives the IRS a punitive option short of exemption revocation for private inurement. However, tax-exemption standards remain unchanged, including the requirement that no exempt-entity net earnings inure to any private individual. Although the IRS has infrequently revoked nonprofit health care corporations' tax exemption, revocation risk remains, and no assurance can be given that the IRS will not direct enforcement activities against the Health Care System.

In certain cases, the IRS has imposed substantial monetary penalties and future charity care or public benefit obligations on tax-exempt hospitals instead of revoking tax-exempt status, and has required certain transactions to be altered, terminated or avoided and/or governance or management changes. These penalties and obligations typically are imposed under a "closing agreement" regarding the hospital's alleged violation of § 501(c)(3) exemption requirements. Given the uncertainty regarding how the IRS may apply tax-exemption requirements, the Health Care

System is, and will be, at risk for monetary and other liabilities imposed through this "closing agreement" or a similar process. Like certain other business and legal risks described herein that apply to large multi-hospital systems, these liabilities are probable from time to time for some nonprofit health care systems and could be substantial, in some cases involving millions of dollars, and in extreme cases could be materially adverse.

The Health Care Reform Law imposes additional requirements on tax-exempt hospitals to receive and maintain § 501(c)(3) federal tax exempt status. One significant requirement is that tax-exempt hospitals must perform a community health needs assessment every three years and develop an implementation strategy to meet identified needs. Any tax-exempt hospital that fails to satisfy the community health needs assessment requirement for any taxable year will be subject to a $50,000 excise tax penalty. Furthermore, the United States Secretary of the Treasury or that individual's delegate must review each tax-exempt hospital's community benefit activities at least every three years. Another major Health Care Reform Law element relating to hospital tax-exempt status involves charges. A hospital must limit amounts charged for emergency room or other medically necessary care provided to patients eligible for assistance under the hospital's financial assistance policy to no more than the amounts generally billed to insured patients for such care. The Health Care Reform Law also requires tax-exempt hospitals to have a written financial assistance policy. Finally, the Health Care Reform Law prohibits a hospital from engaging in extraordinary collection actions (which may include, among other things, a restriction on filing suit) before making reasonable efforts to determine whether the individual is eligible for financial assistance. The Secretary of the U.S. Department of the Treasury issued final regulations under Section 501(r) of the Code providing detailed guidance on community health needs assessments, financial assistance policies, emergency medical care policies, limitations on charges, billing and collection practices, and consequences of failing to satisfy Section 501(r) requirements. These final regulations are complex and may be administratively burdensome to implement.

The Tax Exempt and Governmental Entities Division of the IRS is responsible for the Team Examination Program (referred to as "**TEP**"), which audits exempt organizations using teams of revenue agents. TEP audit teams consider many possible issues, including the community benefit standard, private inurement and private benefit, partnerships and joint ventures, retirement plans and employee benefits, employment taxes, tax-exempt bond financing, political contributions and unrelated business income. In addition, the IRS conducts compliance checks and correspondence audits initially focused on limited issues, such as executive compensation, unrelated business income or community benefit. Such limited scope reviews can be expanded in certain circumstances to include other issues as in a TEP audit.

The Health Care System could be audited by the IRS. Management believes the Health Care System has properly complied with tax laws. Nevertheless, because tax laws are complex and reasonable persons can differ on certain issues, a TEP or other audit could result in additional taxes, interest and penalties and potentially affect the Health Care System's tax-exempt status.

Loss of the Health Care System's tax-exempt status could cause interest on the Series 2026 Certificates to lose its exclusion from gross income, which could cause a default under the Resolution and potentially accelerate the Series 2026 Certificates. Any such event would materially adversely affect the Health Care System's future financial condition and results of operations. Loss of federal tax-exempt status also could adversely affect future tax-exempt financing access.

As described under "TAX MATTERS," failure to comply with certain legal requirements may cause interest on the Series 2026 Certificates to be included in recipients' gross income for federal income tax purposes**.** In that event, the Series 2026 Certificates may be accelerated.

Bond Ratings

There can be no assurance that the ratings assigned to the Series 2026 Certificates at issuance will not be lowered or withdrawn at any time, which could adversely affect the market price for and marketability of the Series 2026 Certificates. See the information under the heading **"MISCELLANEOUS - Ratings."** Ratings on the Series 2026 Certificates consider the Health Care System and its operations, the County's financial standing, the value of property in the County subject to taxation for Contract payments and the County's ability to make Contract payments from tax revenues or other available sources.

Additional Risk Factors

The following factors, among others, may also adversely affect Health Care System or the County's operations to an extent currently undeterminable:

Georgia currently has no program limiting or setting rates for hospital services furnished to private-pay patients. If such a program were established, it may adversely affect Health Care System revenues.

Adoption of federal income tax reform, a reduction in the marginal rates of federal income taxation or replacement of the federal income tax with another form of taxation, any of which might adversely affect the market value of the Series 2026 Certificates.

Information technology conversion and/or system upgrades that adversely affect revenue collection cycles.

A reduction in the County's tax digest

In the future, other events may adversely affect operations of the Health Care System and other health care facilities in ways and to an extent currently undeterminable.

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MISCELLANEOUS

Rating

Moody's Investors Service, Inc. ("**Moody's**") has assigned the rating of "A2" to the Series 2026 Certificates. The rating reflects only the views of the rating agency furnishing such rating. There is no assurance that the rating will remain unchanged for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the liquidity and market price of the Series 2026 Certificates.

The rating reflects only the views of the rating agencies. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. An explanation of the significance of the rating may be obtained from the rating agency furnishing such rating. The rating agency may be contacted as follows: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10041, telephone (212) 553-1362.

Underwriting

Pursuant to a certificate purchase agreement executed by and between the Authority, Health Services, Inc. and the Underwriter on September ___, 2026, the Underwriter has agreed to purchase the Series 2026 Certificates at a price of $_____, which represents the par amount of the Series 2026 Certificates, $_____, less Underwriter's Discount of $_____ [and net Original Issue Discount], [plus net Original Issue Premium] of $_____. The obligations of the Underwriter to accept delivery of the Series 2026 Certificates are subject to numerous conditions set forth in the certificate purchase agreement.

The Underwriter may offer and sell the Series 2026 Certificates to other dealers and other purchasers at prices lower than the public offering prices stated on the cover hereof. The initial public offering prices may be changed from time to time by the Underwriter.

Continuing Disclosure

Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**") under the Securities Exchange Act of 1934 imposes continuing disclosure obligations on the issuers and obligors of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities.

In order to assist the Underwriter of the Series 2026 Certificates in complying with the Rule, Health Services, Inc., the Authority, and the County will sign a Continuing Disclosure Certificate on the date of the issuance and delivery of the Series 2026 Certificates, under the provisions of which they shall covenant for the benefit of the beneficial owners of the Series 2026 Certificates to provide (i) certain financial information and/or operating data relating to Health Services, Inc. and the County (the "**Annual Report**") and (ii) notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events will be filed electronically with the Electronic Municipal Market Access website ("**EMMA**"), an Internet-based electronic filing system supported by the Municipal Securities Rulemaking Board ("**MSRB**"). The specific nature of the information to be contained in the Annual Report or in the notices of material events is in "Appendix D: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made by Health Services, Inc., the Authority, and the County in order to assist the Underwriter in complying with the Rule. In connection with the issuance of the Series 2026 Certificates, Health Services, Inc., the Authority, and the County will appoint Health Services, Inc. as its disclosure dissemination agent under the Continuing Disclosure Certificate for the Series 2026 Certificates.

In the past five years, the Authority and Health Services, Inc. had been subject to a previously entered into continuing disclosure undertaking subject to the Rule relating to the Hospital Authority of Bacon County Refunding and Improvement Revenue Anticipation Certificates (Tax-Exempt), Series

2011B (the "**Series 2011 Certificates**"). The Series 2011 Certificates were refunded and redeemed on April 21, 2022. The Authority and Health Services, Inc. had instances of failures to timely provide certain annual financial and operating information and notices that were addressed by remedial filings posted to EMMA on December 27, 2021.

Health Services, Inc., the Authority, and the County intend to implement procedures designed to improve the timely preparation and filing of Annual Reports, audited financial statements, and event notices.

Financial Statements

The financial statements of Health Services, Inc. as of June 30, 2025, and for the year then ended, attached hereto as Appendix A, have been audited by Draffin & Tucker, LLP, Certified Public Accountants, Albany, Georgia, to the extent and for the period indicated in their report thereon which appears in Appendix A herein. **Neither the Authority nor Health Services, Inc. has requested or obtained the consent of Draffin & Tucker, LLP for the inclusion of its audit report dated November 18, 2025 in this Official Statement.**

The financial statements of the County as of June 30, 2025 and for the year then ended, attached hereto as Appendix B, have been audited by Hurst & Hurst CPAs, Certified Public Accountants, Douglas, Georgia, to the extent and for the period indicated in their report thereon which appears in Appendix B herein. **The County has not requested or obtained the consent of Hurst & Hurst CPAs for the inclusion of its audit report dated April 17, 2026 in this Official Statement.**

Miscellaneous

Insofar as any statement in this Official Statement involves matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the Holders of the Series 2026 Certificates.

Use of the words "shall," "must," or "will" in summaries of documents or laws in this Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Forward-Looking Statements

Any statements made in this Official Statement, including in the Appendices, involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized.

The statements contained in this Official Statement, including in the Appendices, that are not purely historical, are forward looking statements. Readers should not place undue reliance on forward looking statements. All forward looking statements included in this Official Statement are based on information available on the date hereof and neither the Authority, Health Services, Inc. nor the County assumes any obligation to update any such forward looking statements. It is important to note that the actual results could differ materially from those in such forward looking statements. The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and

market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority, Health Services, Inc. and the County. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward looking statements included in this Official Statement, including in the appendices, would prove to be accurate.

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Certification

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Authority, Health Services, Inc. and the County.

HOSPITAL AUTHORITY OF BACON COUNTY

By: _____
Chairman

BACON COUNTY HEALTH SERVICES, INC.

By: _____
Chairman
Board of Directors

BACON COUNTY, GEORGIA

By: _____
Chairman
Board of Commissioners

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APPENDIX A

FINANCIAL STATEMENTS OF BACON COUNTY HEALTH SERVICES, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The financial statements of Bacon County Health Services, Inc. as of June 30, 2025 and for the year then ended, included as Appendix A, have been audited by Draffin & Tucker, LLP, Albany, Georgia, independent Certified Public Accountants, to the extent and for the period indicated in their report thereon which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Draffin & Tucker, LLP, given upon the authority of such firm as experts in accounting and auditing.

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BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended June 30, 2025 and 2024

Draffin Tucker

Let's Think Together.®

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended June 30, 2025 and 2024

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bacon County Health Services, Inc.
Alma, Georgia

Opinion

We have audited the accompanying consolidated financial statements of Bacon County Health Services, Inc. (Hospital), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Bacon County Health Services, Inc. as of June 30, 2025 and 2024, and the results of operations and changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 of the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital 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 basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Continued

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 opinion. 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 the consolidated 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 consolidated 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 consolidated 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 Hospital'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital'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.

Draffin & Tucker, LLP

Albany, Georgia
November 18, 2025

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATED BALANCE SHEETS
as of June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,546,016	$ 2,363,526
Assets limited as to use, current portion	292,884	293,497
Patient accounts receivable, net	5,812,820	5,661,546
Supplies, at lower of cost (first-in, first-out) and net realizable value	1,406,082	1,328,077
Other current assets	1,549,096	1,608,149
Total current assets	12,606,898	11,254,795
Assets limited as to use:		
Internally designated for bond indenture	291,503	292,525
Internally designated for malpractice	5,942,545	5,133,970
Other internally designated	1,381	972
	6,235,429	5,427,467
Less amount required to meet current obligations	292,884	293,497
Noncurrent assets limited as to use	5,942,545	5,133,970
Long-term investments	24,577,015	21,902,151
Property and equipment, net	16,483,152	17,243,947
Other assets:		
Operating lease right-of-use assets	483,339	741,057
Notes receivable	199,356	260,750
Total other assets	682,695	1,001,807
Total assets	$ 60,292,305	$ 56,536,670

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATED BALANCE SHEETS, Continued
as of June 30, 2025 and 2024

	2025	2024
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt and finance lease liabilities	$ 784,994	$ 816,476
Current portion of operating lease liabilities	224,864	255,743
Short-term debt	-	18,400
Accounts payable	1,717,844	2,316,453
Accrued expenses	2,329,203	2,303,962
Estimated third-party payor settlements	406,367	15,877
Total current liabilities	5,463,272	5,726,911
Long-term debt and finance lease liabilities, net of current portion	4,668,270	5,434,512
Operating lease liabilities, net of current portion	272,780	485,314
Other liabilities	1,004,541	1,048,030
Total liabilities	11,408,863	12,694,767
Net assets:		
Net assets without donor restrictions:		
Controlling interests	49,363,283	44,144,469
Noncontrolling interest in subsidiary	(479,841)	(302,566)
Total net assets	48,883,442	43,841,903
Total liabilities and net assets	$ 60,292,305	$ 56,536,670

See accompanying notes to consolidated financial statements.

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
for the years ended June 30, 2025 and 2024

	2025	2024
Revenues, gains, and other support:		
Net patient service revenue	$ 49,794,598	$ 48,222,900
Other revenue	1,992,683	1,309,085
Total revenues, gains, and other support	51,787,281	49,531,985
Operating expenses:		
Salaries and wages	22,194,165	20,729,055
Employee health and welfare	5,654,983	5,038,407
Supplies and other	14,305,035	13,974,467
Purchased services	7,754,578	8,142,457
Interest	158,789	140,822
Depreciation and amortization	2,294,335	2,600,922
Total operating expenses	52,361,885	50,626,130
Operating loss	(574,604)	(1,094,145)
Nonoperating gains (losses):		
Investment income	3,144,648	2,556,455
Noncapital grants	2,339,012	676,091
Total nonoperating gains	5,483,660	3,232,546
Excess revenues	4,909,056	2,138,401
Capital grants and contributions	-	500,000
Change in unrealized gain on debt securities	132,483	106,636
Noncontrolling interest in excess revenues of subsidiary	177,275	40,755
Increase in net assets without donor restrictions, controlling interest	5,218,814	2,785,792

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, Continued
for the years ended June 30, 2025 and 2024

	2025	2024
Net assets without donor restrictions, controlling interest, beginning	$ 44,144,469	$ 41,358,677
Net assets without donor restrictions, controlling interest, ending	49,363,283	44,144,469
Purchase of interest by noncontrolling members	-	4,116
Noncontrolling interest in excess revenues of subsidiary	(177,275)	(40,755)
Decrease in net assets without donor restrictions, noncontrolling interest	(177,275)	(36,639)
Net assets without donor restrictions, noncontrolling interest, beginning	(302,566)	(265,927)
Net assets without donor restrictions, noncontrolling interest, ending	(479,841)	(302,566)
Total net assets without donor restrictions, beginning	43,841,903	41,092,750
Total net assets without donor restrictions, ending	$ 48,883,442	$ 43,841,903

See accompanying notes to consolidated financial statements.

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Increase in net assets	$ 5,041,539	$ 2,749,153
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized (gains) losses on sale of securities	(2,818,198)	-
Change in unrealized gain on investments	(132,483)	(106,636)
Depreciation and amortization	2,314,930	2,621,517
Forgiveness of physician notes receivable	34,741	39,782
Capital grants and contributions	-	(500,000)
Purchase of interest by noncontrolling members	-	(4,116)
Changes in:		
Net patient accounts receivable	(151,274)	(881,926)
Supplies	(78,005)	(3,573)
Estimated third-party payor settlements	390,490	(610,123)
Other current assets	59,053	(930,219)
Notes receivable	26,653	(28,295)
Accounts payable	(612,218)	610,182
Accrued expenses	25,241	439,015
Operating lease liabilities	(14,305)	(65,710)
Other liabilities	(43,489)	(251,964)
Net cash provided by operating activities	4,042,675	3,077,087
Cash flows from investing activities:		
Capital expenditures	(1,491,320)	(697,154)
Purchase of investments, net	(845,043)	(1,130,540)
Net cash used by investing activities	(2,336,363)	(1,827,694)
Cash flows from financing activities:		
Purchase of interest by noncontrolling members	-	4,116
Capital grants and contributions	-	500,000
Payments on long-term debt and finance lease liabilities	(818,319)	(837,196)
Payments on short-term debt	(18,400)	(92,000)
Net cash used by financing activities	(836,719)	(425,080)
Net increase in cash and cash equivalents	869,593	824,313
Cash and cash equivalents, beginning of year	3,703,421	2,879,108
Cash and cash equivalents, end of year	$ 4,573,014	$ 3,703,421

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
for the years ended June 30, 2025 and 2024

Reconciliation of cash and cash equivalents to the consolidated balance sheets:		
Cash and cash equivalents in current assets	$ 3,546,016	$ 2,363,526
Cash and cash equivalents in assets limited as to use	1,025,546	1,153,844
Cash and cash equivalents in long term investments	1,452	186,051
Total	$ 4,573,014	$ 3,703,421
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 146,553	$ 174,824
Assets financed through short-term debt	$ -	$ 110,400

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Organization

On July 1, 1996, Bacon County Hospital Authority (Authority) reorganized and established Bacon County Health Services, Inc. (Hospital) as the parent company of Bacon County Hospital, Twin Oaks Convalescent Center, and Bacon County Community Care Center.

Bacon County Hospital is a not-for-profit acute care facility. Twin Oaks Convalescent Center (Nursing Home) is a not-for-profit eighty-eight bed nursing home. Bacon County Community Care Center is a not-for-profit clinic which provides primary care and other services to rural underserved areas. In January 2018, the Hospital established Nicholls Family Health Care. Nicholls Family Health Care is a not-for-profit clinic which provides primary care and other services to rural underserved areas.

The reorganization plan was implemented for the Authority whereby all assets, liabilities, and management of the Authority were transferred to Bacon County Health Services, Inc. The transfer was made pursuant to a lease and transfer agreement dated as of January 16, 1996 between the Authority and Bacon County Health Services, Inc. The lease term is forty years.

On October 1, 2009, the Hospital established a segregated portfolio plan in the Georgia Health Care Insurance Company, SPC (GHCIC), which is incorporated in the Cayman Islands. The name of the plan is Bacon County Hospital and Health System Segregated Portfolio (Segregated Portfolio). The Segregated Portfolio provides professional and general liability self-insurance to the Hospital. The Segregated Portfolio is managed by Willis Management (Cayman), Ltd. in Grand Cayman, Cayman Islands.

On April 1, 2021, the Hospital entered into an agreement for a 61% controlling interest in One Source Vascular, LLC.

The consolidated financial statements of the Hospital include all of the aforementioned facilities. All significant intercompany transactions have been eliminated.

Change Healthcare

On February 21, 2024, Change Healthcare, a subsidiary of UnitedHealth Group, reported a cyber security breach. The Hospital utilizes Change Healthcare in its revenue cycle process for clearinghouse services, including patient billing and collections related to certain payors. As a result of payment delays associated with the cyber security breach, the Hospital experienced significant increases in outstanding patient accounts receivable near the end of fiscal year 2024. Due to the delays in cash collections, the Hospital applied for and received approximately $166,000 in advance payments from United Healthcare Services. At June 30, 2024, approximately $166,000 of these advanced payments remained outstanding and is shown in other liabilities on the consolidated balance sheets. At June 30, 2025, this balance has been repaid in full.

Continued

1. Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities, which are all classified as available-for-sale, are measured at fair value in the consolidated balance sheet. Investment income or loss (including interest, dividends, and gains and losses, both realized and unrealized for equity securities, and realized gains and losses for debt securities) is included in excess revenues unless the income or loss is restricted by donor or law. Unrealized gains and losses on available-for-sale debt securities are excluded from excess revenues.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for employee health care benefits, malpractice, and bond indenture over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities have been reclassified in the consolidated balance sheets at June 30, 2025 and 2024.

Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. As a service to the patient, the Hospital bills third-party payors directly and bills the patient when the patient's responsibility for copays, coinsurance, and deductibles is determined. Patient accounts receivable are due in full when billed.

Patient accounts receivable can be impacted by the effectiveness of the Hospital's collection efforts. Additionally, significant changes in payor mix, business office operations, economic conditions, or trends in federal and state governmental healthcare coverage could affect the net realizable value of patient accounts receivable. The Hospital also continually reviews the net realizable value of patient accounts receivable by monitoring historical cash collections as

Continued

1. Summary of Significant Accounting Policies, Continued

Patient Accounts Receivable, Continued

a percentage of trailing net patient service revenues, as well as by analyzing current period net revenue and admissions by payor classification, aged patient accounts receivable by payor, days revenue outstanding, and the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables.

Patient accounts receivable was $5,812,820, $5,661,546 and $4,779,620 as of June 30, 2025, 2024 and 2023, respectively. The Hospital had no significant contract assets or contract liabilities as of June 30, 2025 or 2024.

Allowance for Credit Losses

The Hospital records credit losses for patient accounts receivable based on the current expected credit loss model. Credit losses are recorded after consideration of any implicit or explicit price concessions. In evaluating the collectability of patient accounts receivable, management evaluates historical losses as well as adjustments for current conditions, asset-specific risk characteristics and reasonable and supportable forecasts to determine an allowance for expected credit losses.

The Hospital has elected the practical expedient in FASB ASC 326-20-30-10C, which allows the entity to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. However, the Hospital does continue to adjust historical loss information to reflect current conditions to the extent that historical loss information does not reflect current conditions. The Hospital has determined that the current and reasonable and supportable forecasted economic conditions as of the balance sheet date are consistent with those conditions that existed during the period that the historical data was collected. Accordingly, the Hospital determines that no adjustment to its historical loss information is necessary.

The Hospital also applied the accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses. The Hospital considers collection activity through the date the financial statements were issued. The Hospital develops its estimate of expected credit losses by determining which receivables have been collected and then recognizing an allowance for the amounts that are uncollected based on its historical loss rates. Management believes that an allowance for credit losses is not significant at year-end.

Property and Equipment

Property and equipment acquisitions above $5,000 are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Finance lease assets are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Such amortization is included in depreciation and amortization in the consolidated financial statements.

Continued

1. Summary of Significant Accounting Policies, Continued

Property and Equipment, Continued

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as increases in net assets without donor restrictions and are excluded from excess revenues, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as increases in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The Hospital evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The Hospital has not recorded any impairment charges in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2025 and 2024.

Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. There was no capitalized interest for the years ended June 30, 2025 and 2024.

Deferred Financing Costs

Costs related to the issuance of long-term debt were deferred and are being amortized using the straight-line method, which approximates the effective interest method over the life of the related debt. These costs are reported on the consolidated balance sheets as a direct deduction from the carrying amount of the related debt liability.

Physician Advances

In order to recruit physicians, the Hospital will provide financial assistance in the beginning of the physician's practice in Bacon County. As long as they provide services to the residents of Bacon County and the surrounding area for a specified period, the Hospital will forgive these advances.

Continued

1. Summary of Significant Accounting Policies, Continued

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - net assets available for use in general operations and not subject to donor imposed restrictions. The Board of Directors has discretionary control over these resources. Designated amounts represent those net assets that the Board has set aside for a particular purpose. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restrictions - net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions

Excess Revenues

The consolidated statement of operations and changes in net assets includes excess revenues. Changes in net assets without donor restrictions, which are excluded from excess revenues, consistent with industry practice, include unrealized gains and losses on available-for-sale debt securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets).

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors, and others and include variable consideration for retroactive revenue adjustments under reimbursement arrangements with third-party payors. Retroactive adjustments are included in the determination of the estimated transaction price and adjusted in future periods as settlements are determined.

Continued

1. Summary of Significant Accounting Policies, Continued

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances. The gifts are reported as increases in the appropriate categories of net assets in accordance with donor restrictions.

Estimated Malpractice and Other Self-Insurance Costs

The provisions for estimated medical malpractice claims and other claims under self-insurance plans include estimates of the ultimate costs for both reported claims and claims incurred, but not reported.

Income Taxes

The Hospital is a not-for-profit Hospital that has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Segregated Portfolio conducts its affairs in a manner in which it will not be subject to U.S. Federal income tax or Georgia income tax.

The Hospital applies accounting policies that prescribe when to recognize and how to measure the consolidated financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Hospital only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management’s evaluation, no liability is recognized in the accompanying consolidated balance sheet for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of June 30, 2025 and 2024 or for the years then ended. The Hospital’s tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Continued

1. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement and Disclosures*, defines fair value as the amount that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

FASB ASC 820 describes the following three levels of inputs that may be used:

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

- *Level 2:* Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

- *Level 3:* Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Subsequent Events

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through November 18, 2025, the date the consolidated financial statements were issued.

Recently Adopted Accounting Pronouncement

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets,* which provides entities with a practical expedient and accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under FASB ASC 606 on revenue from contracts with customers. The Hospital prospectively adopted the practical expedient and accounting policy election for fiscal year 2025.

Continued

2. Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Hospital bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patient services. The Hospital measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation and have a duration of less than one year. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the Hospital does not believe it is required to provide additional services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Hospital is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The Hospital accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. As a result, the Hospital has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract by contract basis.

The Hospital has arrangements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates, subject to certain discounts and implicit price concessions as determined by the Hospital. The Hospital determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and implicit price concessions provided to uninsured patients. Implicit price concessions represent the difference between amounts billed and the estimated consideration the Hospital expects to receive from patients,

Continued

2. Net Patient Service Revenue, Continued

which are determined based on historical collection experience, current market conditions, and other factors. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare

  The Hospital has been granted Critical Access Hospital (CAH) designation by the Medicare Program. The CAH designation places certain restrictions on daily acute care inpatient census and an annual, average length of stay of acute care inpatients. Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology.

  Nursing Home services rendered to Medicare program beneficiaries are paid based on a patient-driven payment methodology.

  The Hospital is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the MAC through June 30, 2023.

- Medicaid

  Inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Outpatient services are paid based upon cost reimbursement methodologies. The Hospital is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospitals' Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2022.

  The Hospital has also entered into contracts with certain managed care organizations to receive reimbursement for providing services to selected enrolled Medicaid beneficiaries. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges, or prospectively determined per diems.

  Long-term care services are reimbursed by the Medicaid program based on a prospectively determined per diem. The per diem is determined by the facility's historical allowable operating costs adjusted for certain incentives and inflation factors.

Continued

2. Net Patient Service Revenue, Continued

The Hospital participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Hospital receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Hospital's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately $1,544,000 and $1,852,000 for the years ended June 30, 2025 and 2024, respectively.

The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) provides for payment adjustments to certain facilities based on the Medicaid Upper Payment Limit (UPL). The UPL payment adjustments are based on a measure of the difference between Medicaid payments and the amount that could be paid based on Medicare payment principles. The net amount of UPL payment adjustments recognized in net patient service revenue was approximately $1,712,000 and $1,743,000 for the years ended June 30, 2025 and 2024, respectively.

- Other Arrangements

  Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

- Uninsured Patients

  The Hospital has a Financial Assistance Policy (FAP) in accordance with Internal Revenue Code Section 501(r). Based on the FAP, following a determination of financial assistance eligibility, an individual will not be charged more than the Amounts Generally Billed (AGB) for emergency or other medical care provided to individuals with insurance covering that care. AGB is calculated by reviewing claims that have been paid in full (including deductibles and coinsurance paid by the patient) to the Hospital for medically necessary care by Medicare and private health insurers during a 12-month look-back period.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Hospital. In addition, the contracts the Hospital has with commercial payors also provide for retroactive audit and review of claims.

Continued

2. Net Patient Service Revenue, Continued

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable considerations and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2025 or 2024.

Generally patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and for those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

Adjustments arising from a change in the transaction price were not significant for the years ending June 30, 2025 and 2024. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay based on current or future estimated credit losses (determined on a portfolio basis when applicable) are recorded as credit loss expense. Credit loss expense for the years ended June 30, 2025 and 2024 was not significant.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles).

Patients who meet the Hospital's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

Continued

2. Net Patient Service Revenue, Continued

Net patient service revenue by major payor source for the years ended June 30, 2025 and 2024 is as follows:

	2025	2024
Medicare	$ 19,715,560	$ 20,367,687
Medicaid	10,025,122	9,198,406
Self-pay and other	20,053,916	18,656,807
Total	$ 49,794,598	$ 48,222,900

Net patient service revenue by facility, line of business, and timing of revenue recognition for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Service Lines:		
Hospital	$ 38,328,602	$ 38,599,637
Nursing Home	7,980,677	6,959,923
Rural Health Clinics	693,871	705,354
Physician Offices	2,137,675	1,558,978
One Source Vascular, LLC	653,773	399,008
Total services transferred over time	$ 49,794,598	$ 48,222,900

The Hospital's net patient service revenue includes a variety of services mainly covering inpatient acute care services requiring overnight stays, outpatient procedures that require anesthesia or use of the Hospital's diagnostic and surgical equipment, and emergency care services. Performance obligations for patient services are satisfied over time as the patient simultaneously receives and consumes the benefits the Hospital performs. Requirements to recognize revenue for inpatient services are generally satisfied over periods that average approximately five days and for outpatient services are generally satisfied over a period of less than one day. Retail pharmacy, cafeteria, and gift shop revenue, recorded in other revenue on the consolidated statements of operations and changes in net assets, performance obligations are satisfied at a point in time when the goods are provided.

The Hospital has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Hospital's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Hospital does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Continued

2. Net Patient Service Revenue, Continued

The Hospital has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Hospital otherwise would have recognized is one year or less in duration.

3. Liquidity and Availability

As of June 30, 2025 and 2024, the Hospital has a working capital of approximately $7,144,000 and $5,528,000 and average days (based on normal expenditures) cash on hand of 85 days and 71 days, respectively.

Financial assets available for general expenditure within one year of the balance sheet date consist of the following at June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 3,546,016	$ 2,363,526
Patient accounts receivable, net	5,812,820	5,661,546
Other current receivables	1,120,237	1,188,684
Long-term investments	24,577,015	21,902,151
Total financial assets available	$ 35,056,088	$ 31,115,907

None of the financial assets available are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Hospital has assets whose use is limited for debt service, malpractice, and employee health care benefit payments. These assets whose use is limited are not available for general expenditure within the next year and are not reflected in the amounts above. The Hospital has the ability to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Continued

4. Uncompensated Services

The Hospital was compensated for services at amounts less than its established rates. Net patient service revenue includes amounts, representing the transaction price, based on standard charges reduced by variable considerations such as contractual adjustments, discounts, and implicit price concessions. The charges for these uncompensated services for 2025 and 2024 were approximately $84,000,000 and $75,000,000, respectively.

Uncompensated care includes charity and indigent care services of approximately $1,200,000 and $1,900,000 in 2025 and 2024, respectively. The cost of charity and indigent care services provided during 2025 and 2024 were approximately $452,000 and $782,000, respectively computed by applying a total cost factor to the charges foregone.

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2025 and 2024.

	2025	2024
Gross patient charges	$ 133,514,177	$ 123,365,489
Uncompensated services:		
Indigent and charity care	1,153,395	1,905,592
Medicaid UPL / ICTF	(3,256,000)	(3,595,000)
Medicare	50,209,019	43,477,796
Medicaid	10,873,382	9,841,310
Other third-party payors	16,836,975	15,164,920
Price concessions	7,902,808	8,347,971
Total uncompensated care	83,719,579	75,142,589
Net patient service revenue	$ 49,794,598	$ 48,222,900

Continued

5. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2025 and 2024, was as follows:

	2025	2024
Medicare	10%	10%
Medicaid	6%	4%
Third-party payors	43%	47%
Self-pay	41%	39%
	100%	100%

The Hospital has deposits at major financial institutions which are insured through Federal Depository Insurance. These institutions have strong credit ratings and management believes the credit risks related to these deposits are minimal.

6. Assets Limited as to Use and Long-Term Investments

Assets Limited as to Use

The composition of assets limited as to use as of June 30, 2025 and 2024 is set forth in the following table.

	2025	2024
Internally designated for bond indenture:		
Cash	$ 291,503	$ 292,525
Internally designated for malpractice:		
Cash and cash equivalents	732,662	860,347
Corporate bonds	5,209,883	4,273,623
Total	5,942,545	5,133,970
Internally designated for employee health care benefits:		
Cash	1,381	972
Total assets limited as to use	$ 6,235,429	$ 5,427,467

Continued

6. Assets Limited as to Use and Long-Term Investments, Continued

Long-Term Investments

The composition of long-term investments as of June 30, 2025 and 2024 is set forth in the following table:

	2025	2024
Cash and cash equivalents	$ 1,452	$ 186,051
Certificate of deposit	2,219,484	1,728,854
Corporate bonds	3,481,698	2,653,737
Government bonds	556,173	2,138,254
Annuities	307,911	291,489
Mutual funds - fixed income	16,656,408	13,977,581
Equities	1,353,889	926,185
Total	$ 24,577,015	$ 21,902,151

The Hospital's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated financial statements.

The following table provides a summary of the Hospital's investments as of June 30, 2025 and 2024, for which the cost basis of securities exceeds fair value, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss positions:

	June 30, 2025					
Description of Securities	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Certificate of deposit	$ 740,667	$ (1,333)	$ 2,943	$ (72)	$ 743,610	$ (1,405)
Corporate bonds	432,675	(17,325)	2,035,179	(202,358)	2,467,854	(219,683)
Mutual funds - fixed income	561,432	(69,686)	-	-	561,432	(69,686)
Government bonds	114,268	(1,593)	437,859	(199,443)	552,127	(201,036)
Total	$ 1,849,042	$ (89,937)	$ 2,475,981	$ (401,873)	$ 4,325,023	$ (491,810)

Continued

6. Assets Limited as to Use and Long-Term Investments, Continued

Long-Term Investments, Continued

Description of Securities	June 30, 2024					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Certificate of deposit	$ 56,724	$ (276)	$ 682,156	$ (1,868)	$ 738,880	$ (2,144)
Corporate bonds	-	-	2,643,735	(258,367)	2,643,735	(258,367)
Mutual fund - fixed income	561,192	(40,191)	-	-	561,192	(40,191)
Government bonds	1,160,929	(2,233)	795,690	(196,151)	1,956,619	(198,384)
Total	$ 1,778,845	$ (42,700)	$ 4,121,581	$ (456,386)	$ 5,900,426	$ (499,086)

Management evaluates securities for impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. In analyzing an issuer's financial condition, management considers whether the investments are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition.

Management has considered the nature of investments in an unrealized loss position, the cause of their impairment, the severity of their impairment, the current global economic conditions, the Hospital's intentions to sell or ability to hold the investments, and other relevant information available to management in determining if investments are impaired. Based on an evaluation of these factors, the Hospital has concluded that the declines in fair values of the Hospital's investments reported in the above table are not credit related impairments.

7. Property and Equipment

A summary of property and equipment at June 30, 2025 and 2024 follows:

	2025	2024
Non-Rental Property		
Land	$ 1,065,574	$ 1,065,574
Land improvements	937,904	937,904
Buildings	35,702,339	35,561,352
Finance lease right-of-use assets	1,055,629	1,063,101
Equipment	19,388,539	18,353,352
	58,149,985	56,981,283
Less accumulated depreciation	43,463,426	41,233,538
	14,686,559	15,747,745
Construction in progress	607,542	291,331
Total non-rental property, net	$ 15,294,101	$ 16,039,076

Continued

7. Property and Equipment, Continued

	2025	2024
Rental Property		
Medical office buildings	$ 1,977,014	$ 1,945,069
Less accumulated depreciation	787,963	740,198
Total rental property, net	$ 1,189,051	$ 1,204,871
Total Property		
Total property and equipment	$ 60,734,541	$ 59,217,683
Less total accumulated depreciation	44,251,389	41,973,736
Property and equipment, net	$ 16,483,152	$ 17,243,947

Depreciation expense for the years ended June 2025 and 2024 amounted to approximately $2,300,000 and $2,600,000, respectively. Accumulated amortization for finance lease right-of-use assets for the years ended June 30, 2025 and 2024 was approximately $935,000 and $857,000, respectively.

8. Notes Receivable

Notes receivable consist primarily of loans secured by promissory notes to physicians under recruiting arrangements. In general, the loans are being forgiven over a period of time in which the physician practices medicine in Bacon County, Georgia. If the physician discontinues medical practice in this service area, the outstanding principal and accrued interest become due immediately. The amount forgiven and charged to expense was approximately $35,000 and $40,000 for fiscal years 2025 and 2024, respectively.

9. Short-Term Debt

The Hospital entered into a financing arrangement with Alcon Vision for equipment in the amount of $110,400 bearing no interest with the maturity date of August 30, 2024. The outstanding balance on the loan for the years ended June 30, 2025 and 2024 was $0 and $18,400, respectively.

Continued

10. Long-Term Debt

A summary of long-term debt and finance lease liabilities for the years ended June 30, 2025 and 2024 follows:

	2025	2024
2022 Revenue Certificates, payable in varying annual amounts from $748,000 to $841,000 in 2032. Interest rates on coupons is 1.99% payable semi-annually on March 1 and September 1.	$ 5,557,000	$ 6,290,000
Finance lease liabilities, with an interest rate of 3.39% to 4.26% and monthly payments of $638 to $3,610 and quarterly payments of $17,756.	36,994	120,596
	5,593,994	6,410,596
Less current portion of long-term debt and finance lease liabilities	784,994	816,476
Less unamortized bond issuance costs	140,730	159,608
Total	$ 4,668,270	$ 5,434,512

In September 2011, the Authority issued the Series 2011 Certificates to provide funds necessary to (i) prepay a loan agreement entered into by the Authority with Alma Exchange Bank and Trust and First National Bank South on June 19, 2008, as amended on June 22, 2010, (ii) finance a portion of the cost of acquiring, constructing and equipping renovations and improvements to the Nursing Home, and (iii) pay the fees and expenses incurred in connection with the issuance of the Series 2011 Certificates, including the premium for a certificate insurance policy.

The Series 2011 Revenue Certificates are special obligations of the Authority and are payable from and secured by a first and prior pledge of and lien on the gross revenues derived by the Authority from the affiliation with the Hospital, Nursing Home, and their related facilities. The Authority has entered into a contract with Bacon County, Georgia (County), wherein the County is obligated to make payments to the Authority sufficient to pay the principal of and interest on the Certificates as they become due and payable, to the extent the revenues of the Hospital pledged to such purposes. The County is also obligated to levy an annual ad valorem tax on all taxable property within the County within the seven (7) mill limitation prescribed by the Hospital Authorities Law to fulfill the County's obligation under the contract.

Continued

10. Long-Term Debt, Continued

In April 2022, the Authority issued the Series 2022 Certificates to redeem the Series 2011 Certificates.

The Series 2022 Revenue Certificates are special obligations of the Authority and are payable from and secured by a first and prior pledge of and lien on the gross revenues derived by the Authority from the affiliation with the Hospital, Nursing Home, and their related facilities. The Authority has entered into a contract with Bacon County, Georgia (County), wherein the County is obligated to make payments to the Authority sufficient to pay the principal of and interest on the Certificates as they become due and payable, to the extent the revenues of the Hospital pledged to such purposes be insufficient. The County is also obligated to levy an annual ad valorem tax on all taxable property within the County within the seven (7) mill limitation prescribed by the Hospital Authorities Law to fulfill the County's obligation under the contract.

Scheduled principal repayments on long-term debt (excluding finance lease liabilities) are as follows:

Year	Long-Term Debt
2026	$ 748,000
2027	763,000
2028	778,000
2029	793,000
2030	809,000
Thereafter	1,666,000
	$ 5,557,000

Continued

11. Leases

The Hospital has operating and finance leases for buildings and equipment. The Hospital determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less are not recorded on the consolidated balance sheets. The Hospital has lease agreements which require payments for lease and non-lease components and has elected to account for these as a single lease component.

Right-of-use assets represent the Hospital's right to use an underlying asset during the lease term, and lease liabilities represent the Hospital's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The Hospital has entered into lease arrangements that contain options to extend or terminate the lease in future periods. These options are included in the lease term used to compute the lease liabilities as presented on the consolidated balance sheets when it is reasonably certain the option will be exercised. Finance and operating lease agreements generally include an interest rate that is used to determine the present value of future lease payments. Operating fixed lease expense and finance lease amortization expense are recognized on a straight-line basis over the lease term. Variable lease costs are not significant to total lease expense.

Operating and finance lease right-of-use assets and lease liabilities as of June 30, 2025 and 2024 were as follows:

	2025	2024
Operating leases:		
Right-of-use assets:		
Operating lease right-of-use assets	$ 483,339	$ 741,057
Lease liabilities:		
Current portion	$ 224,864	$ 255,743
Long-term	272,780	485,314
Total operating lease liabilities	$ 497,644	$ 741,057
Finance leases:		
Right-of-use assets:		
Property and equipment, net	$ 120,670	$ 206,453
Lease liabilities:		
Current portion	$ 36,994	$ 83,476
Long-term	-	37,120
Total finance lease liabilities	$ 36,994	$ 120,596

Continued

11. Leases, Continued

Operating expenses for the leasing activity of the Hospital as lessee for the years ended June 30, 2025 and 2024 are as follows:

Lease Type	2025	2024
Operating lease cost	$ 276,278	$ 264,609
Finance lease interest	2,823	9,923
Finance lease amortization	78,311	136,721
Total lease cost	$ 357,412	$ 411,253

Cash paid for amounts included in the measurement of lease liabilities for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Operating cash flows from operating leases	$ 294,837	$ 292,769
Operating cash flows from finance leases	2,823	7,185
Financing cash flows from finance leases	86,299	121,998
Total	$ 383,959	$ 421,952

The aggregate future lease payments for operating and finance leases as of June 30, 2025 were as follows:

Year Ending June 30	Finance	Operating
2026	$ 37,664	$ 236,271
2027	-	215,139
2028	-	62,940
2029	-	-
2030	-	-
Thereafter	-	-
Total undiscounted cash flows	37,664	514,350
Less: present value discount	(670)	(16,706)
Total lease liabilities	$ 36,994	$ 497,644

Continued

11. Leases, Continued

Average lease terms and discount rates at June 30, 2025 and 2024 were as follows:

	2025	2024
Weighted-average remaining lease term (years):		
Operating leases	4.79	4.64
Finance leases	2.71	3.11
Weighted-average discount rate		
Operating leases	2.90%	2.92%
Finance leases	3.38%	3.62%

12. Defined Contribution Plan

The Hospital has a defined contribution plan covering substantially all employees with at least one year of eligible service as of the beginning of the plan year. Employees are 100% vested as to employee contributions and become 100% vested as to employer contributions after six years of vesting service.

The Hospital, at its sole discretion, has agreed to match up to 3% of employee contributions. The Hospital's contributions to the Plan were approximately $286,000 and $292,000 for the years ended June 30, 2025 and 2024, respectively.

13. Malpractice Insurance

As of October 1, 2009, the Hospital is self-insured for medical professional liability and commercial general liability coverage through the Segregated Portfolio. Liability limits related to the claims-made coverage are $500,000 per claim with no aggregate. The Segregated Portfolio has accrued a reserve for estimated claims incurred but not reported (IBNR) at June 30, 2025 and 2024. In the event that a claim exceeds the $500,000 limit, the Hospital has purchased an umbrella insurance policy. Liability limits related to this policy in 2025 and 2024 is $5,000,000 in aggregate.

Various claims and assertions are made against the Hospital in its normal course of providing services. In addition, other claims may be asserted arising from services provided to patients in the past. The Hospital has designated assets to be used for liabilities resulting from claims for which the Hospital may ultimately be responsible. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance.

Continued

14. Employee Health Insurance

The Hospital has a self-insurance program under which a third-party administrator processes and pays claims. The Hospital reimburses the third-party administrator for claims incurred and paid and has purchased stop-loss insurance coverage for claims in excess of $70,000 for each individual employee. Total expenses relative to this plan were approximately $3,640,000 and $3,126,000 for 2025 and 2024, respectively.

15. Commitments and Contingencies

Compliance Plan

The healthcare industry has been subjected to increased scrutiny from governmental agencies at both the federal and state level with respect to compliance with regulations. Areas of noncompliance identified at the national level include Medicare and Medicaid, Internal Revenue Service, and other regulations governing the healthcare industry. In addition, the Reform Legislation includes provisions aimed at reducing fraud, waste, and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Hospital has implemented a compliance plan focusing on such issues. There can be no assurance that the Hospital will not be subjected to future investigations with accompanying monetary damages.

Health Care Reform

There has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare at the national and state levels. Legislation has been passed that includes cost controls on healthcare providers, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of these provisions are and will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the Hospital.

Litigation

The Hospital 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 Hospital's future financial position or results from operations. See malpractice insurance disclosures in Note 13.

Continued

16. Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services in 2025 and 2024 are as follows:

June 30, 2025	Patient Care Services	General and Administrative	Total
Salaries and wages	$ 17,856,968	$ 4,337,197	$ 22,194,165
Employee health and welfare	4,549,883	1,105,100	5,654,983
Supplies and other	10,865,199	3,439,836	14,305,035
Purchased services	6,476,279	1,278,299	7,754,578
Interest	125,912	32,877	158,789
Depreciation and amortization	1,819,300	475,035	2,294,335
Total	$ 41,693,541	$ 10,668,344	$ 52,361,885

June 30, 2024	Patient Care Services	General and Administrative	Total
Salaries and wages	$ 16,490,309	$ 4,238,746	$ 20,729,055
Employee health and welfare	4,008,137	1,030,270	5,038,407
Supplies and other	10,901,375	3,073,092	13,974,467
Purchased services	5,932,735	2,209,722	8,142,457
Interest	111,665	29,157	140,822
Depreciation and amortization	2,062,409	538,513	2,600,922
Total	$ 39,506,630	$ 11,119,500	$ 50,626,130

The consolidated financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, interest expense, and other occupancy costs, are allocated to a function based on a square footage basis. Benefit expense is allocated consistent with salaries.

Continued

17. Fair Values of Financial Instruments

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

- *Cash and cash equivalents, accounts payable, accrued expenses, short-term debt and estimated third-party payor settlements:* The carrying amount reported in the consolidated balance sheets approximates its fair value due to the short-term nature of these instruments.

- *Assets limited as to use:* Amounts reported in the consolidated balance sheets are at fair value. See below for fair value measurement disclosures.

- *Long-term investments:* Amounts reported in the consolidated balance sheets are at fair value. See below for fair value measurement disclosures.

- *Long-term debt:* The fair value of the Hospital's fixed rate long-term debt is based on quoted market value for the same or similar debt instruments. Based on inputs used in determining the estimated fair value, the Hospital's long-term debt would be classified as Level 2 in the fair value hierarchy.

The carrying amounts and estimated fair values of the Hospital's long-term debt at June 30, 2025 and 2024 are as follows:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 5,557,000	$ 4,758,673	$ 6,290,000	$ 5,537,326

Continued

17. Fair Values of Financial Instruments, Continued

Fair values of assets measured on a recurring basis at June 30, 2025 and 2024 are as follows:

		Fair Value Measurements at Reporting Date		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2025				
Cash and cash equivalents	$ 1,026,998	$ -	$ 1,026,998	$ -
Certificates of deposit	2,219,484	-	2,219,484	-
Government bonds	556,173	-	556,173	-
Annuities	307,911	-	307,911	-
Corporate bonds	8,691,581	-	8,691,581	-
Mutual funds – fixed income	16,656,408	16,656,408	-	-
Equities	1,353,889	1,353,889	-	-
Total	$ 30,812,444	$ 18,010,297	$ 12,802,147	$ -
June 30, 2024				
Cash and cash equivalents	$ 1,339,895	$ -	$ 1,339,895	$ -
Certificates of deposit	1,728,854	-	1,728,854	-
Government bonds	2,138,254	-	2,138,254	-
Annuities	291,489	-	291,489	-
Corporate bonds	6,927,360	-	6,927,360	-
Mutual funds – fixed income	13,977,581	13,977,581	-	-
Equities	926,185	926,185	-	-
Total	$ 27,329,618	$ 14,903,766	$ 12,425,852	$ -

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. If quoted prices in active markets for identical assets and liabilities are not available to determine fair value, then quoted prices for similar assets and liabilities or inputs other than quoted prices that are observable either directly or indirectly are used. These investments are included in Level 2 and consist primarily of debt securities. The fair value for the brokered certificates of deposit, and corporate bonds included in Level 2 is estimated by a third-party pricing service daily utilizing market data. The annuities provide a fixed rate of interest that is locked in over a specified time period.

Continued

18. Rural Hospital Tax Credit Contributions

The State of Georgia (State) passed legislation which will allow individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations during calendar years 2017 through 2029. The Hospital submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar years 2025 and 2024. Contributions received under the program approximated $1,260,000 and $755,000 during fiscal years 2025 and 2024, respectively. The Hospital will have to be approved by the State to participate in the program in each subsequent year.

19. Related Party Transactions

Because of the existence of common trustees and other factors, the Hospital and Bacon County Hospital Foundation, Inc. (Foundation) are related parties.

The Foundation is authorized by the Hospital to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts, timing, and use of its distributions. The Authority received approximately $25,000 and $10,000 in contributions from the Foundation for the years ended June 30, 2025 and 2024, respectively.

INDEPENDENT AUDITOR'S REPORT ON
CONSOLIDATING INFORMATION

Board of Directors
Bacon County Health Services, Inc.
Alma, Georgia

We have audited the consolidated financial statements of Bacon County Health Services, Inc. as of and for the years ended June 30, 2025 and 2024, and our report thereon dated November 18, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in this report on pages 38 through 45, inclusive, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position and results of operations of the individual companies.

The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Draffin & Tucker, LLP

Albany, Georgia
November 18, 2025

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATING BALANCE SHEETS
June 30, 2025 and 2024

	Bacon County Health Services, Inc.		Bacon County Hospital and Health System Segregated Portfolio	
	2025	2024	2025	2024
ASSETS				
Current assets:				
Cash and cash equivalents	$ 3,419,132	$ 2,038,179	$ -	$ -
Assets limited as to use, current portion	292,884	293,497	-	-
Due (to) from affiliates	1,527,477	1,178,549	-	-
Patient accounts receivable, net	5,527,607	5,557,022	-	-
Supplies	1,406,082	1,328,077	-	-
Other current assets	1,549,096	1,603,728	-	4,421
Total current assets	13,722,278	11,999,052	-	4,421
Assets limited as to use:				
Internally designated for bond indenture	291,503	292,525	-	-
Internally designated for malpractice	-	-	5,942,545	5,133,970
Other internally designated	1,381	972	-	-
	292,884	293,497	5,942,545	5,133,970
Less amount required to meet current obligations	292,884	293,497	-	-
Noncurrent assets limited as to use	-	-	5,942,545	5,133,970
Long-term investments	24,577,015	21,902,151	-	-
Property and equipment, net	16,483,152	17,243,947	-	-
Other assets:				
Operating lease right-of-use assets	483,339	741,057	-	-
Investment in LLC	377,590	377,590	-	-
Notes receivable	199,356	260,750	-	-
Total other assets	1,060,285	1,379,397	-	-
Total assets	$ 55,842,730	$ 52,524,547	$ 5,942,545	$ 5,138,391

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATING BALANCE SHEETS, Continued
June 30, 2025 and 2024

One Source Vascular, LLC		Intercompany Eliminations		Total	
2025	2024	2025	2024	2025	2024
$ 126,884	$ 325,347	$ -	$ -	$ 3,546,016	$ 2,363,526
-	-	-	-	292,884	293,497
(1,527,477)	(1,178,549)	-	-	-	-
285,213	104,524	-	-	5,812,820	5,661,546
-	-	-	-	1,406,082	1,328,077
-	-	-	-	1,549,096	1,608,149
(1,115,380)	(748,678)	-	-	12,606,898	11,254,795
-	-	-	-	291,503	292,525
-	-	-	-	5,942,545	5,133,970
-	-	-	-	1,381	972
-	-	-	-	6,235,429	5,427,467
-	-	-	-	292,884	293,497
-	-	-	-	5,942,545	5,133,970
-	-	-	-	24,577,015	21,902,151
-	-	-	-	16,483,152	17,243,947
-	-	-	-	483,339	741,057
-	-	(377,590)	(377,590)	-	-
-	-	-	-	199,356	260,750
-	-	(377,590)	(377,590)	682,695	1,001,807
$ (1,115,380)	$ (748,678)	$ (377,590)	$ (377,590)	$ 60,292,305	$ 56,536,670

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATING BALANCE SHEETS, Continued
June 30, 2025 and 2024

	Bacon County Health Services, Inc.		Bacon County Hospital and Health System Segregated Portfolio	
	2025	2024	2025	2024
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of long-term debt and finance lease liabilities	$ 784,994	$ 816,476	$ -	$ -
Current portion of operating lease liabilities	224,864	255,743	-	-
Short-term debt	-	18,400	-	-
Accounts payable	1,619,873	2,273,745	81,742	42,383
Accrued expenses	2,329,203	2,303,962	-	-
Estimated third-party payor settlements	406,367	15,877	-	-
Total current liabilities	5,365,301	5,684,203	81,742	42,383
Long-term debt and finance lease liabilities, net of current portion	4,668,270	5,434,512	-	-
Operating lease liabilities, net of current portion	272,780	485,314	-	-
Other liabilities	8,031	6,624	897,763	1,014,604
Total liabilities	10,314,382	11,610,653	979,505	1,056,987
Net assets:				
Net assets without donor restrictions:				
Controlling interests	45,528,348	40,913,894	4,963,040	4,081,404
Noncontrolling interests in subsidiary	-	-	-	-
Total net assets	45,528,348	40,913,894	4,963,040	4,081,404
Total liabilities and net assets	$ 55,842,730	$ 52,524,547	$ 5,942,545	$ 5,138,391

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATING BALANCE SHEETS, Continued
June 30, 2025 and 2024

One Source Vascular, LLC		Intercompany Eliminations		Total	
2025	2024	2025	2024	2025	2024
$ -	$ -	$ -	$ -	$ 784,994	$ 816,476
-	-	-	-	224,864	255,743
-	-	-	-	-	18,400
16,229	325	-	-	1,717,844	2,316,453
-	-	-	-	2,329,203	2,303,962
-	-	-	-	406,367	15,877
16,229	325	-	-	5,463,272	5,726,911
-	-	-	-	4,668,270	5,434,512
-	-	-	-	272,780	485,314
98,747	26,802	-	-	1,004,541	1,048,030
114,976	27,127	-	-	11,408,863	12,694,767
(750,515)	(473,239)	(377,590)	(377,590)	49,363,283	44,144,469
(479,841)	(302,566)	-	-	(479,841)	(302,566)
(1,230,356)	(775,805)	(377,590)	(377,590)	48,883,442	43,841,903
$ (1,115,380)	$ (748,678)	$ (377,590)	$ (377,590)	$ 60,292,305	$ 56,536,670

See accompanying auditor's report on consolidating information.

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
for the years ended June 30, 2025 and 2024

	Bacon County Health Services, Inc.		Bacon County Hospital and Health System Segregated Portfolio	
	2025	2024	2025	2024
Revenues, gains, and other support:				
Net patient service revenue	$ 49,140,825	$ 47,823,892	$ -	$ -
Other revenue	1,992,683	1,309,085	510,232	579,007
Total revenues, gains, and other support	51,133,508	49,132,977	510,232	579,007
Operating expenses:				
Salaries and wages	21,832,774	20,465,025	-	-
Employee health and welfare	5,568,542	4,974,319	-	-
Supplies and other	14,190,103	14,571,309	64,660	(148,603)
Purchased services	7,654,590	8,097,838	-	-
Interest	158,789	140,822	-	-
Depreciation and amortization	2,294,335	2,600,922	-	-
Total operating expenses	51,699,133	50,850,235	64,660	(148,603)
Operating gain (loss)	(565,625)	(1,717,258)	445,572	727,610
Nonoperating gains (losses):				
Investment income	2,800,067	2,267,564	344,581	288,891
Noncapital grants	2,339,012	676,091	-	-
Total nonoperating gains	5,139,079	2,943,655	344,581	288,891
Excess revenues (expenses)	4,573,454	1,226,397	790,153	1,016,501
Capital grants and contributions	-	500,000	-	-
Change in unrealized gain on debt securities	41,000	56,070	91,483	50,566
Removal of prior year captive equity	-	(3,014,337)	-	-
Purchase of interest by controlling members	-	-	-	-
Noncontrolling interest in excess revenues of subsidiary	-	-	-	-
Increase (decrease) in net assets without donor restrictions, controlling interest	4,614,454	(1,231,870)	881,636	1,067,067
Net assets without donor restrictions, controlling interest, beginning	40,913,894	42,145,764	4,081,404	3,014,337
Net assets without donor restrictions, controlling interest, ending	45,528,348	40,913,894	4,963,040	4,081,404

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, Continued
for the years ended June 30, 2025 and 2024

One Source Vascular, LLC		Intercompany Eliminations		Total	
2025	2024	2025	2024	2025	2024
$ 653,773	$ 399,008	$ -	$ -	$ 49,794,598	$ 48,222,900
-	-	(510,232)	(579,007)	1,992,683	1,309,085
653,773	399,008	(510,232)	(579,007)	51,787,281	49,531,985
361,391	264,030	-	-	22,194,165	20,729,055
86,441	64,088	-	-	5,654,983	5,038,407
560,504	130,768	(510,232)	(579,007)	14,305,035	13,974,467
99,988	44,619	-	-	7,754,578	8,142,457
-	-	-	-	158,789	140,822
-	-	-	-	2,294,335	2,600,922
1,108,324	503,505	(510,232)	(579,007)	52,361,885	50,626,130
(454,551)	(104,497)	-	-	(574,604)	(1,094,145)
-	-	-	-	3,144,648	2,556,455
-	-	-	-	2,339,012	676,091
-	-	-	-	5,483,660	3,232,546
(454,551)	(104,497)	-	-	4,909,056	2,138,401
-	-	-	-	-	500,000
-	-	-	-	132,483	106,636
-	-	-	3,014,337	-	-
-	6,440	-	(6,440)	-	-
177,275	40,755	-	-	177,275	40,755
(277,276)	(57,302)	-	3,007,897	5,218,814	2,785,792
(473,239)	(415,937)	(377,590)	(3,385,487)	44,144,469	41,358,677
(750,515)	(473,239)	(377,590)	(377,590)	49,363,283	44,144,469

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, Continued
for the years ended June 30, 2025 and 2024

	Bacon County Health Services, Inc.		Bacon County Hospital and Health System Segregated Portfolio	
	2025	2024	2025	2024
Purchase of interest by noncontrolling members	$ -	$ -	$ -	$ -
Noncontrolling interest in excess revenues of subsidiary	-	-	-	-
Decrease in net assets without donor restrictions, noncontrolling interest	-	-	-	-
Net assets without donor restrictions, noncontrolling interest, beginning	-	-	-	-
Net assets without donor restrictions, noncontrolling interest, ending	-	-	-	-
Total net assets without donor restrictions, beginning	40,913,894	42,145,764	4,081,404	3,014,337
Total net assets without donor restrictions, ending	$ 45,528,348	$ 40,913,894	$ 4,963,040	$ 4,081,404

Continued

BACON COUNTY HEALTH SERVICES, INC.

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, Continued
for the years ended June 30, 2025 and 2024

One Source Vascular, LLC		Intercompany Eliminations		Total	
2025	2024	2025	2024	2025	2024
$ -	$ 4,116	$ -	$ -	$ -	$ 4,116
(177,275)	(40,755)	-	-	(177,275)	(40,755)
(177,275)	(36,639)	-	-	(177,275)	(36,639)
(302,566)	(265,927)	-	-	(302,566)	(265,927)
(479,841)	(302,566)	-	-	(479,841)	(302,566)
(775,805)	(681,864)	(377,590)	(3,385,487)	43,841,903	41,092,750
$ (1,230,356)	$ (775,805)	$ (377,590)	$ (377,590)	$ 48,883,442	$ 43,841,903

See accompanying auditor's report on consolidating information.

APPENDIX B

FINANCIAL STATEMENTS OF BACON COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The financial statements of Bacon County, Georgia as of June 30, 2025 and for the year then ended, included as Appendix B, have been audited by Hurst & Hurst CPAs, LLC, Douglas, Georgia, to the extent and for the period indicated in their report thereon which appears in this Appendix B. Such financial statements have been included herein in reliance upon the report of Hurst & Hurst CPAs, LLC, given upon the authority of such firm as experts in accounting and auditing.

The inclusion of the general purpose financial statements of Bacon County should not be interpreted to mean money from Bacon County's general fund or money from any other fund of the County is providing security for the Series 2026 Certificates.

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BACON COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

BACON COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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HURST & HURST CPAs
Certified Public Accountants • Small Business Advisors

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Independent Auditor's Report

Board of Commissioners
of Bacon County, Georgia
Alma, Georgia

Report on the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bacon County, Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bacon County, Georgia, as of June 30, 2025, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Bacon County Board of Health, which is both a major fund and 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position and revenues of the discretely presented component unit as of June 30, 2025, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bacon County Board of Health, is based solely on the report of the other auditors.

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 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 Bacon County, Georgia 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 opinions.

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.

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 Bacon County, Georgia'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 Responsibility
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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement 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 Bacon County, Georgia'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bacon County, Georgia'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 Schedule of Changes in the County's Net Pension Liability and Related Ratios and the Schedule of County Contributions, and other budgetary information (on pages 29 through 34) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 procedures 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require 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 Government 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. Our opinion on the basic financial statements is not affected by this omission.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bacon County, Georgia's basic financial statements as a whole. The combining and individual non-major fund financial statements, schedules of expenditures of special purpose local option sales tax proceeds and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules, schedule of expenditures of federal awards and schedules of expenditures of special purpose local option sales tax proceeds are fairly stated in all material aspects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards,* we have also issued a report dated April 17, 2026, on our consideration of Bacon County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Bacon County, GA's internal control over financial reporting and compliance.

Hurst & Hurst

Hurst and Hurst CPAs, LLC

Douglas, Georgia
April 17, 2026

BASIC FINANCIAL STATEMENTS

BACON COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government	Component Unit
	Governmental Activities	Bacon County Board of Health
ASSETS		
Cash and cash equivalents	$ 9,316,212	$ 280,016
Taxes receivable	673,331	-
Accounts receivable, net	781,560	-
Due from other governments	-	43,500
Prepayments	405,672	-
Proportionate share of collective net OPEB benefit	-	60,558
Non-Current Assets:		
Capital assets, non-depreciable	4,841,708	-
Capital assets, depreciable, net of accumulated depreciation	32,336,966	2,668
Total Assets	48,355,449	386,742
DEFERRED OUTFLOWS OF RESOURCES	220,620	94,887
LIABILITIES		
Current Liabilities:		
Accounts payable	250,269	1,878
Accrued liabilities	3,338	-
Due to other governments	53,817	92,752
Lease liability due within one year	285,371	-
Compensated absences due within one year	-	2,799
Long Term Liabilities:		
Lease liability, net of current portion	1,235,680	-
Compensated absences, net of current portion	-	11,195
Net pension liability	705,690	322,063
Total Liabilities	2,534,165	430,687
DEFERRED INFLOWS OF RESOURCES		
Unearned Revenues	-	-
Pension related	64,124	73,130
Total Deferred Inflows of Resources	64,124	73,130
NET POSITION		
Net investment in capital assets	35,657,623	2,668
Restricted For:		
Capital projects	5,361,192	-
Housing and development	108,978	-
Judicial	219,798	-
Public works	1,426,637	-
Public safety	487,327	-
Prior year program income	-	193,003
Unrestricted (deficit)	2,716,225	(217,859)
Total Net Position	$ 45,977,780	$ (22,188)
Total Liabilities, Deferred Inflows and Net Postion	$ 48,576,069	$ 481,629

The notes to the financial statements are an integral part of this statement.

BACON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: Governmental Activities	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: Component Unit Bacon County Board of Health
Primary government						
Governmental activities:						
General government	$ 2,548,568	$ 1,386,945	$ -	$ -	$ (1,161,623)	$ -
Judicial	824,485	-	-	-	(824,485)	-
Public safety	6,657,904	1,933,345	240,265	-	(4,484,294)	-
Public works	14,959,817	851,612	10,500,500	3,720,363	112,658	-
Health and welfare	286,487	-	-	-	(286,487)	-
Culture and recreation	553,736	-	-	-	(553,736)	-
Housing and development	1,647,162	207,441	-	-	(1,439,721)	
Interest and Fiscal Charges	38,591	-	-	-	(38,591)	-
Total governmental activities	27,516,750	4,379,343	10,740,765	3,720,363	(8,676,279)	-
Component unit:						
Bacon County Board of Health	521,443	193,002	420,477	-	-	92,036
Total component units	$ 521,443	$ 193,002	$ 420,477	$ -	-	92,036
General revenues:						
General Property Taxes					5,696,479	-
General Sales & Use Taxes					1,269,892	-
Selective Sales & Use Taxes					2,927,213	-
Business Taxes					697,341	-
Penalties & Interest on Delinquent Taxes					110,562	-
Unrestricted investment earnings					542	-
Gain on sale of assets					72,565	-
Other					-	59,393
Total general revenues					10,774,594	59,393
Change in net position					2,098,315	151,429
Net position, beginning of year					43,879,465	(173,617)
Net position, end of year					$ 45,977,780	$ (22,188)

The notes to the financial statements are an integral part of this report.

BACON COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	2024 SPLOST	Multiple Grant	T-SPLOST	E-911	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$2,189,294	$1,627,693	$3,198,635	$1,351,354	$ 269,984	$ 679,252	$ 9,316,212
Taxes receivable, net of allowance	421,322	176,726	-	75,283	-	-	673,331
Accounts receivable, net of allowance	447,153	-	-	-	-	334,407	781,560
Due from other funds	55,585	-	-	-	-	-	55,585
Prepaid Expenses	405,672	-	-	-	-	-	405,672
Total assets	3,519,026	1,804,419	3,198,635	1,426,637	269,984	1,013,659	11,232,360
LIABILITIES							
Accounts payable	250,269	-	-	-	-	-	250,269
Accrued liabilities	3,338	-	-	-	-	-	3,338
Due to other governments	-	53,817	-	-	-	-	53,817
Due to other funds	-	-	-	-	55,585	-	55,585
Total liabilities	253,607	53,817	-	-	55,585	-	363,009
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	367,768	-	-	-	-	-	367,768
FUND BALANCES							
Fund balances:							
Nonspendable							
Inventories & prepaids	405,672	-	-	-	-	-	405,672
Restricted For:							
Capital projects	-	1,750,602	3,198,635	-	-	411,955	5,361,192
Housing and development	-	-	-	-	-	108,978	108,978
Judicial	-	-	-	-	214,399	5,399	219,798
Public Works	-	-	-	1,426,637	-	-	1,426,637
Public safety programs	-	-	-	-	-	487,327	487,327
Assigned to Recreation Dept	55,332	-	-	-	-	-	55,332
Unassigned	2,436,647	-	-	-	-	-	2,436,647
Total fund balances	2,897,651	1,750,602	3,198,635	1,426,637	214,399	1,013,659	10,501,583
Total liabilities, deferred inflow of resources and fund balances	$3,519,026	$1,804,419	$3,198,635	$1,426,637	$ 269,984	$ 1,013,659	$11,232,360

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	37,178,674
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds - Tax collections outside of 60 days	367,768
Deferred outflows and inflows of resources related to the recording of the net position liability are recognized as expense over time, and, therefore, are not reported in the funds.	
Deferred Outflows of Resources	220,620
Deferred Inflows of Resources	(64,124)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,226,741)
Net position of governmental activities	$45,977,780

The notes to the financial statements are an integral part of this report.

BACON COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General	2024 SPLOST	Multiple Grant	T-SPLOST	E-911	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	$7,618,484	$2,050,281	$ -	$ 876,932	$ -	$ -	$ 10,545,697
Licenses and permits	21,560	-	-	-	-	-	21,560
Intergovernmental	60,873	-	12,679,729	-	-	1,566,871	14,307,473
Charges for services	2,257,633	-	-	-	179,392	1,013,928	3,450,953
Fines and forfeitures	166,392	-	-	-	-	30,685	197,077
Investment earnings	-	-	-	-	-	542	542
Miscellaneous	863,408	-	-	-	-	-	863,408
Total revenues	10,988,350	2,050,281	12,679,729	876,932	179,392	2,612,026	29,386,710
Expenditures							
Current:							
General Government	1,777,504	-	-	-	-	-	1,777,504
Judicial	804,593	-	-	-	-	8,820	813,413
Public Safety	5,298,433	-	-	-	120,559	1,023,632	6,442,624
Public works	2,018,559	-	-	-	-	-	2,018,559
Health and welfare	252,037	-	-	-	-	-	252,037
Culture and recreation	525,119	-	-	-	-	-	525,119
Housing and development	419,578	-	-	-	-	1,121,874	1,541,452
Intergovernmental	-	652,409	-	-	-	-	652,409
Capital outlay	-	44,505	11,324,908	663,293	-	2,315,265	14,347,971
Debt service:							
Principal	-	-	-	23,129	-	334,070	357,199
Interest and fiscal charges	-	-	-	6,518	-	32,073	38,591
Total expenditures	11,095,823	696,914	11,324,908	692,940	120,559	4,835,734	28,766,878
Excess (deficiency) of revenues over (under) expenditures	(107,473)	1,353,367	1,354,821	183,992	58,833	(2,223,708)	619,832
Other financing sources (uses):							
Issuance of Debt	-	-	-	222,688	-	923,266	1,145,954
Proceeeds from sale of assets	72,565	-	-	-	-	-	72,565
Transfers in	-	-	-	-	-	25,000	25,000
Transfers out	49,233	-	(74,233)	-	-	-	(25,000)
Total other financing	$ 121,798	$ -	$ (74,233)	$ 222,688	$ -	$ 948,266	$ 1,218,519
Net change in fund balances	14,325	1,353,367	1,280,588	406,680	58,833	(1,275,442)	1,838,351
Fund balances, beginning of year	2,883,326	397,235	1,918,047	1,019,957	155,566	2,289,101	8,663,232
Fund balances (deficit) end of year	$2,897,651	$1,750,602	$3,198,635	$1,426,637	$ 214,399	$1,013,659	$ 10,501,583

The notes to the financial statements are an integral part of this report.

BACON COUNTY, GEORGIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	$ 1,838,351
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation differed from capital outlay in the current period.	971,870
Revenues in the Statement of Activities that do not provide current financial resources are reported as unavailable revenue in the funds.	155,790
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are differed and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(788,755)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(78,942)
	2,098,315

The notes to the financial statements are an integral part of this report.

BACON COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds
Assets	
Cash and cash equivalents	$ 166,250
Property taxes receivable	421,322
Total assets	587,572
Liabilities	
Due to others	166,250
Uncollected taxes	421,322
Total liabilities	587,572
Net Position	
Restricted for:	
Pensions	-
Individuals, organizations, and other governments	-
Net position restricted for pensions	$ -

The notes to the financial statements are an integral part of this report.

BACON COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds
Additions	
Taxes	$ 14,780,028
Fines and fees	1,004,263
Total additions	15,784,291
Deductions	
Taxes and fees paid to other governments	14,780,028
Other custodial disbursements	1,004,263
Total deductions	15,784,291
Changes in Net Position	-
Net Position, Beginning of Year	-
Net Position, End of Year	$ -

The notes to the financial statements are an integral part of this report.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Bacon County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America ('GAAP') as applied to governments. The Governmental Accounting Standards Board ('GASB') is the accepted standard-setting body for governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. The Reporting Entity

The County is a political subdivision of the State of Georgia and was formed in 1914. The County operates under a Commission form of government and is governed by a full-time elected Chairman and by a part-time five member elected board of county commissioners, which is governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, Magistrate Court Judge and Clerk of the Superior Court. The County's major services include general government, courts, public safety, public works, health and welfare, culture and recreation and housing and development.

The reporting County is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. This includes the constitutionally elected officers.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) it is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit column included in the government-wide financial statements identifies the financial data of the County's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the County.

A brief description of the blended component unit follows:

Bacon County Development Authority

The Bacon County Development Authority is responsible for stimulating economic development in the County. The governing body of the Development Authority is appointed by the County Commission. Although it is legally separate from the County, the Development Authority is reported as if it were part of the primary government because it benefits the County almost exclusively. The Development Authority does not issue separate financial statements.

A brief description of the discretely present component unit follows:

Bacon County Board of Health

The Bacon County Board of Health is responsible for providing general healthcare within the County of Bacon, Georgia. The Board of Health consists of seven members. Board membership is automatic for the County Commission Chairman, County Superintendent of Schools and the Mayor of the City of Alma who serve while holding office. The remaining four members serve six-year terms with three members being appointed by the Alma City Council. The financial operations of the Bacon County Board of Health are presented as a governmental fund type. The Board of Health is reported on a June 30 fiscal year. Complete financial statements for the individual component unit discussed above may be obtained at the following address:

Southeast Health District Finance Director

1101 Church Street

Waycross, Georgia 31501

Joint Ventures

The County participates in the following two joint ventures:

Southern Georgia Regional Commission ('SGRC') – The County, in conjunction with cities and counties in the 18 county South Georgia area are members of the SGRC. Membership in a regional commission ('RC') is automatic for each municipality and county in the state. The Official Code of Georgia Annotated Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The SGRC council membership includes the chief elected official of each county and the chief elected official of one municipality in each county. Additional council members are appointed from the region by the Governor, Lieutenant Governor and the Speaker of the House of Representatives. Separate financial statements are available at the following address: Southern Georgia Regional Commission, 327 West Savannah Avenue, Valdosta, Georgia 31503, or by calling 229-333-5277.

Southeast Georgia Development Authority – Bacon County, Georgia in conjunction with Appling and Jeff Davis counties have jointly created a regional development authority, which has been named the Southeast Georgia Development Authority. The purpose of the Authority is to create a jointly owned regional industrial park consisting of approximately 125 acres located between the cities of Baxley and Hazlehurst in Appling County, Georgia. Bacon County committed to one-third of the purchase price of the land which amounted to $75,000. The County Chairman serves on the Board of the Southeast Georgia Development Authority. Separate financial statements are available from the following address: Bacon County Board of Commissioner, 502 West 12th Street, Alma, Georgia 31510.

B. Government-wide and Fund Financial Statements

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. For the most part, the effect of the Interfund activity has been removed from these statements. *Governmental Activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Fiduciary funds are not presented in the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The County does not allocate indirect expenses to functions in the statement of activities.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. The agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the

timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** is the main operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The **2024 SPLOST Fund** is used to account for the collection and disbursement of the 2024 1% Special Local Option Sales Tax (SPLOST) funds to be used for the acquisition of equipment or construction of major capital facilities or infrastructure and other projects.

The **Multiple Grant Fund** is used to account for financial resources used for the acquisition or construction of major capital facilities, mainly roads. The County's multiple grant fund is used to account for grant money received from the State of Georgia Department of Transportation and grant money from other sources.

The **T-SPLOST Fund** is used to account for money received for the financial resources provided and subsequently expensed from the Transportation Special Purpose Local Option Sales Tax.

The **E-911 Fund** is used to account for emergency services which are provided to all County taxpayers. Financing is provided through user fees and charges and contributions from the General Fund.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** are used to account for revenue sources that are legally restricted to expenditure for specific purposes.

The **Capital Projects Funds** account for the acquisition of capital assets and construction or improvement of major capital projects.

The **Fiduciary Funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals.

Amounts reported as *program revenues* include: 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash, Cash Equivalents, and Investments

The County has defined cash and cash equivalents to include cash on hand, demand deposits, amounts with fiscal agents and investment with an original maturity of three months or less. Time deposits are classified as cash and cash equivalents without regard to maturity date.

The County, during the year, invested funds in demand deposits of local banks. Investments are stated at cost. Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the Unites States Government or Government Agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the political subdivisions of the State of Georgia

E. Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles, where applicable.

F. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term Interfund loans are classified as "Interfund receivables/Interfund payables". These amounts are eliminated in the governmental activities column of the statement of net position.

G. Consumable Inventories

The costs of inventories are recorded as expenditures when purchased in all funds. The costs of inventories at year-end, if any, are not considered material to the financial statements.

H. Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed. At the fund reporting level, and equal amount of the fund balance is non-spendable, as this amount is not available for general appropriations.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide financial statement of net position but does not report these assets in the government fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The County maintains a capitalization threshold of five thousand dollars on machinery and equipment and a fifty-thousand-dollar threshold on buildings, improvements, and infrastructure. The County's infrastructure consists of roads and bridges. The County's infrastructure was reported retroactively in 2007. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements.

Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Years	Capitalization Threshold
Primary Government:		
Buildings and Improvements	25 - 50	$ 50,000
Machinery and Equipment	7 - 10	$ 5,000
Infrastructure	25 - 50	$ 50,000
Component Unit:		
Machinery and Equipment	5 - 20	$ 5,000

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

J. Compensated Absences

The liability for compensated absences has not been accrued as this amount is payable only if approved by the County Chairman and if the employee is separated in good standing. Accumulated annual leave must be taken during the year it is earned. The maximum accumulation of sick leave is 45 days. Employees will not be paid for accumulated sick leave upon separation.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full form current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Notes are recognized as a liability in the governmental fund financial statements when due.

L. Deferred Inflows/Outflows of Resources

In addition to assets, the statements of net 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 future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. Other than the pension related items discussed on the following page, the County did not have any deferred outflows that qualify for reporting in this category for the year ended June 30, 2025.

In addition to liabilities, the statement of net position and the balance sheet for governmental funds 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the pension related items discussed on the following page, the County had one item that qualifies for reporting in the category. This item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The County also has deferred outflows and inflows related to the recording of charges in its net pension liability. Certain charges in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference

between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period.

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resource's measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Non-spendable** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted into cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through then enabling legislation adopted by the County Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through a motion. The fund balance must result from a specific revenue stream committed for a specific purpose. Only the County Commission may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are restrained by the County Commissions intent to be used for specific purposes but are neither restricted nor committed. By motion, only the County Commission can authorize an assignment of fund balances. Also, any of the fund balance reported at year-end that is included in the subsequent years' budget is reported as assigned.
- **Unassigned** – Fund balances are reported as unassigned at the residual amount when the balances do not meet any of the above criteria. The County reports positive unassigned fund balances only in the general fund.

Net Position Flow Assumptions – In order to report net position as restricted – net position and an unrestricted – net position of the government-wide and proprietary fund financial statements, the County has established a flow assumption policy. It is the County's policy to use restricted – net position first before using unrestricted – net position.

Fund Balance Flow Assumptions – It is the County's policy to consider restricted fund balance to have been used before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. The net invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing use for the acquisition, construction or improvement of those assets. This net investment amount is also adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on their use either through the enabling of legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

N. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and in

the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activities column are eliminated.

O. Use of Estimates

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

P. Tax Abatements

The County implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires the County to disclose information for any tax abatement agreements either entered into by the County, or agreements entered into by other governments that reduce the County's tax revenues. As of June 30, 2025, the County did not have any such agreements, either entered into by the County or by other governments that exceeded the quantitative threshold for disclosure.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total government funds* and *net position – governmental activities* as reported in the government-wide financial statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $2,226,741 difference are as follows:

Lease Liability	$ 1,521,051
Net pension liability	705,690
Net adjustment to reconcile fund balance - total governmental funds to net position - governmental activities	$ 2,226,741

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $971,870 difference are as follows:

Capital outlay	$ 2,919,082
Depreciation expense	(1,947,212)
Basis in capital assets disposed of	-
Net adjustment to reconcile net changes in fund balances - governmental funds to change in net position - governmental activities	$ 971,870

Another element of that reconciliation states the "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $(788,755) difference are as follows:

Debt incurred:	$(1,145,954)
Principle repayments:	
Leases	357,199
Net adjustment to reconcile net changes in fund balance - governmental funds to changes in net position - governmental activities	$ (788,755)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $(78,942) difference are as follows:

Change in net pension liability and deferred inflows and outflows of resources	(78,942)
Net adjustment to reconcile net changes in fund balance - governmental funds to changes in net position - governmental activities	$ (78,942)

NOTE 3. BUDGET COMPLIANCE AND DEFICITY FUND EQUITY

Budgetary Data – The budget resolution reflects the total of each department's appropriation in each fund.

For the year ended June 30, 2025, the County did not adopt annual budgets for the, Multiple Grants Fund, Jail Commissary, Confiscated Assets, Fire Departments, Sheriff Fingerprint, Law Library, Juvenile Court, CDBG Grant, CHIP, and Development Authority Special Revenue Funds.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or department appropriation within a fund requires approval of the Board of County Commissioners. The County Chairman may approve transfers within departments.The County considers only those excesses greater than 5% above appropriations to be in violation of budgetary policy.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2025, in the following departments for the general fund:

Department:	Appropriations	Expenditures	Excess
Tax commissioner	$ 247,300	$ 288,098	$ (40,798)
Public buildings	$ 495,626	$ 545,110	$ (49,484)
Fire dept, rural fire dept, forestry, EMS	$ 1,704,110	$ 1,929,238	$ (225,128)
EOC - training center building	$ 24,600	$ 29,100	$ (4,500)
Dispatchers	$ 449,390	$ 506,997	$ (57,607)
Coroners	$ 21,300	$ 29,541	$ (8,241)
GCIC/NCIC	$ 1,000	$ 2,687	$ (1,687)
M/R Center	$ 7,350	$ 11,294	$ (3,944)
Recreation department	$ 274,625	$ 439,739	$ (165,114)
Library	$ 55,950	$ 59,075	$ (3,125)
Historical society	$ 8,500	$ 21,305	$ (12,805)

The over expenditures in these areas were funded by under expenditures in other departments, other financing sources and available fund balance.

NOTE 4. DEPOSITS

Deposits. The County's cash and investment policy limits deposits to demand and money market accounts and time deposits at local banks. The County's deposits shall be secured by Federal Depositary Insurance Corporation ("FDIC") coverage and/or blank pledges. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110% of the public funds held, less the FDIC insurance.

Custodial Credit Risk – Deposits. The custodial credit risk for deposits is the risk that, in the event of bank failure, the County's deposits may not be recovered.

As of June 30, 2025, the deposits maintained by the County were not exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

Primary government cash and cash equivalents reconciliation:

	Cash and Cash Equivalents
Primary Government - Fund Reporting Level	
Statement of Net Position	$ 9,316,212
Statement of Fiduciary Assets and Liabilities	166,250
Total	$ 9,482,462

NOTE 5. RECEIVABLES

Receivables at June 30, 2025, consist of the following:

	General	2024 Splost	T-SPLOST	Nonmajor and Other Funds	Total
Receivables:					
Taxes	$ 421,322	$ 176,726	$ 75,283	$ -	$ 673,331
Accounts	481,425	-	-	334,407	815,832
Gross Receivables	902,747	176,726	75,283	334,407	1,489,163
Less Allowances	(34,272)	-	-	-	(34,272)
Net Receivables	$ 868,475	$ 176,726	$ 75,283	$ 334,407	$ 1,454,891

The Board of Commissioners usually levy taxes in September of each year. Property taxes are attached as an enforceable lien on property as of January 1. Property is appraised and a lien on such property becomes enforceable 60 days after the final notification of property taxes. Property tax bills are usually rendered in October each year.

The County's property tax calendar for 2024, was as follows:

The County bills and collects its own property taxes and collects property, vehicle and mobile home taxes for the County Board of Education, the City of Alma and the State of Georgia. Collection of the County's and other governmental agencies' taxes is the responsibility of the Tax Commissioner's Office, which is accounted for in an agency fund.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 1,698,982	$ -	$ -	$ 1,698,982
Construction in progress	2,573,084	1,478,045	908,403	3,142,726
Total capital assets, not being depreciated	4,272,066	1,478,045	908,403	4,841,708
Capital assets, being depreciated:				
Buildings	8,655,623	-	-	8,655,623
Improvements	4,175,650	-	-	4,175,650
Equipment, vehicles, and furniture	9,459,430	1,441,037	271,163	10,629,304
Infrastructure	49,603,752	908,403	-	50,512,155
Total capital assets, being depreciated	71,894,455	2,349,440	271,163	73,972,732
Less accumulated depreciation for:				
Buildings	4,767,049	174,179	-	4,941,227
Improvements	1,571,590	109,412	-	1,681,002
Equipment, vehicles, and furniture	7,401,301	602,442	271,163	7,732,581
Infrastructure	26,219,778	1,061,179	-	27,280,957
Total accumulated depreciation	39,959,717	1,947,212	271,163	41,635,767
Total capital assets being depreciated, net	31,934,737	402,228	-	32,336,966
Governmental activities capital assets, net	$ 36,206,803	$ 1,880,273	$ 908,403	$ 37,178,674

Depreciation was charged to the governmental activities as follows:

Governmental Activities:	
General Government	$ 107,174
Judicial	4,660
Public Safety	170,244
Public Works	1,501,320
Health and Welfare	33,269
Culture and Recreation	26,813
Housing and Development	103,731
Total depreciation expense - governmental activities	$ 1,947,212

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the primary government for the fiscal year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Financed Purchases	$ 732,296	$ 1,145,954	$ 357,199	$ 1,521,051	$ 285,371
Net Pension Liability	597,409	108,281	-	705,690	-
Total	$ 1,329,706	$ 1,254,235	$ 357,199	$ 2,226,742	$ 285,371

Leases. The County is a lessee for noncancellable leases of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statement. At the commencement of a lease, the County initially measures the lease liability at the present value payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the County determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes a noncancellable period of a lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with the other capital assets and lease liabilities are reported with long-term debt on the statement on net position.

The following is an analysis of assets under leases as of June 30, 2025:

	Governmental Activities
Equipment Cost	$ 2,327,777
Less: Accumulated Amortization	(384,868)
Less: Current Year Amortization	(297,354)
Net Carrying Value	$ 1,645,555

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2025:

Year Ending June 30,	Governmental Activities
2026	364,670
2027	364,670
2028	364,670
2029	328,105
2030	239,578
2031	81,234
Total Minimum Lease Payments	$ 1,742,927
Less: Amounts Representing Interest	221,876
Present Value of Minimum Lease Payments	$ 1,521,051

Landfill Post-Closure Care Costs. On April 8, 1994, the Alma-Bacon County Sanitary Landfill was closed. Various state and federal laws and regulations require certain maintenance and monitoring to be performed on the site. Expenditures since that date are expensed as incurred. The annual cost of maintaining and monitoring the closed sanitary landfill is estimated to be $8,500. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. No liability has been recorded in the accounts of Bacon County, Georgia for future costs.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2025, are as follows:

	Due From	
Due To	E-911	Amount
General Fund	$ 55,585	$ 55,585
TSPLOST	-	-
Splost 2018	-	-
	55,585	55,585

These balances resulted from the time lag between the dates that: (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Transfers Out	
Transfers In	Multiple Grant	Amount
General Fund	$ 49,233	$ 49,233
Splost 2018	25,000	25,000
	74,233	74,233

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization, and 3) to transfer funds for debt service.

NOTE 9. DEFINED BENEFIT PENSION PLAN

A. Primary Government

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, the Association County Commissioners of Georgia Bacon County Defined Benefit Pension Plan (the "Plan"), covering the majority of all of the County's employees. The County's pension plan is administered through the Association of County Commissioners of Georgia Third Restated Defined Benefit Plan (the "ACCG Plan"), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia ("ACCG"). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to the Association County Commissioners of Georgia, Retirement Services, 191Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

As of January 1, 2024, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees, Beneficiaries and Disables receiving benefits	35
Terminated plan participants entitled to but not yet receiving benefits	32
Active employees participating in the Plan	52
Total number of Plan Participants	119
Covered Compensation for active participants	$ 2,238,273

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the County Board of Commissioners, is to contribute an equal amount to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the actuarially determined rate. For the year ended June 30, 2025, the County's contribution rate was 7% of annual payroll. County contributions to the Plan were $158,876 for the year ended June 30, 2025.

Net Pension Liability of the County

The County's net position liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024, with update procedures performed by the actuary to roll forward to the total pension liability measured as of June 30, 2025.

Actuarial Assumptions. The total pension liability in the January 1, 2024, actuarial assumption was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Return	7.00%
Future Salary Increases:	
4.5% per year with an age based scale as follows:	
Age:	
Under 30	4.5% rate plus 1.5%
30-39	4.5% rate plus 0.5%
40-49	4.5% rate less 0.5%
50+	4.5% rate less 1.0%
Based on results of February, 2024 experience study	
Mortality	Pub-2010 GE (50%) & PS (50%) Amt Weighted with Scale AA to 2024 (Pre-Retirement: Employee, Post-Retirement: Retiree)

The actuarial assumptions used in the January 1, 2025, valuation were based on the results of an actuarial experience study through February 2025.

The long-term expected rate of return on pension investments was determined through a blend of using a building-block method based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as forward-looking capital market assumptions for a moderate assets allocation (33.34%), as determined by UBS. Expected future rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024, are summarized in the following table:

	Target Allocation	Range
Fixed Income	30%	25%-35%
Equities:	70%	65%-75%
Large Cap	30%	25%-35%
Mid Cap	5%	2.5%-10%
Small Cap	5%	2.5%-10%
REIT	5%	2.5%-10%
International	15%	10%-20%
Multi Cap	5%	2.5%-10%
Global Allocation	5%	2.5%-10%

Discount Rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2025, were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2023	$ 2,994,721	$ 2,397,312	$ 597,409
Changes for the Year:			-
Service Cost	87,095	-	87,095
Interest	205,469	-	205,469
Experience (gain)/loss	160,002	-	160,002
Assumption Change	5,445	-	5,445
Employer Contributions	-	158,876	(158,876)
Net Investment Income	-	253,954	(253,954)
Benefit Payment	(118,895)	(118,895)	-
Administrative Expense	-	(33,212)	33,212
Other Changes	-	(29,888)	29,888
Net Changes	339,116	230,835	108,281
Balance at December 31, 2024	$ 3,333,837	$ 2,628,147	$ 705,690

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.0%) or one-percentage-point higher (8.0%) than the current rate:

	6.00%	7.00%	8.00%
Total Pension Liability	$ 3,808,944	$ 3,333,837	$ 2,945,197
Fiduciary Net Position	2,628,147	2,628,147	2,628,147
Net Pension Liability	$ 1,180,797	$ 705,690	$ 317,050

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

Calculations are based on the substantive plan in effect as of December 31, 2024, and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the County recognized pension expense of $237,818. As of June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 120,977	$ 64,124
Changes of Assumptions	82,673	-
Net difference between projected and actual earnings on pension plan investments	16,970	-
	$ 220,620	$ 64,124

There were no county contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2025	60,346
2026	113,740
2027	(5,168)
2028	(12,422)
Total	156,496

NOTE 10. DEFINED CONTRIBUTION PLAN

Bacon County adopted the ACCG 401(a) Defined Contribution and the ACCG 457 Deferred Compensation Programs on May 27, 2008. The Plan is administered by the ACCG. To be eligible, an employee must work a minimum of 32 hours per week and must have a minimum of six months' continuous employment with the County. The County will match employee contributions to the Plan equal to 50% of the amount the participant is contributing to a section 457(b) eligible deferred compensation plan but in no event will matching contributions made on behalf of the participant exceed 3% of the participant's includable compensation. Employer matching contributions are 100% vested after participant has been employed as an eligible employee for five years. Matching contributions remain 0% vested until the participant satisfies the full vesting period. The total amount contributed by the County for the year ended June 30, 2025 to the 401(a) defined contribution plan was $50,741. The County has the sole authority of amending and changing the Plan.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other counties in the state as part of the Interlocal Risk Management Agency ("IRMA") for property and liability insurance and the ACCG Group Self-Insurance Worker's Compensation Fund ("WCSIF"), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The ACCG administers both risk pools.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to

report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government's contracts and in accordance with the Worker's Compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgement, and all expenses incurred for investigation, negotiation, or defense.

The County has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The County is not aware of any claims, which the County is liable for (up to the applicable deductible) which were outstanding and unpaid at June 30, 2025. No provision has been made in the financial statements for the year ended June 30, 2025, for any estimate of potential unpaid claims.

The County carries a combined property, casualty, and crime coverage with the ACCG-IRMA.

NOTE 12. CONTIGENCIES AND COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County has an agreement with the Bacon County Hospital Authority that in the event of nonpayment by the hospital authority of hospital revenue bonds, the County will levy a hospital bond tax millage rate sufficient to cover the current principal and interest payment of the hospital revenue bonds. The County has never been called upon to make any direct payments pursuant to such guarantee.

Bacon County is a defendant in various legal proceedings and litigations arising in the normal course of operations. Although the outcome of these proceedings is not presently determinable, in the opinion of the County attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

NOTE 13. OTHER AGREEMENTS

On April 15, 1996, financing for the Bacon County Department of Family and Children Services ("DFACS") project, which consisted of purchase of land and construction of a building, was provided through an annually renewable installment purchase agreement. Bacon County is financially responsible under the installment purchase agreement for payments due during each one-year term of the agreement. The County enters into an annual rental agreement with the Georgia Department of Human Resources which provides the funds to the County to pay the installment purchase agreement payments.

If the State of Georgia fails to appropriate funding with which to make payments under the lease purchase agreement, Bacon County has the option of not renewing the installment purchase agreement for the next one-year term. Bacon County has no financial obligation under the installment purchase agreement following termination except for any unpaid amounts due for the one-year term in effect at the time of termination.

No asset or liability has been recorded in the County's financial statements as a result of this agreement.

NOTE 14. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through April 17, 2026 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any events that require recognition in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BACON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Non-GAAP, budgetary basis)
JUNE 30, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 7,334,500	$ 7,334,500	$ 7,618,484	$ 283,984
Licenses and permits	9,500	9,500	21,560	12,060
Intergovernmental	210,000	210,000	60,873	(149,127)
Charges for services	2,371,000	2,371,000	2,257,633	(113,367)
Fines and forfeitures	167,500	167,500	166,392	(1,108)
Miscellaneous	727,500	727,500	863,408	135,908
Total Revenues	$ 10,820,000	$ 10,820,000	$ 10,988,350	$ 168,350
Other financing sources				
Proceeeds from sale of assets	-	-	-	-
Transfers	-	-	-	-
Total other financing sources	-	-	-	-
Total revenues and other financing sources	$ 10,820,000	$ 10,820,000	$ 10,988,350	$ 168,350

The notes to the financial statements are an integral part of this report.

BACON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Non-GAAP, budgetary basis), continued
JUNE 30, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures				
General government				
County commissioners office	$ 526,271	$ 526,271	$ 535,090	$ (8,819)
Elections	204,803	204,803	197,257	7,546
Tax commissioner	247,300	247,300	288,098	(40,798)
Tax assessor	225,860	225,860	211,949	13,911
Public buildings	495,626	495,626	545,110	(49,484)
Total general government	**1,699,860**	**1,699,860**	**1,777,504**	**(77,644)**
Judicial				
Grand jury, superior, state, juvenile courts	375,725	375,725	294,870	80,855
Clerk of superior court	236,100	236,100	225,547	10,553
Probate/Magistrate court	278,867	278,867	284,176	(5,309)
Total judicial	**890,692**	**890,692**	**804,593**	**86,099**
Public safety				
Sheriff, jail, and inmate medical	2,898,200	2,898,200	2,787,670	110,530
Fire dept, rural fire dept, forestry, EMS	1,704,110	1,704,110	1,929,238	(225,128)
EOC - training center building	24,600	24,600	29,100	(4,500)
Dispatchers	449,390	449,390	506,997	(57,607)
Coroners	21,300	21,300	29,541	(8,241)
GCIC/NCIC	1,000	1,000	2,687	(1,687)
Civil defense	13,200	13,200	13,200	-
Total public safety	**5,111,800**	**5,111,800**	**5,298,433**	**(186,633)**
Public works				
Road, shop, and drainage	1,285,225	1,285,225	1,251,909	33,316
Solid waste admin, disposal, and landfill	750,970	750,970	766,650	(15,680)
Total public works	**2,036,195**	**2,036,195**	**2,018,559**	**17,636**

BACON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Non-GAAP, budgetary basis)
JUNE 30, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures, continued				
Health and welfare				
Mental health	$ 1,500	$ 1,500	$ 1,432	68
Vital statistics	350	350	212	138
Health department	61,500	61,500	61,965	(465)
Department of family and children services	66,850	66,850	42,293	24,557
Senior citizens program	135,163	135,163	134,841	322
M/R Center	7,350	7,350	11,294	(3,944)
Total health and welfare	**272,713**	**272,713**	**252,037**	**20,676**
Culture and recreation				
Recreation department	274,625	274,625	439,739	(165,114)
Parks	15,000	15,000	5,000	10,000
Library	55,950	55,950	59,075	(3,125)
Historical society	8,500	8,500	21,305	(12,805)
Total culture and recreation	**354,075**	**354,075**	**525,119**	**(171,044)**
Housing and development				
County extension service	127,400	127,400	99,149	28,251
Southern Georgia Regional Commission	8,500	8,500	-	8,500
Development authority	182,550	182,550	189,428	(6,878)
Airport	181,300	181,300	130,558	50,742
Blueberry operation	25,800	25,800	443	25,357
Total housing and development	**525,550**	**525,550**	**419,578**	**105,972**
Debt Service				
Principle	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	**10,890,885**	**10,890,885**	**11,095,823**	**(204,938)**
Other financing sources				
Proceeds from sale of assets	-	-	(72,565)	-
Transfers out	(70,885)	(70,885)	(49,233)	-
Total other financing sources	(70,885)	(70,885)	(121,798)	-
Total expenditures and other financing uses	**$ 10,820,000**	**$ 10,820,000**	**$ 10,974,025**	**$ (204,938)**
Net changes in fund balances	**$ -**	**$ -**	**$ 14,325**	**$ 373,288**
Fund balances - beginning		-	**2,883,326**	
Fund balances - ending		**$ -**	**$ 2,897,651**	

The notes to the financial statements are an integral part of this report.

BACON COUNTY, GEORGIA
E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for Services	$ 183,000	$ 179,392	$ 3,608
Other	-	-	-
Total Revenues	183,000	179,392	3,608
Expenditures			
Public Safety	165,550	120,559	44,991
Total Expenditures	165,550	120,559	44,991
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	17,450	58,833	(41,383)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ 17,450	58,833	$ (41,383)
Fund Balances Beginning of Year		155,566	
Fund Balances End of Year		$ 214,399	

BACON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 87,095	$ 72,274	$ 71,653	$ 69,891	$ 65,953	$ 53,254	$ 69,031	$ 49,938	$ 52,077	$ 47,918
Interest on total pension liabilty	205,469	190,608	185,974	169,998	157,027	146,347	141,602	141,807	133,277	125,423
Differences between expected and actual experience	160,002	(77,311)	(88,067)	64,599	33,307	(21,294)	(11,502)	(127,857)	(1,123)	(58,237)
Changes in assumptions	5,445	147,700	4,430	7,618	3,927	102,721	(29,296)	4,237	64,692	66,954
Benefit payments, including refunds of employee payments	(118,895)	(123,052)	(92,532)	(75,198)	(74,630)	(91,146)	(64,586)	(77,338)	(62,619)	(46,035)
Net change in total pension liability	$ 339,116	$ 210,219	$ 81,458	$ 236,908	$ 185,584	$ 189,882	$ 105,249	$ (9,213)	$ 186,304	$ 136,023
Total pension liability - beginning	2,994,721	2,784,502	2,703,044	2,466,136	2,280,552	2,090,670	1,985,421	1,994,634	1,808,330	1,672,307
Total pension liability - ending	$ 3,333,837	$ 2,994,721	$ 2,784,502	$ 2,703,044	$ 2,466,136	$ 2,280,552	$ 2,090,670	$ 1,985,421	$ 1,994,634	$ 1,808,330
Plan fiduciary net position										
Contributions - employer	$ 158,876	$ 137,044	$ 138,072	$ 144,549	$ 130,865	$ 113,140	$ 123,969	$ 111,845	$ 129,376	$ 113,588
Net investment income	253,954	314,101	(353,940)	336,488	262,849	307,656	(70,532)	218,956	80,706	6,403
Benefit payments, including refunds of employee contributions	(118,895)	(123,052)	(92,532)	(75,198)	(74,630)	(88,064)	(64,586)	(77,338)	(62,619)	(44,371)
Administrative expenses	(33,212)	(31,331)	(29,227)	(27,346)	(26,521)	(24,291)	(13,636)	(8,795)	(13,010)	(9,072)
Other	(29,888)	(19,385)	(44,045)	(10,134)	(8,261)	(7,698)	(7,038)	(22,247)	(13,866)	(23,695)
Net change in fiduciary net position	230,835	277,377	(381,672)	368,359	284,302	300,743	(31,823)	222,421	120,587	42,853
Plan fiduciary net position - beginning	2,397,312	2,119,935	2,501,607	2,133,248	1,848,946	1,548,203	1,580,026	1,357,605	1,237,018	1,194,165
Plan fiduciary net position- ending	$ 2,628,147	$ 2,397,312	$ 2,119,935	$ 2,501,607	$ 2,133,248	$ 1,848,946	$ 1,548,203	$ 1,580,026	$ 1,357,605	$ 1,237,018
County's net pension liability - ending	$ 705,690	$ 597,409	$ 664,567	$ 201,437	$ 332,888	$ 431,606	$ 542,467	$ 405,395	$ 637,029	$ 571,312
Plan fiduciary net position as a percentage of total pension liability	78.8%	80.1%	76.1%	92.5%	86.5%	81.1%	74.1%	79.6%	68.1%	68.4%
Covered payroll	$ 2,238,273	$ 2,091,421	$ 2,056,334	$ 2,064,721	$ 1,975,979	$ 1,732,639	$ 1,732,639	$ 1,770,857	$ 1,350,551	$ 1,255,641
County's net pension liability as a percentage of covered payroll	31.5%	28.6%	32.3%	9.8%	16.8%	24.9%	31.3%	22.9%	47.2%	45.5%

Notes to the Schedule:

The assumptions used in the preparation of the above schedule are disclosed in Note 10 in the Notes to the financial statements.

BACON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 153,064	$ 128,310	$ 129,412	$ 136,748	$ 125,093	$ 106,473	$ 118,955	$ 111,845	$ 127,628	$ 111,285
Contributions in relation to the actuarially determined contribution	158,876	137,044	138,072	144,549	130,865	113,140	123,969	111,845	129,376	113,588
Contribution deficiency (excess)	$ (5,812)	$ (8,734)	$ (8,660)	$ (7,801)	$ (5,772)	$ (6,667)	$ (5,014)	$ -	$ (1,748)	$ (2,303)
Covered payroll	$ 2,238,273	$ 2,091,421	$ 2,056,334	$ 2,064,721	$ 1,975,979	$ 1,732,639	$ 1,770,857	$ 1,221,673	$ 1,350,551	$ 1,255,641
Contributions as a percentage of covered payroll	7.1%	6.6%	6.7%	7.0%	6.6%	6.5%	7.0%	9.2%	9.6%	9.0%

Notes to the Schedule

Valuation Date	January 1, 2024
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Market Value as of measurement date.
Assumed rate of return on investments	7.00%
Projected salary increases	4.50% per year based on age
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	None remaining

BACON COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Juvenile Court Fund is used to account certain fines received through juvenile court that are used for juvenile counseling services.

Jail Commissary Fund is used to account for proceeds from jail inmate commissary sales.

Law Library Fund is used to account for costs of operating and maintaining the County Law Library. Financing is provided from a change added to and collected on all costs in civil and criminal cases.

Confiscated Assets Fund is used to account for monies confiscated under federal and state law by Bacon County law enforcement officers related to controlled substance offenses. Such monies are restricted to defray the cost of complex investigations and to purchase equipment relating to said investigations.

Sheriff Fingerprint Fund is used to account for certain fees received from special permit applications through the Sheriff's office.

Emergency Management Agency Fund is used to account for disaster related emergency fees and expenses used by the County.

CDBG Grant is used to account for CDBG grant funds received from the Georgia Department of Community Affairs.

Fire Department Fund is used to account for the activities associated with special projects related to the fire department.

CHIP Grant Fund is used to account for the activities related to the Community Home Investment Program grant.

Development Authority is used to account for the promotion and expansion of industry and trade within Bacon County.

Ambulance Services Fund was established for the control of the operating revenue and expenditures of the County's ambulance and rescue service.

Capital Projects Funds

2012 SPLOST Fund is used to account for the financial resources provided and subsequently expended from the 2012 Special Purpose Local Option Sales Tax.

2018 SPLOST Fund is used to account for the financial resources provided and subsequently expended from the 2018 Special Purpose Local Option Sales Tax.

BACON COUNTY, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue							
	Juvenile Court	Jail Commissary	Law Library	Confiscated Assets	Sheriff Fingerprint	Emergency Management Agency	CDBG Grant	Fire Department
ASSETS								
Cash and cash equivalents	$ 2,086	$ 68,710	$ 3,313	$ 8,190	$ 8,314	$ 9,340	$ 12	$ 3,111
Taxes receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	2,086	68,710	3,313	8,190	8,314	9,340	12	3,111
LIABILITIES AND FUND BALANCES								
Accounts payable	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted for:								
Housing and development	-	-	-	-	-	-	-	-
Judicial	2,086	-	3,313	-	-	-	-	-
Public safety	-	68,710	-	8,190	8,314	9,340	-	3,111
Public works	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	12	-
Total fund balances	2,086	68,710	3,313	8,190	8,314	9,340	12	3,111
TOTAL LIABILITIES & FUND BALANCE	$ 2,086	$ 68,710	$ 3,313	$ 8,190	$ 8,314	$ 9,340	$ 12	$ 3,111

BACON COUNTY, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS, continued
JUNE 30, 2025

	Special Revenue			Capital Projects		
	CHIP Grant	Development Authority	Ambulance Services	2012 SPLOST	2018 SPLOST	Totals
ASSETS						
Cash and cash equivalents	$ 1,073	$ 107,905	$ 55,255	$ -	$ 411,943	$ 679,252
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	334,407	-	-	334,407
Due from other funds	-	-	-	-	-	-
Total assets	1,073	107,905	389,662	-	411,943	1,013,659
LIABILITIES AND FUND BALANCES						
Accounts payable	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
FUND BALANCES						
Restricted for:						
Housing and development	1,073	107,905	-	-	-	108,978
Judicial	-	-	-	-	-	5,399
Public safety	-	-	389,662	-	-	487,327
Public works	-	-	-	-	-	-
Capital projects	-	-	-	-	411,943	411,955
Total fund balances	1,073	107,905	389,662	-	411,943	1,013,659
TOTAL LIABILITIES & FUND BALANCE	$ 1,073	$ 107,905	$ 389,662	$ -	$ 411,943	$ 1,013,659

BACON COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Special Revenue							
	Juvenile Court	Jail Commissary	Law Library	Confiscated Assets	Sheriff Fingerprint	Emergency Management Agency	CDBG Grant	Fire Department
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	1,555	-	6,178	21,807	1,145	-	-	-
Charges for services	-	182,394	-	-	-	-	-	9,061
Interest income	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	25,737	541,134	-
Total revenues	1,555	182,394	6,178	21,807	1,145	25,737	541,134	9,061
EXPENDITURES:								
Current:								
Judicial	630	-	8,190	-	-	-	-	-
Public safety	-	167,762	-	25,095	577	21,764	-	7,812
Housing and development	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	541,134	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	630	167,762	8,190	25,095	577	21,764	541,134	7,812
Excess/deficiency of revenues over/under expenditures	925	14,632	(2,012)	(3,288)	568	3,973	-	1,249
Other financing uses:								
Transfers in	-	-	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-	-	-
Net change in fund balances	925	14,632	(2,012)	(3,288)	568	3,973	-	1,249
Fund balances, beginning of year	1,161	54,078	5,325	11,478	7,746	5,367	12	1,862
Fund balances, end of year	$ 2,086	$ 68,710	$ 3,313	$ 8,190	$ 8,314	$ 9,340	$ 12	$ 3,111

BACON COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Special Revenue			Capital Projects		
	CHIP Grant	Development Authority	Ambulance Services	2012 SPLOST	2018 SPLOST	Totals
REVENUES:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-	-	30,685
Charges for services	-	118,065	704,408	-	-	1,013,928
Interest income	-	542	-	-	-	542
Intergovernmental	-	1,000,000	-	-	-	1,566,871
Total revenues	-	1,118,607	704,408	-	-	2,612,026
EXPENDITURES:						
Current:						
Judicial	-	-	-	-	-	8,820
Public safety	-	-	800,622	-	-	1,023,632
Housing and development	-	1,121,874	-	-	-	1,121,874
Capital outlay	-	-	-	5,247	1,768,884	2,315,265
Debt service:						
Principal	-	-	-	-	334,070	334,070
Interest and fiscal charges	-	-	-	-	32,073	32,073
Total expenditures	-	1,121,874	800,622	5,247	2,135,027	4,835,734
Excess/deficiency of revenues over/under expenditures	-	(3,267)	(96,214)	(5,247)	(2,135,027)	(2,223,708)
Other financing uses:						
Issuance of Debt	-	-	-	-	923,266	923,266
Transfers in	-	-	-	-	25,000	25,000
Transfers out	-	-	-	-	-	-
Total other financing uses	-	-	-	-	948,266	948,266
Net change in fund balances	-	(3,267)	(96,214)	(5,247)	(1,186,761)	(1,275,442)
Fund balances, beginning of year	1,073	111,172	485,876	5,247	1,598,704	2,289,101
Fund balances, end of year	$ 1,073	$ 107,905	$ 389,662	$ -	$ 411,943	1,013,659

BACON COUNTY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (21p-y-003-1-6117)
SOURCE & APPLICATION OF FUNDS SCHEDULE
FROM INCEPTION THROUGH JUNE 30, 2025

Total Program Funds Allocated to Recipient	$ 737,315
Less: Total Program Funds Drawn by Recipient	(737,315)
Funds Still Available from Program Resources	$ -
Total Program Funds Drawn and Received by Recipient	$ 737,315
Less: Funds Applied and Expended to Program Costs	(737,315)
Total Program Funds Held by Recipient	$ -

PROGRAM ACTIVITY	CDBG ACTIVITY NUMBER	APPROVED BUDGET	COST TO DATE	AVAILABLE BALANCE
Street Improvements	P-03K-01	516,519	(516,519)	-
Flood and Drainage Facilities	P-03K-02	120,060	(120,060)	-
Street Improvements	T-03K-00	56,498	(56,498)	-
Administration	A-21A-00	44,238	(44,238)	-
Total		$ 737,315	$ (737,315)	$ -

BACON COUNTY, GEORGIA
FIDUCIARY FUNDS

Tax Commissioner – To account for the collection and payment to Bacon County and other taxing units of the property taxed levied, billed, and collected by the Tax Commissioner on behalf of Bacon County and other taxing units.

Clerk of Superior Court – To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, and other governmental units, and other funds.

Probate Court – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Magistrate Court – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Sheriff – To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

BACON COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash	$ 30,770	$ 115,058	$ 1,808	$ 18,614	$ -	$ 166,250
Taxes receivable	421,322	-	-	-	-	421,322
Total assets	452,092	115,058	1,808	18,614	-	587,572
LIABILITIES						
Due to others	30,770	115,058	1,808	18,614	-	166,250
Uncollected taxes	421,322	-	-	-	-	421,322
Total liabilities	452,092	115,058	1,808	18,614	-	587,572
NET POSITION	$ -	$ -	$ -	$ -	$ -	$ -

BACON COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Additions:						
Taxes and related penalties & interest	$ 14,780,028	$ -	$ -	$ -	$ -	$ 14,780,028
Fines, fees, & seized funds	-	710,260	64,613	229,390	-	1,004,263
Deductions:						
Taxes & related fees paid to other governments	14,780,028	-	-	-	-	14,780,028
Fines, fees, & seized funds paid to other governments	-	710,260	64,613	229,390	-	1,004,263
Changes in Net Position	-	-	-	-	-	-
Net Position, beginning of year	-	-	-	-	-	-
Net Position, end of year	$ -	$ -	$ -	$ -	$ -	$ -

BACON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
JUNE 30, 2025

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2012 SPLOST					
County projects:					
Jail camera system and Sheriff vehicles	$ 300,000	$ 300,000	$ 466,453	$ -	$ 466,453
Tax Commissioner's Office -					
Computer system, server and equipment	50,000	50,000	37,938	-	37,938
E911 computer system	25,000	25,000	21,125	-	21,125
Tax assessor's office - new aerial					
Mapping, computer, printers and equipment	75,000	75,000	47,678	-	47,678
Bacon Co clerk of court-shelves and equipment	50,000	50,000	84,877	-	84,877
Bacon Co courthouse-courtroom equipment	50,000	50,000	24,259	-	24,259
Bacon Co public offices-computer equipment	50,000	50,000	53,785	-	53,785
Roads, streets, bridges and equipment	1,340,000	1,340,000	1,348,760	5,247	1,354,007
Joint projects:					
Alma/Bacon Co nursing home	1,000,000	1,000,000	1,000,000	-	1,000,000
Alma/Bacon Co senior center	100,000	100,000	69,805	-	69,805
Water and waste treatment plant	1,000,000	1,000,000	1,000,000	-	1,000,000
Alma/Bacon Co recreation center	175,000	175,000	231,181	-	231,181
Public buildings	500,000	500,000	600,039	-	600,039
Computer and equipment for dispatch	100,000	100,000	89,917	-	89,917
Alma/Bacon Co fire department	180,000	180,000	355,955	-	355,955
Alma/Bacon Co library	20,000	20,000	14,737	-	14,737
Voting machines	25,000	25,000	28,714	-	28,714
City of Alma Projects	960,000	960,000	1,325,736	-	1,325,736
Total	$ 6,000,000	$ 6,000,000	$ 6,800,958	$ 5,247	$ 6,806,205

BACON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
JUNE 30, 2025

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2018 SPLOST					
County projects:					
Nursing home expansion	$ 340,000	$ 340,000	$ 340,000	$ -	$ 340,000
Election office equipment and fixtures	15,000	15,000	13,638	1,300	14,938
Tax Commissioner Office equipment and fixtures	15,000	15,000	35	3,600	3,635
Clerk of Court equipment and fixtures	25,000	25,000	23,930	890	24,820
Sheriff Office vehicles, equipment	400,000	400,000	533,179	161,494	694,673
Senior Center equipment	15,000	15,000	20,632	-	20,632
Recreation department equipment	185,000	185,000	107,946	52,010	159,956
Fire department equipment	185,000	185,000	200,276	166,282	366,558
Roads, bridges, and equipment	1,912,000	1,912,000	1,891,540	298,194	2,189,734
Development Authority land acquisition and equipment	475,000	475,000	282,272	274,341	556,613
County shop equipment	50,000	50,000	-	-	-
Airport renovations and equipment	50,000	50,000	35,407	-	35,407
County technology infrastructure and computers	175,000	175,000	173,226	796	174,022
County public buildings	600,000	600,000	482,109	206,178	688,287
Ambulances	250,000	250,000	320,788	46,676	367,464
City of Alma Projects	2,208,000	2,208,000	2,786,786	-	2,786,786
Total	$ 6,900,000	$ 6,900,000	$ 7,211,765	$ 1,211,761	$ 8,423,526

Reconciliation to Statement of Revenues, Expenses and Changes in Fund Balance:

Purchases made with debt proceeds are reflected in this schedule as debt service occurs, therefore upon initial purchase, the related expense is excluded:

Current year purchases using debt proceeds	$ 923,266
Current year expenses per Statement of Revenues, Expenses, and Changes in Fund Balance	$ 2,135,027

BACON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
JUNE 30, 2025

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2024 SPLOST					
County projects:					
Nursing home expansion	$ 340,000	$ 340,000	$ -	$ -	$ -
Election office equipment and fixtures	25,000	25,000	-	-	-
Tax Commissioner Office equipment and fixtures	15,000	15,000	-	-	-
Clerk of Court equipment and fixtures	15,000	15,000	-	-	-
Sheriff Office vehicles, equipment	850,000	850,000	-	-	-
Senior Center equipment	25,000	25,000	-	-	-
Recreation department equipment	400,000	400,000	-	-	-
Fire department equipment	750,000	750,000	-	-	-
Roads, bridges, and equipment	1,400,000	1,400,000	-	-	-
Development Authority land acquisition and equipment	350,000	350,000	-	-	-
County shop equipment	50,000	50,000	-	-	-
Airport renovations and equipment	100,000	100,000	-	-	-
County technology infrastructure and computers	300,000	300,000	-	-	-
County public buildings	900,000	900,000	-	44,505	44,505
Ambulances	600,000	600,000	-	-	-
City of Alma Projects	2,880,000	2,880,000	104,840	652,409	757,249
Total	$ 9,000,000	$ 9,000,000	$ 104,840	$ 696,914	$ 801,754

REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

I. Schedule of Expenditures of Federal Awards and Related Notes

II. Reporting on Compliance and on Internal Controls over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *GOVERNMENT AUDITING STANDARDS*

III. Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

IV. Schedule of Findings and Questioned Costs

BACON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor / Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Identifying Number	Federal Expenditures
U.S. Federal Aviation Adminstration			
Passthrough from Georgia Department of Transportation:			
Airport Improvement Program	20.106	APO24-9089-31	$ 57,749
Airport Improvement Program	20.106	APO25-9089.31	32,588
Total 20.106			90,337
Total U.S. Federal Aviation Administration			90,337
U.S. Department of Housing and Urban Development			
Passthrough from Georgia Department of Community Affairs:			
Community Development Block Grant	14.228	21p-y-003-1-6117	541,134
Total 14.228			541,134
Total U.S. Department of Housing and Urban Development			541,134
Federal Emergency Management Agency			
Passthrough from the Georgia Emergency Management Agency			
Public Assistance Program	97.036	4830DR-GA	10,500,500
Total 97.036			10,500,500
Total Federal Emergency Management Agency			10,500,500
Total Expenditures of Federal Awards			$ 11,131,971

BACON COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bacon County, Georgia and is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are both measureable and available.

B. Indirect Cost Rate

The amounts expended include $0 claimed as an indirect cost recovery. Bacon County, Georgia has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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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 *GOVERNMENTAL AUDITING STANDARDS*

Board of Commissioners
of Bacon County, Georgia
Alma, Georgia

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 governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bacon County, Georgia as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2026. Our report includes a reference to other auditors who audited the financial statements of the Bacon County Board of Health, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Bacon County, Georgia's internal control over financial reporting (internal control) to determine the 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 Bacon County, Georgia's internal control. Accordingly, we do not express and opinion on the effectiveness of the Bacon County, Georgia's internal control.

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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weaknesses and significant deficiencies.

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. We consider the following deficiency as described in the accompanying schedule of findings and responses as item 2018-1 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-1 and 2024-1 to be significant deficiencies.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Bacon County, Georgia'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 determination of financial statement amounts. 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.*

Bacon County, Georgia's Responses to Findings
Bacon County, Georgia's responses to findings identified in our audit are described in the accompanying schedule of findings and responses. Bacon County, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Hurst & Hurst

Hurst and Hurst CPAs, LLC

Douglas, Georgia
April 17, 2026

HURST & HURST CPAs
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Bacon County, Georgia

Report on Compliance for Each Major Federal Program

We have audited Bacon County, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bacon County, Georgia's major federal programs for the year ended June 30, 2025. Bacon County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bacon County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bacon County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bacon County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, Bacon County, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Report on Internal Control over Compliance

Management of Bacon County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bacon County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bacon County, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hurst & Hurst

Hurst and Hurst CPAs, LLC

Douglas, Georgia
April 17, 2026

BACON COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting: Material weaknesses identified?	X Yes	None Reported
Significant deficiencies identified not considered to be material weaknesses?	X Yes	None Reported
Noncompliance material to financial statements noted?	Yes	X No

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	Yes	X None Reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings required to be reported in accordance with Circular A-133, Section .510(a)?	Yes	X No

Identification of Major Program(s):

Assistance Listing Number	Name of Federal Program
97.036	FEMA – Public Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee considered a low risk auditee?	Yes	X No

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

Current Year Findings: None

Follow-up to Prior Year Findings:

2024-1 Record Keeping and Amortization Schedule Maintenance
Criteria: Proper record keeping and maintenance of the county's debt service liabilities and associated payments should be maintained.
Condition: The County currently maintains multiple long-term liabilities for which there is no tracking of applicable debt service payments
Effect: The County is not aware of its long-term liability progress and relies on vendor(s) to invoice payments when due.
Cause: The County runs the risk of potentially making incorrect debt-service payments.
Recommendation: We recommend the County perform individual record keeping utilizing amortization schedules prepared in accordance with the terms of the applicable debt service to ensure only proper debt service payments are made.

Views of Responsible Officials and Planned Corrective Actions: We concur with the finding and will implement the above recommendations for future periods.
Follow-up: This condition remained present during the current fiscal year.

2021-1 Expenditures in Excess of Appropriations
Criteria: According to the Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3(b)(1) "Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each *special revenue fund* and each debt service fund and requires a project length balanced budget for capital project funds in use by the local government".
Condition: The entity had expenditures in excess of appropriations at the legal level of budgetary control in multiple general fund departments.
Effect: The entity was not in compliance with the above state statute regarding budgetary control.
Cause: The entity did not amend the budgets for excess expenditures as those excess expenditures arose.
Recommendation: We recommend that the entity monitor the budget on a monthly basis and amend accordingly for instances of excess expenditures.
Views of Responsible Officials and Planned Corrective Actions: We concur with the finding. We will continue to review and improve policies and procedures in an effort to adopt annual budgets for all special revenue funds and be in compliance with State law.
Follow-up: This condition remained present amongst various County departments during the current fiscal year.

2018-1 Segregation of Duties
Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.
Condition: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County.
Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.
Cause: The lack of segregation of duties is due to the lack of properly developed integrated work plan with appropriate controls and an improper allocation of available resources. In addition, in certain circumstances there are a limited number of trained individuals in each office available to perform all of the duties.
Recommendation: We recommend the duties of recording, distributing, and reconciling of accounts be segregated among employees.
Views of Responsible Officials and Planned Corrective Actions: We concur with the finding. We will continue to improve the segregation of duties to the greatest extent possible given our limited resources.
Follow-up: This condition remained present amongst various County departments during the current fiscal year.

2018-2 Budgetary Controls – Adopting Annual Budgets – (OCGA 36-81-3(b))
Criteria: To comply with applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with state law. The Official Code of Georgia ("OCGA") Section 36-81-3(b) requires an annual balanced budget for the General Fund, each special revenue, and each debt service fund. Any increase in appropriation at the legal level of control requires the approval of the governing authority.
Condition: The County was in violation of State Budget status for the year ended June 30, 2018, as certain budgets were not adopted on an annual basis for multiple special revenue funds.
Effects: The County did not comply with budget requirements established by restrictions of policy, regulation, laws and contracts. The OCGA Section 36-81-3(b), requires an annual balanced budget for the general fund, each special revenue fund, and each debt service fund.
Cause: The above condition was caused by a lack of internal controls regarding compliance with laws and regulations of the County not being sufficiently aware of budget requirements.
Recommendations: We recommend County management monitor the compliance with laws and regulations and adopt future budgets as required by state law for all special revenue funds.
Views of Responsible Officials and Planned Corrective Actions: We concur with the finding. We will continue to review and improve policies and procedures in an effort to adopt annual budgets for all special revenue funds and be in compliance with State law.
Follow-up: This condition remained present amongst numerous County funds for the current fiscal year.

REPORT ON CERTIFICATION OF E-911 FUND EXPENDITURES

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Independent Accountant's Report

We have examined management's assertion included in the accompanying Certification of 9-1-1 Expenditures on Bacon County, Georgia's compliance during the fiscal year ended June 30, 2025, with the requirement to expend 9-1-1 funds in compliance with the expenditure requirements of the Official code of Georgia Annotated, Section 46-5-134. Management is responsible for Bacon County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Bacon County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Bacon County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of Bacon County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Bacon County, Georgia complied with the aforementioned requirement during the fiscal year ended June 30, 2025, is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than the specified parties.

Hurst & Hurst

Hurst and Hurst CPAs, LLC

Douglas, Georgia
April 17, 2026

Bacon County, Georgia

Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2025

Line No.		O.C.G.A. Reference:	
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):		
	__X__ Special Revenue Fund ____ Enterprise Fund		
	Expenditures (UCOA Activity 3800)		
2	Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	_____		$ _____
	_____		$ _____
	_____		$ _____
3	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
3a	Lease costs	46-5-134(f)(1)(A)	$ _____
3b	Purchase costs	46-5-134(f)(1)(A)	$ _____
3c	Maintenance costs	46-5-134(f)(1)(A)	$ _____
4	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	$ _____
5	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2		
5a	Salaries and wages	46-5-134(f)(1)(C)	$ 45,056
5b	Employee benefits	46-5-134(f)(1)(C)	$ 15,496
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$ _____
7	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(1)(E)	$ 2,745
8	Building used as a public safety answering point:		
8a	Lease costs	46-5-134(f)(1)(F)	$ _____
8b	Purchase costs	46-5-134(f)(1)(F)	$ -
9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:		
9a	Lease costs	46-5-134(f)(1)(G)	$ _____
9b	Purchase costs	46-5-134(f)(1)(G)	$ _____
9c	Maintenance costs	46-5-134(f)(1)(G)	$ 6,700

Bacon County, Georgia

Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2025

Line No.		O.C.G.A. Reference:	
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	$
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs	46-5-134(f)(1)(I)	$
11b	Purchase costs	46-5-134(f)(1)(I)	$
11c	Maintenance costs	46-5-134(f)(1)(I)	$
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	$ 249
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2(B)(ii)	$
13b	Purchase costs	46-5-134(f)(2(B)(ii)	$
13c	Maintenance costs	46-5-134(f)(2(B)(ii)	$
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	$
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2(B)(iv)	$
15b	Purchase costs	46-5-134(f)(2(B)(iv)	$
15c	Maintenance costs	46-5-134(f)(2(B)(iv)	$
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2(B)(v)	$
16b	Purchase costs	46-5-134(f)(2(B)(v)	$
16c	Maintenance costs	46-5-134(f)(2(B)(v)	$

Bacon County, Georgia

Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2025

Line No.		O.C.G.A. Reference	
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		
	_____		$ _____
	Telecommunication utilities for public safety answering point		$ 50,313
	_____		_____
	_____		$ _____
	_____		$ _____
	_____		$ _____
	_____		$ _____
	_____		$ _____
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		$ 120,559

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official _____ Date: April 17, 2026

Print Name of Chief Elected Official: Shane Taylor

Title of Chief Elected Official: Chairman

Signature of Chief Financial Officer _____ Date: April 17, 2026

Print Name of Chief Financial Officer: Mary Lee Sweat

APPENDIX C

FORMS OF THE RESOLUTION AND THE CONTRACT

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RESOLUTION

A RESOLUTION OF THE HOSPITAL AUTHORITY OF BACON COUNTY (THE "**AUTHORITY**") TO PROVIDE FOR THE ISSUANCE OF THE HOSPITAL AUTHORITY OF BACON COUNTY REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026, IN THE AGGREGATE PRINCIPAL AMOUNT OF [$_____] (THE "**SERIES 2026 CERTIFICATES**"), PURSUANT TO AND IN CONFORMITY WITH THE CONSTITUTION AND STATUTES OF THE STATE OF GEORGIA, PAYABLE FROM REVENUES AND EARNINGS DERIVED FROM THE AUTHORITY'S OWNERSHIP AND OPERATION OF THE HEALTH CARE SYSTEM OF THE AUTHORITY, AS SAID SYSTEM PRESENTLY EXISTS AND HEREAFTER MAY BE EXPANDED, ALTERED, IMPROVED AND EQUIPPED (THE "**SYSTEM**" OR "**HEALTH CARE SYSTEM**"); SAID SERIES 2026 CERTIFICATES TO PROVIDE FUNDS TO FINANCE, IN WHOLE OR IN PART, THE COST OF ACQUIRING, CONSTRUCTING, AND EQUIPPING ADDITIONS AND IMPROVEMENTS OF HEALTHCARE FACILITIES; TO SECURE PAYMENT OF THE SERIES 2026 CERTIFICATES BY A FIRST AND PRIOR PLEDGE OF OR CHARGE OR LIEN ON THE GROSS REVENUES OF THE SYSTEM ON A PARITY BASIS WITH THE AUTHORITY'S OUTSTANDING SERIES 2022 CERTIFICATE; TO AUTHORIZE THE EXECUTION OF AN INTERGOVERNMENTAL CONTRACT WITH BACON COUNTY, GEORGIA; TO PROVIDE FOR THE REMEDIES OF THE OWNERS OF ALL CERTIFICATES ISSUED HEREUNDER; AND FOR OTHER PURPOSES.

TABLE OF CONTENTS

PREAMBLE

1. The Hospital Authority of Bacon County (the "**Authority**") is a public body corporate and politic created by the Hospital Authorities Law of Georgia, codified in Official Code of Georgia Annotated ("**O.C.G.A.**") § 31-7-70 *et seq*. (the "**Hospital Authorities Law**"), and was activated by a resolution adopted on February 7, 1950 by the governing body of Bacon County at the time of such activation.

2. The Hospital Authorities Law grants to the Authority the power to acquire, construct, and equip hospitals and other public health facilities for the use of patients and officers and employees of any institution under the supervision and control of the Authority or leased by the Authority for operation by others, to promote the public health needs within its area of operation and all utilities and facilities deemed by the Authority necessary or convenient for the efficient operation thereof, and the power to establish rates and charges for the services and use of the facilities of the Authority. Pursuant to such powers, the Authority has heretofore acquired, constructed, and equipped and now owns Bacon County Hospital, the Twin Oaks Convalescent Center, Bacon County Community Care Center, Nicholls Family Health Care, ABC Child Development Center and other related facilities and offices (together, the "**System**" or "**Health Care System**") in Bacon County and surrounding areas.

3. In accordance with a Lease Agreement between the Authority and Bacon County Health Services, Inc. ("**Health Services, Inc.**"), a Georgia non-profit corporation, dated as of January 16, 1996, which lease took effect on July 1, 1996, as supplemented and amended by an Amendment to Lease on December 1, 1998, a Second Amendment to Lease on October 6, 2011, a Third Amendment to Lease on April 21, 2022, and a Fourth Amendment to Lease to be dated the date of issuance of the Series 2026 Certificates (collectively, the "**Lease**"), the Authority leases the Health Care System and its related facilities to Health Services, Inc. as a part of an overall plan to promote the public health needs of Bacon County and its surrounding counties by making additional health care facilities available and to lower the long-term cost of health care. Health Services, Inc. operates the Health Care System pursuant to the Lease.

4. Pursuant to Paragraph 2(a) of the Lease, Health Services, Inc. is obligated to fix rates and charges in such amounts as will produce revenues sufficient, together with other funds, to (i) pay principal and interest on certificates of the Authority issued for the benefit of Health Services, Inc., (ii) provide for the maintenance and operation of the Health Care System, (iii) create and maintain reserves sufficient to meet the principal and interest payments due on any certificates in any one year after the issuance thereof, and (iv) provide reasonable reserves for the improvement, replacement or expansion of the present facilities or services of the Health Care System.

5. The Hospital Authorities Law authorizes the Authority to issue revenue anticipation certificates or other evidences of indebtedness for the purpose of paying all or any part of the cost of the acquisition, construction, equipping, and other charges incident thereto, in connection with any facilities or project, and for the purpose of refunding outstanding certificates, and as security for repayment of its revenue anticipation certificates, to mortgage, pledge, or assign any revenue, income, tolls, charges, or fees received by the Authority and to hypothecate any revenues received from political subdivisions.

6. After investigation and study, the Authority has determined that it is in its best interests to issue its HOSPITAL AUTHORITY OF BACON COUNTY REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026, in the aggregate principal amount of [$_____] (the "**Series 2026 Certificates**"), for the purpose of acquiring, constructing and equipping additions and improvements to healthcare facilities of the System, including renovations, additions and improvements to the Twin Oaks Convalescent Center (the "**Project**" or "**Projects**"), and paying the costs of issuance of the Series 2026 Certificates.

7. Pursuant to a resolution adopted by the Authority on March 15, 2022 (the "**2022 Resolution**"), the Authority has heretofore issued on April 21, 2022, its HOSPITAL AUTHORITY OF BACON COUNTY REFUNDING REVENUE ANTICIPATION CERTIFICATE, SERIES 2022 (the **"Series 2022 Certificate**"), in the original principal amount of $7,735,000, to provide funds needed to pay the cost of refunding and defeasing the HOSPITAL AUTHORITY OF BACON COUNTY REFUNDING AND IMPROVEMENT REVENUE CERTIFICATES (TAX-EXEMPT), SERIES 2011B, and paying the costs of issuance of the Series 2022 Certificate.

8. The Series 2022 Certificate is currently outstanding in the principal amount of $4,809,000, bearing interest at a rate of 1.990% per annum payable semi-annually on March 1 and September 1 of each year and maturing on March 1, 2032, subject to scheduled mandatory redemption on March 1 of each year in the principal amounts set forth in the 2022 Resolution.

9. The Series 2022 Certificate is the only outstanding revenue anticipation certificate of the Authority and is a special limited obligation of the Authority, the principal of and interest on which are payable from and secured by a first priority pledge of and lien on the gross revenues derived by the Authority from its ownership and operation of the Health Care System, including revenues received under the Lease. In addition, the Series 2022 Certificate is secured by revenues to be derived pursuant to a contract between the Authority and Bacon County, dated as of April 21, 2022 (the "**2022 Contract**"), wherein the County is obligated to make payments to the Authority sufficient in amount to pay the principal of and interest on the Series 2022 Certificate as the same become due and payable, to the extent gross revenues of the Health Care System pledged to such payment are insufficient for such purposes, subject to maximum millage rate limitations now or hereafter permitted pursuant to the provisions of the Hospital Authorities Law.

10. Section 509 of the 2022 Resolution authorizes the issuance of Parity Certificates payable from the Sinking Fund and ranking as to lien on the gross revenues of the Health Care System *pari passu* with the Series 2022 Certificate, provided all of the conditions in Section 509 of the 2022 Resolution are met. The Authority hereby finds that all of the requirements of Section 509 of the 2022 Resolution have been met, or will be met prior to the issuance and delivery of the Series 2026 Certificates.

11. The Board of Commissioners of Bacon County has indicated its willingness to take such actions as may be required for the Authority to issue the Series 2026 Certificates authorized by this resolution, including the execution of an amended and restated intergovernmental contract (the "**Contract**"), the form of which is attached hereto as Exhibit A, Pursuant to the Contract, the County, in consideration of the services of Health Care System to the indigent sick of the County, will covenant and agree that should the Gross Revenues (as defined in this Resolution) of the

Health Care System be insufficient to pay the principal of and premium, if any, and interest on the Series 2022 Certificate and Series 2026 Certificates as the same become due and payable, it will pay promptly to the Authority the amount of such insufficiency for the purpose of paying such principal of and premium, if any, and interest, subject to maximum millage rate limitations now or hereafter permitted pursuant to the provisions of the Hospital Authorities Law.

12. The payment of principal and interest on the Series 2026 Certificates and the Series 2022 Certificate, and any certificates issued hereafter on a parity therewith pursuant to this Resolution and the 2022 Resolution, shall be secured by a first and prior pledge of and charge or lien on the Gross Revenues of Health Care System and a first and prior pledge of and charge or lien on the payments from the County to assure timely payment of the Debt Service on said certificates.

NOW, THEREFORE, BE IT RESOLVED by the Hospital Authority of Bacon County, in public meeting properly and lawfully called and assembled, and it hereby is resolved by authority of the same, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 101. Definitions of Certain Terms In addition to the words and phrases elsewhere defined in this Resolution, the following words and phrases used herein shall have the following meanings:

"**2022 Resolution**" means the resolution of the Authority dated March 15, 2022, authorizing the issuance and delivery of the Series 2022 Certificate.

"**Authentication Agent**" means with respect to the Series 2026 Certificates, Regions Bank, in the City of Atlanta, Georgia, and with respect to any Parity Certificates, shall have the meaning specified by the supplemental resolution authorizing such Parity Certificates.

"**Authority**" means the Hospital Authority of Bacon County, a body corporate and politic created and existing under the Hospital Authorities Law, and any successor or successors to the present Authority, and any person, body or authority to whom, or to which, hereafter may be delegated by law the duties, powers, authority, obligations or liabilities of the present Authority either in whole or in relation to the Health Care System.

"**Authority Representative**" means any person at the time designated to act on behalf of the Authority by a certificate containing the specimen signature of such person and signed by the Chairman of the Authority. Such certificate may designate one or more alternates.

"**Bond Counsel**" means an attorney at law or a firm of attorneys, designated by the Authority, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"**Certificate Date**" means the date a series of Certificates is dated, and with respect to the Series 2026 Certificates, the term means the date of issuance and delivery of the Series 2026 Certificates.

"**Certificate holder**," "**Holder**," or **"Owner**" means the registered owner of any Certificate.

"**Certificates**" means the Series 2022 Certificate, the Series 2026 Certificates, and, from and after the issuance of any Parity Certificates, unless the context clearly indicates otherwise, such Parity Certificates.

"**Cede & Co.**" means Cede & Co., the nominee of DTC or any successor nominee of DTC.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Contract**" means the amended and restated intergovernmental contract, dated as of the date of issuance and delivery of the Series 2026 Certificates, between the Authority and the County, the form of which is attached hereto as Exhibit A.

"**Costs of Issuance**" means the reasonable and necessary costs and expenses incurred by the Authority with respect to the issuance of a series of Certificates, the Resolution, and any transaction or event contemplated by the Resolution, including fees and expenses of engineers, accountants, attorneys, placement agents, underwriters, financial advisors; financial fees and expenses; advertising, recording, validation and printing expenses; premiums for municipal bond insurance and Debt Service Reserve Credit Instruments; and all other costs and expenses incurred in connection with the issuance of a series of Certificates.

"**Costs of Issuance Account**" means an account, authorized to be created pursuant to Section 402 of this Resolution for the exclusive purpose of paying Costs of Issuance incurred in connection with the issuance of a series of Certificates.

"**County**" means Bacon County, Georgia, a political subdivision of the State.

"**Debt Service**" means the principal of and interest due on the Certificates.

"**Debt Service Requirement**" means the amount required in a Sinking Fund Year to pay the Debt Service on the Certificates as the same becomes due and payable.

"**Debt Service Reserve Fund**" means the fund of such name described in Section 502(c).

"**Debt Service Reserve Credit Instrument**" means a debt service reserve insurance policy or surety bond or letter of credit or a combination thereof deposited in the Debt Service Reserve Fund in accordance with Section 503(b) in lieu of or in partial substitution for cash on deposit therein.

"**Debt Service Reserve Requirement**" There will not be a debt service reserve requirement for the Series 2026 Certificates. If Parity Certificates are issued hereafter, such Parity Certificates of any such future issue or issues may have a debt service reserve requirement subject to provisions of the supplemental resolution authorizing the issuance of such Parity Certificates.

"**DTC**" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, or its nominee, or any other person, firm, association or corporation designated in any resolution of the Authority supplemental hereto to serve as securities depository for a series of Certificates.

"**DTC Participant**" means securities brokers and dealers, banks, trust companies, clearing corporation, and certain other corporations which have access to the DTC system.

"**Federal Tax Certificate**" means a certificate executed by the appropriate officer of the Authority, dated the date of issuance and delivery of a series of tax-exempt Certificates, containing, among other provisions, representations to the effect that on the basis of facts and estimates set forth therein (A) it is not expected that the proceeds of said series will be used in a manner that would cause said series to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable regulations thereunder, and (B) to the best knowledge and belief of said officer, such expectations are reasonable.

"**Government Obligations**" means bonds or other obligations of the United States of America or obligations representing an interest therein which as to principal and interest constitute

direct obligations of the United States of America or are fully guaranteed as to payment by the United States of America.

"**Gross Revenues**" means all revenues derived by the Authority from its ownership of the Health Care System which include the payments received from Health Services, Inc. pursuant to the Lease. In the event the Lease is terminated and the Authority assumes operation of the System, Gross Revenues shall mean all revenues, income, receipts, and money derived from the ownership and operation of the Health Care System, but without limiting the generality of the foregoing, the following items:

(a) gifts, grants, bequests, donations, and contributions to the Health Care System exclusive of any gifts, grants, bequests, donations, and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Debt Service on the Certificates, and

(b) proceeds derived from (i) insurance, except to the extent the use thereof is otherwise required by this Resolution, (ii) accounts receivable, (iii) investment income (with the exception noted below), (iv) inventory and other tangible and intangible property, (v) Health Care System expense reimbursement or medical expense reimbursement for Health Care System functions or insurance programs or agreements, (vi) condemnation awards except to the extent that the use thereof is otherwise required by this Resolution, and (vii) contracts and other rights and assets relating to the Health Care System which are now or hereafter owned or held or possessed by or on behalf of the Authority, including the Contract (with the exception noted below).

Notwithstanding the foregoing, Gross Revenues shall not include (a) income earned in any construction fund established with proceeds of Certificates, (b) payments by the County pursuant to the Contract which are dedicated to the payment of Debt Service on the Certificates, (c) the proceeds of borrowing and interest earned thereon if and to the extent such interest is required to be excluded by the terms of the borrowing, and (d) local, state or federal grants and capital improvement contract payments or other Money received for capital improvements to the Health Care System.

"**Hospital**" means Bacon County Hospital which is a part of the Health Care System as described in the preamble to this Resolution.

"**Health Care System**" or "**System**" means the Bacon County Hospital, the Twin Oaks Convalescent Center, Bacon County Community Care Center, Nicholls Family Health Care, ABC Child Development Center, and related health care facilities and physician offices in Bacon County and surrounding areas, Georgia, as they presently exist and are hereafter added to, extended, improved, and equipped.

"**Health Services Inc.**" shall be the Bacon County Health Services, Inc., a Georgia non-profit corporation, as further defined in paragraph 3 of the preamble to this Resolution.

"**Hospital Authorities Law**" means O.C.G.A. § 31-7-70, *et seq.*

"**Interest Payment Date**" with respect to the Series 2026 Certificates, shall have the meaning given such term in Section 202(a), and with respect to any Parity Certificates, shall have the meaning specified by the supplemental resolution authorizing such Parity Certificates.

"**Lease**" shall have the meaning given such term in paragraph 3 of the preamble to this Resolution.

"**O.C.G.A.**" means Official Code of Georgia Annotated.

"**Operating Expenses**" means the reasonable and necessary costs of operating, maintaining, and repairing the Health Care System, including salaries, wages, payment of any contractual obligations pertaining to the operation of the Health Care System, the cost of materials and supplies, rentals of leased property and facilities, insurance and such other charges as may properly be made for the purpose of operating, maintaining, and repairing the Health Care System in accordance with sound business practice, the payment of necessary fees and charges, if any, of the Paying Agent, Registrar, and Authentication Agent (if a bank or trust company), and the payment, if any, for the investment services of any fund or account held for the benefit of the Health Care System, but shall not include depreciation, amortization charges, bond interest expense, or allocation of overhead.

"**Outstanding**" or "**Outstanding Certificates**" means all Certificates which have been executed and delivered pursuant to this Resolution except:

(a) Certificates cancelled because of payment or redemption;

(b) Certificates for the payment or redemption of which funds or securities in which such funds are invested shall have been deposited theretofore with a duly designated paying agent or escrow agent for the Certificates (whether upon or prior to the maturity or redemption date of any such Certificates) provided that if such Certificates are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or provision satisfactory to such Paying Agent shall have been made therefor, or a waiver of such notice, satisfactory in form to such Paying Agent, shall have been filed with such Paying Agent; and

(c) Certificates in lieu of which other Certificates have been executed and delivered under Section 205 of this Resolution.

"**Parity Certificates**" means any revenue anticipation certificates of the Authority which may be issued hereafter on a parity with the Series 2026 Certificates in accordance with the terms of this Resolution.

"**Paying Agent**" means with respect to the Series 2026 Certificates, Regions Bank, in the City of Atlanta, Georgia, and with respect to any Parity Certificates, shall have the meaning specified by the supplemental resolution authorizing such Parity Certificates.

"**Principal Payment Date**" means March 1.

"**Project**" or "**Projects**" means, with respect to the Series 2026 Certificates, the acquisition, construction, and equipping of additions and improvements to healthcare facilities of the System, including renovations, additions and improvements to the Twin Oaks Convalescent Center, including the construction of "isolation rooms" in order to accommodate residents that have or may develop communicable disease processes or auto-immune conditions, additional private rooms, additional nurses' station, renovations of existing spaces to provide new finish

upgrades to wing "D" of approximately 3,825 square feet, additional resident spaces on wing "A" of approximately 14,009 square feet, common bathing and living room expansion of approximately 582 square feet, heavy interior renovation of rehabilitation space of approximately 2,769 square feet, and a chapel expansion of approximately 1,876 square feet.

"**Project Superintendent**" means the Authority Representative and any other person designated by the Authority to have responsibility to supervise the acquisition and construction of the Project and any successor to such person.

"**Record Date**" shall have the meaning given such term in Section 202(e).

"**Registrar**" means with respect to the Series 2026 Certificates, Regions Bank, in the City of Atlanta, Georgia, and with respect to any Parity Certificates, shall have the meaning specified by the supplemental resolution authorizing such Parity Certificates.

"**Renewal and Extension Fund**" means the HOSPITAL AUTHORITY OF BACON COUNTY RENEWAL AND EXTENSION FUND provided for in Section 502(d) hereof.

"**Renewal and Extension Fund Custodian**" means [First National Bank South, in the City of Alma, Georgia,] or such other bank or trust company so designated from time to time by resolution of the Authority.

"**Resolution**" means this resolution, including any supplements or amendments hereto, which authorizes the issuance of the Series 2026 Certificates and the future issuance, subject to certain conditions, of Parity Certificates.

"**Revenue Bond Law**" means the Revenue Bond Law of the State of Georgia, codified in O.C.G.A. § 36-82-60 through § 36-82-85, as amended.

"**Revenue Fund**" means the fund described in Section 502(a).

"**Revenue Fund Custodian**" means [First National Bank South, in the City of Alma, Georgia,] or such other bank or trust company so designated from time to time by resolution of the Authority.

"**Series 2022 Certificate**" means the outstanding HOSPITAL AUTHORITY OF BACON COUNTY REFUNDING REVENUE ANTICIPATION CERTIFICATE, SERIES 2022, authorized to be issued by the 2022 Resolution.

"**Series 2026 Certificates**" means the HOSPITAL AUTHORITY OF BACON COUNTY REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026, authorized to be issued pursuant to the terms of this Resolution.

"**Sinking Fund**" means the fund described in Section 502(b).

"**Sinking Fund Custodian**" means [First National Bank South, in the City of Alma,] Georgia, or such other bank or trust company so designated from time to time by resolution of the Authority.

"**Sinking Fund Year**" means the period commencing on March 2 in a year and ending on March 1 in the next ensuing year.

"**State**" means the State of Georgia.

Section 102. Rules of Construction. Unless the context clearly indicates to the contrary:

(a) "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," and other equivalent words refer to this Resolution and not solely to the particular portion thereof in which any such word is used;

(b) any pronoun used herein shall be deemed to cover all genders;

(c) all references herein to particular Articles or Sections are references to Articles or Sections of this Resolution; and

(d) the titles preceding each Section of this Resolution are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provisions of this Resolution.

[END OF ARTICLE I]

ARTICLE II

AUTHORIZATION, TERMS, AND FORM OF CERTIFICATES

Section 201. Authorization and Designation. Revenue anticipation certificates of the Authority designated the HOSPITAL AUTHORITY OF BACON COUNTY REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026 are hereby authorized to be issued for the purposes aforesaid in the aggregate principal amount of [$_____] (the "**Series 2026 Certificates**") pursuant to the Hospital Authorities Law, the Revenue Bond Law, the laws of the State relating to the Authority, and pursuant to this Resolution.

Section 202. Maturities, Interest Rates, Interest Payment Dates, Date, Denominations, and Other Particulars.

(a) The Series 2026 Certificates shall bear interest at the rates set out below, payable semi-annually on the first days of March and September (each an "**Interest Payment Date**") in each year, beginning [March 1, 2027], and shall mature on March 1 (the "**Principal Payment Date**") in the years and in the amounts as follows:

Year	Principal Amount	Interest Rate

(b) The Series 2026 Certificates shall be dated as of the date of issuance and delivery thereof (the "**Certificate Date**").

(c) The Series 2026 Certificates as originally issued shall be lettered and numbered from R-1 upward in order of maturity, or in such other manner as may be directed by the Authority, according to the records maintained by the Registrar.

(d) Except as provided in this Section, each Series 2026 Certificate shall bear interest from the Interest Payment Date next preceding the date of authentication of such Series 2026 Certificate to which interest on the Series 2026 Certificates has been paid, unless (i) such date of authentication is an Interest Payment Date to which interest has been paid, in which case from such Interest Payment Date, (ii) such date of authentication of such Certificate is after the Record Date with respect to an Interest Payment Date and prior to such Interest Payment Date, in which case from such Interest Payment Date, or (iii) no interest has been paid on the Certificates, in which case from the Certificate Date.

(e) The person in whose name any Certificate is registered at the close of business on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding any registration of transfer or exchange subsequent to such Record Date and prior to such Interest Payment Date. The term "**Record Date**" as used in this Section with respect to any Interest Payment Date shall mean the 15th day of the calendar month next preceding such Interest Payment Date; provided, however, that if and to the extent a default shall occur in the payment of interest due on such Interest Payment Date, such past due interest shall be paid to the persons in whose name Outstanding Certificates are registered on a subsequent date of record established by notice given by mail by the Registrar to the Holders of the Certificates not less than 30 days preceding such subsequent date of record.

(f) The Debt Service and redemption premium, if any, on the Certificates shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The principal of the Certificates (and in the case of term Certificates, the final payment of principal) shall be payable upon the presentation and surrender of the Certificates to the Paying Agent. The Debt Service on the Certificates shall be paid by check or draft mailed by the Paying Agent by first class mail to the respective Owners of the Certificates at such Owners' addresses as they appear on the bond register kept by the Registrar (or by wire transfer to the Owners of Certificates in the minimum aggregate principal amount of $1,000,000 at a wire transfer address which said Owners have provided to the Paying Agent not less than five business days prior to an Interest Payment Date, which wire instructions shall remain in effect until the Paying Agent is notified to the contrary).

(g) The Series 2026 Certificates shall be issued as fully registered, without coupons, in the denomination of $5,000 in principal amount or any integral multiple thereof.

(h) Certificates are authorized hereby to be issued in book-entry only form, with no physical distribution of Certificates made to the public. If a series of Certificates is issued as book-entry certificates, the following procedures shall apply thereto:

The Series 2026 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity,

in the aggregate principal amount of such maturity, and will be held by the Registrar on behalf of DTC.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants (which include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations), which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate (a "**Beneficial Owner**") is in turn to be recorded on the records of the Direct Participants and others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The registration of the Certificates in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Principal and interest payments on the Certificates will be made by the Paying Agent to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

If (a) DTC determines not to continue to act as securities depository for the Certificates or (b) the Authority determines that the continuation of the book-entry system of evidence and

transfer of ownership of the Certificates would adversely affect the interests of the Authority or the Beneficial Owners of the Certificates, the Authority shall discontinue the book-entry system with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority will cause the Paying Agent to authenticate and deliver replacement Certificates in the form of fully registered Certificates to each Beneficial Owner.

If a book-entry system of evidence and transfer of ownership of the Certificates is discontinued pursuant to the provisions of this Section, the Certificates shall be delivered solely as fully registered Certificates without coupons in such denominations as shall be determined by the Authority, shall be lettered "R" and numbered separately from 1 upward, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions of Article II hereof. In addition, the Authority will pay all costs and fees associated with the printing of the Certificates and issuance of the same in certificated form.

SO LONG AS CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, IS THE SOLE CERTIFICATE HOLDER, THE AUTHORITY AND THE REGISTRAR WILL TREAT CEDE & CO. OR SUCH OTHER NOMINEE AS THE ONLY OWNER OF THE CERTIFICATES FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND INTEREST ON THE CERTIFICATES, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE AUTHORITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE RESOLUTION. THE AUTHORITY HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE CERTIFICATES; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO CERTIFICATE HOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS OWNER.

If Certificates are issued as book-entry certificates, the form of said Certificates shall contain the following text:

> *Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Hospital Authority of Bacon County or its agent for registration of transfer, exchange, or payment, and any Certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*
>
> *The Authority has established a Book Entry system of registration for this Certificate. Except as specifically provided otherwise in the hereinafter defined Resolution, Cede & Co., as nominee of DTC, will be the registered owner and will*

> *hold this Certificate on behalf of each beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, each beneficial owner of this Certificate shall be deemed to have agreed to such arrangement. Cede & Co., as registered owner of this Certificate, will be treated as the owner of this Certificate for all purposes.*

Section 203. Execution of Certificates. Certificates will be executed on behalf of the Authority with the manual or facsimile signature of the Chairman of the Authority and the seal of the Authority will be impressed, imprinted or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary of the Authority.

If any officer whose manual or facsimile signature shall appear on the Certificates shall cease to be such officer before delivery of the Certificates, such signature, nevertheless, shall be valid and sufficient for all purposes the same as if such officer had remained in office until delivery, and the Certificates, nevertheless, may be issued and delivered as though the person whose signature appears on the Certificates had not ceased to be such officer. Any of the Certificates may be executed and sealed on behalf of the Authority by the manual or facsimile signatures of such officers who, at the time of the execution of the Certificates, may hold the proper offices of the Authority although on the date of the Certificates or on the date of any lawful proceedings taken in connection therewith such persons may not have held such offices.

Section 204. Authentication of Certificates. Each Certificate shall bear thereon a certificate of authentication substantially in the form hereinafter prescribed, executed by the Authentication Agent with a manually executed signature. Only such Certificates as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Certificate shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Authentication Agent and such certificate of the Authentication Agent shall be conclusive evidence that the Certificate so authenticated has been duly authenticated, registered, and delivered under this Resolution and that the Owner thereof is entitled to the benefits of this Resolution. At such time as the Authentication Agent is a financial institution, the certificate of authentication on any Certificate shall be deemed to have been executed by such Authentication Agent if signed manually by an authorized officer of the Authentication Agent or its authorized representative or agent, but it shall not be necessary that the same officer or authorized representative or agent sign the certificate of authentication on all the Certificates.

Section 205. Mutilated, Lost, Stolen or Destroyed Certificates. If any Certificate is mutilated, lost, stolen or destroyed, the Authority will execute and deliver a new Certificate of like tenor as that mutilated, lost, stolen or destroyed, provided that, in the case of any such mutilated Certificate, such Certificate is first surrendered to the Registrar and, in the case of any such lost, stolen or destroyed Certificate, there is first furnished evidence of such loss, theft or destruction satisfactory to the Registrar, together with indemnity satisfactory to the Registrar. No service charge shall be made for any such transaction, but a charge may be made to cover any actual expense incurred. If any such Certificate shall have matured or become due, in lieu of issuing a duplicate Certificate the Authority may pay such Certificate without surrender thereof.

Section 206. Persons Treated as Owners of Certificates. The Authority and its agents, including the Paying Agent and Registrar, may deem and treat the Holder of any Certificate as the absolute Owner of such Certificate for the purpose of receiving payment of the principal thereof and the interest thereon and for all other purposes whatever. All such payments of principal, premium, if any, and interest made to any such Owner or upon such Owner's order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and neither the Authority nor any such agent shall be affected by any notice to the contrary.

Section 207. Validation Certificate. A validation certificate of the Clerk of the Superior Court of Bacon County, State of Georgia, bearing the manual or facsimile signature of said Clerk will be endorsed on each Certificate and will be essential to its validity.

Section 208. Registration; Transfer and Exchange of Certificates.

(a) The Certificates shall be registered as to both principal and interest on the registration book to be kept for that purpose by the Registrar. The Registrar will keep proper registration, exchange, and transfer records in which it shall register the name and address of the Owners of the Certificates.

(b) The Certificates may be transferred only on the bond register of the Registrar with respect to the Certificates. No transfer of any Certificate shall be permitted except upon presentation and surrender of such Certificate at the office of the Registrar with a written assignment signed by the Owner of such Certificate in person or by such Owner's duly authorized attorney in form and with guaranty of signature satisfactory to the Registrar.

(c) Upon surrender for registration of transfer of any Certificate to the Registrar, the Authority shall execute and the Authentication Agent shall authenticate and deliver to the transferee or transferees a new Certificate or Certificates for a like aggregate principal amount and maturity. Certificates may be exchanged at the office of the Registrar for a like aggregate principal amount of Certificates of authorized denominations and of like maturity. The execution by the Authority of any Certificate in any authorized denomination shall constitute full and due authorization of such denomination and the Registrar shall thereby be authorized to authenticate and deliver such Certificate. No charge shall be made to any Certificate holder for the privilege of registration of transfer or exchange, but the Certificate holder requesting any such registration of transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto.

Section 209. Limited Obligation.

(a) The Certificates shall not be payable from nor a charge upon any funds other than the funds pledged to the payment thereof and are payable solely from the funds provided therefor including the Gross Revenues of the Health Care System. The Certificates and any interest payment thereon shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Authority other than said funds and Gross Revenues.

(b) Neither the members of the Authority nor any person executing Certificates on behalf of the Authority shall be personally liable thereon by reason of the issuance thereof. Certificates and other obligations of the Authority shall not be a debt of any municipal corporation or county in the State, or of the State or any political subdivision thereof, or any combination of subdivisions acting jointly as provided in the Hospital Authorities Law.

Section 210. Records Maintenance. In every case of an exchange of Certificates and of the registration of transfer of any Certificate, the surrendered Certificates shall be held by the Registrar. All Certificates surrendered for exchange or registration of transfer shall be cancelled by the Registrar.

Section 211. Destruction of Cancelled Certificates. All Certificates paid, purchased or redeemed, either at or before maturity, shall be cancelled and delivered to the Registrar when such payment or redemption is made. All Certificates so cancelled shall be destroyed upon their delivery to the Registrar and record of such destruction shall be furnished to the Authority and preserved in the permanent records of the Authority.

Section 212. Form of Certificates. The Series 2026 Certificates and the certificate of validation and certificate of authentication to be endorsed thereon shall be in either typewritten or printed form in substantially the following terms and form, with such variations, omissions, substitutions, and insertions as may be required in accordance with this Resolution to complete properly each Series 2026 Certificate and as may be approved by the officer or officers executing each Series 2026 Certificate by manual or facsimile signature, which approval shall be conclusively evidenced by such execution:

[Continued on Following Page]

Unless this Series 2026 Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Hospital Authority of Bacon County or its agent for registration of transfer, exchange, or payment, and any Series 2026 Certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF GEORGIA

HOSPITAL AUTHORITY OF BACON COUNTY
REVENUE ANTICIPATION CERTIFICATE (CONVALESCENT CENTER PROJECT), SERIES 2026

No. R- CUSIP:

Maturity Date: March 1, ____
Interest Rate:
Principal Amount:
Certificate Date: [Date of Issuance and Delivery]
Registered Owner: Cede & Co.

The Hospital Authority of Bacon County (the "Authority"), a public body corporate and politic, duly created and existing pursuant to the Hospital Authorities Law of Georgia (the "Hospital Authorities Law"), for value received hereby promises to pay or cause to be paid to the registered owner named above or its registered assigns, the principal amount specified above, solely from the special fund provided therefor as hereinafter set forth, on the maturity date specified above, and interest on such principal sum at the interest rate per annum specified above, payable on March 1 and September 1 (each an "Interest Payment Date") of each year, commencing [March 1, 2027], from the Certificate Date or from the most recent Interest Payment Date to which interest has been paid until payment is made of such principal sum in full.

The interest so payable on any Interest Payment Date will be paid to the person in whose name this Series 2026 Certificate is registered at the close of business on the 15th day of the calendar month preceding such Interest Payment Date (the "Record Date"); provided, however, that if and to the extent a default shall occur in the payment of interest due on said Interest Payment Date, such past due interest shall be paid to the persons in whose names outstanding Series 2026 Certificates are registered on a subsequent date of record established by notice given by mail by the Paying Agent to the holders of the Series 2026 Certificates not less than 30 days preceding such subsequent date of record. Both the principal of and interest on this Series 2026 Certificate

are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Authority has established a Book Entry system of registration for this Series 2026 Certificate. Except as specifically provided otherwise in the hereinafter defined Resolution, Cede & Co., as nominee of DTC, will be the registered owner and will hold this Series 2026 Certificate on behalf of each beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, each beneficial owner of this Series 2026 Certificate shall be deemed to have agreed to such arrangement. Cede & Co., as registered owner of this Series 2026 Certificate, will be treated as the owner of this Series 2026 Certificate for all purposes.

This Series 2026 Certificate is one of a duly authorized series of certificates designated HOSPITAL AUTHORITY OF BACON COUNTY REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026 (the "Series 2026 Certificates"), of like date and tenor, except as to numbers, maturities, interest rates, and redemption provisions, issued in the aggregate principal amount of $_____, to provide funds needed to pay the cost, in part, of acquiring, constructing and equipping additions and improvements to healthcare facilities of the Health Care System (hereinafter defined) and paying the costs of issuance of the Series 2026 Certificates. The Series 2026 Certificates are issued pursuant to authority of and in accordance with the provisions of the Constitution of the State of Georgia, the Hospital Authorities Law, the Revenue Bond Law of Georgia, codified in O.C.G.A. § 36-82-60 through § 36-82-85, the general laws of the State of Georgia, and the laws of the State of Georgia relating to the Authority, and was duly authorized by a resolution adopted by the Authority on September 15, 2026 (the "Resolution").

The Authority has heretofore issued on April 21, 2022, its HOSPITAL AUTHORITY OF BACON COUNTY REFUNDING REVENUE ANTICIPATION CERTIFICATE, SERIES 2022 (the "Series 2022 Certificate"), in the original principal amount of $7,735,000. The Series 2026 Certificates are being issued on a parity basis with the Series 2022 Certificate.

The principal of and premium, if any, and the interest on the Series 2026 Certificates are payable solely from, and are secured by a first and prior pledge or lien on, the gross revenues of the Bacon County Hospital, the Twin Oaks Convalescent Center, Bacon County Community Care Center, Nicholls Family Health Care, ABC Child Development Center, and related facilities and offices in Bacon County, Georgia, and surrounding areas, as they presently exist and are hereafter added to, extended, improved, and equipped (collectively, the "Health Care System"), on a parity basis with the Series 2022 Certificate and any Parity Certificates hereafter issued (collectively, the "Certificates"). Payment of the Certificates is further secured by certain payments which may be received pursuant to the provisions of an amended and restated intergovernmental contract between the Authority and Bacon County, Georgia (the "County"), dated as of _____, 2026 (the "Contract"). Pursuant to the Contract, the County, in consideration of the undertakings of the Authority to furnish certain care and facilities to the indigent sick of the County and otherwise to provide for certain public health and public welfare needs of the County, has agreed that should the gross revenues of the Health Care System be insufficient to pay the principal of and premium, if any, and interest on the Certificates as the same become due and payable, it will promptly pay to the Authority for the purpose of paying such principal and premium, if any, and interest the amount of such insufficiency. The County has agreed in the Contract to levy such annual taxes on

the taxable property located within the County, at such rate or rates, within the limits now prescribed or such higher limits as may hereafter be permitted by the Hospital Authorities Law, as might be necessary to make the payments called for by the Contract. The Contract creates a charge or lien on any and all revenue received by the Authority from the County for the purpose of paying the principal of and interest on the Certificates.

The Contract also provides that the County will pay to the Authority from time to time the amount of any deficiency experienced by the Authority in meeting the cost of operating, maintaining, and repairing the Health Care System from such revenues.

The Resolution provides, *inter alia*, for prescribing, establishing, and revising rates and collecting fees and charges for the services and facilities furnished by the Health Care System, and made available to persons other than those certified to it by the County as indigent, sufficient in amount to provide funds to pay into a special fund, designated HOSPITAL AUTHORITY OF BACON COUNTY SINKING FUND (the "Sinking Fund"), an amount sufficient, together with the investment income thereon, if any, to pay the principal of and the interest on the Certificates, as such principal and interest shall become due and be payable, and to pay the operating expenses of the Health Care System.

The Sinking Fund, by the provisions of the Resolution, is pledged to and charged with the payment of the principal of and interest on the Certificates.

Under certain conditions as provided in the Resolution, the Authority may issue additional revenue anticipation certificates ("Parity Certificates") which, if issued in accordance with such provisions, will rank *pari passu* with the Series 2022 Certificates and the Series 2026 Certificates with respect to the pledge of and the charge or lien on the gross revenues of the Health Care System.

Reference to the Resolution is hereby made for a complete description of the funds charged with and pledged to the payment of the principal of and interest on the Certificates, a complete description of the nature and extent of the security provided for the payment of the Certificates, a statement of the rights, duties, and obligations of the Authority, the rights of the owners of the Certificates, and the terms and conditions under which Parity Certificates may be issued, to all the provisions of which the owner hereof, by the acceptance of this Series 2026 Certificate, assents.

The Authority will not issue hereafter any other certificates or obligations of any kind or nature payable from or enjoying a charge or lien on the revenues of the Health Care System prior to the charge or lien herein created for the payment of the Series 2026 Certificates. Nothing contained herein or in the Resolution, however, shall restrict the issuance of additional certificates or obligations from time to time payable from the revenues of the Health Care System and secured by a charge or lien on such revenues junior and subordinate to the charge or lien created for payment of the Series 2026 Certificates.

The Series 2026 Certificates maturing on March 1, 2037 and thereafter are subject to redemption by the Authority, in whole or in part, at any time, beginning March 1, 2036 (if less than all of the Series 2026 Certificates of a maturity are to be redeemed, the actual Series 2026 Certificates of such maturity shall be selected by lot in such manner as may be designated by DTC

while the Series 2026 Certificates are held as book-entry certificates and by the Paying Agent if the Series 2026 Certificates are no longer held as book-entry certificates), in such order as may be designated by the Authority at a redemption price of 100% of the principal amount of the Series 2026 Certificates called for redemption plus accrued interest to the redemption date.

The Series 2026 Certificates maturing on March 1, 20__, are subject to scheduled mandatory redemption prior to maturity in part *pro rata* among the Certificate holders of the mandatory Series 2026 Certificates to be redeemed (rounded to the nearest $5,000 of the principal amount of each Certificate) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of such redemption, in the following principal amounts and on March 1 of the years set forth below (the March 1, 20__, amount to be paid at maturity rather than redeemed):

Year	Principal Amount

Any such redemption, either in whole or in part, shall be made following notice to the owners of the affected Series 2026 Certificates given not less than 30 days nor more than 45 days prior to the date fixed for redemption in the manner and upon the terms and conditions provided in the Resolution.

Neither the members of the Authority nor any person executing the Series 2026 Certificates on behalf of the Authority shall be personally liable thereon by reason of the issuance thereof. The Series 2026 Certificates do not constitute a debt of any municipal corporation or county in the State of Georgia, or of the State of Georgia or any political subdivision thereof, or any combination of subdivisions acting jointly as provided in the Hospital Authorities Law.

The person in whose name this Series 2026 Certificate is registered shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of or on account of either principal or interest made to such registered owner shall be valid and effectual to satisfy and discharge the liability upon this Series 2026 Certificate to the extent of the sum or sums so paid. This Series 2026 Certificate is registrable as transferred by the owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registrar, all subject to the terms and conditions of the Resolution.

This Series 2026 Certificate shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until it shall have been authenticated by the execution by the Authentication Agent of the certificate of authentication hereon.

This Series 2026 Certificate is issued with the intent that the laws of the State of Georgia shall govern its construction, and, in case of default, the owner hereof shall be entitled to the remedies provided by the Resolution and by all applicable laws.

It is hereby recited and certified that all acts, conditions, and things required to exist, happen, or be performed precedent to and in the issuance of this Series 2026 Certificate do exist,

have happened, and have been performed in due and legal time, form, and manner as required by law.

IN WITNESS WHEREOF, the Hospital Authority of Bacon County has caused this Series 2026 Certificate to be executed by the manual or facsimile signature of its Chairman and its corporate seal to be hereunto impressed or reproduced and attested by the manual or facsimile signature of its Secretary, as of the day first above written.

HOSPITAL AUTHORITY
OF BACON COUNTY

(S E A L)

By: _____
Chairman

Attest: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This Series 2026 Certificate is one of the Series 2026 Certificate described in the within-mentioned Resolution.

Date of Authentication: _____, 2026

REGIONS BANK,
as Authentication Agent

By: _____
Authorized Signatory

STATE OF GEORGIA)
)
BACON COUNTY)

VALIDATION CERTIFICATE

I, the undersigned Clerk of the Superior Court of Bacon County, State of Georgia, keeper of the records and seal thereof, hereby certify that this Series 2026 Certificate was validated and confirmed by judgment of the Superior Court of Bacon County, Georgia, on _____, 2026.

IN WITNESS WHEREOF, I hereunto have set my hand or caused my official signature and the seal of the Superior Court of Bacon County, Georgia, to be reproduced hereon in facsimile.

(SEAL)

_____
Clerk of Superior Court of Bacon County

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

_____
PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE

_____

_____
Please print or typewrite name and address, including postal zip code of transferee.

_____
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Agent to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

_____
Assignor

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

Date: _____, 20__

Signature Guaranteed:

_____
NOTICE: Signature(s) must be guaranteed by a member firm of the STAMP, SEMP or MSP signature guarantee medallion programs.

[END OF FORM OF SERIES 2026 CERTIFICATES]

[END OF ARTICLE II]

ARTICLE III

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 301. Optional Redemption. The Series 2026 Certificates maturing on March 1, 20__, and thereafter are subject to redemption by the Authority, in whole or in part, at any time, beginning March 1, 20__ (if less than all of the Series 2026 Certificates of a maturity are to be redeemed, the actual Series 2026 Certificates of such maturity shall be selected by lot in such manner as may be designated by DTC while the Series 2026 Certificates are held as book-entry certificates and by the Paying Agent if the Series 2026 Certificates are no longer held as book-entry certificates), in such order as may be designated by the Authority at a redemption price of 100% of the principal amount of the Series 2026 Certificates called for redemption plus accrued interest to the redemption date.

The Series 2026 Certificates shall be called for redemption by the Registrar pursuant to this Section 301 upon receipt by the Registrar at least 30 days prior to the redemption date of a certificate of the Authority directing such redemption. Such certificate shall specify the maturity or maturities of the Series 2026 Certificates to be redeemed, the redemption date, the principal amount of the Series 2026 Certificates or portions thereof so to be called for redemption, the applicable redemption price or prices, and the provision or provisions of this Resolution pursuant to which such Series 2026 Certificates are to be called for redemption.

Section 302. Scheduled Mandatory Redemption. The Series 2026 Certificates maturing on March 1, 20__, are subject to scheduled mandatory redemption prior to maturity in part *pro rata* among the Certificate holders of the mandatory Series 2026 Certificates to be redeemed (rounded to the nearest $5,000 of the principal amount of each Certificate) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of such redemption, in the following principal amounts and on March 1 of the years set forth below (the March 1, 20__, amount to be paid at maturity rather than redeemed):

Year	Principal Amount

The *pro rata* redemption provided for in this Section 302 shall be made by redeeming from each Certificate holder of the maturity to be redeemed that principal amount which bears the same proportion to the principal amount of such stated maturity registered in the name of such Certificate holder as the total principal amount of such stated maturity to be redeemed on any date of scheduled mandatory redemption bears to the aggregate principal amount of such stated maturity Outstanding prior to redemption. If the Paying Agent cannot make a strict *pro rata* redemption among the Certificate holders of a stated maturity, the Paying Agent will redeem more or less than a *pro rata* portion from one or more Certificate holders of such stated maturity in such manner as the Paying Agent deems fair and reasonable. In connection with any such redemption prior to

maturity, the Paying Agent will make appropriate entries in the Certificate Register to reflect a portion of any Certificate so redeemed and the amount of the principal remaining outstanding. The Paying Agent's notation in the Certificate Register shall be conclusive as to the principal amount of any Outstanding Certificate at any time.

Section 303. Notice of Redemption. The Registrar shall give notice of redemption pursuant to this Article III one time not less than 30 days nor more than 45 days prior to the date fixed for redemption to the Holders of each of the Series 2026 Certificates being called for redemption by first class mail (electronically while the Series 2026 Certificates are held as book-entry Certificates) at the address shown on the register of the Registrar. Said notice may be a conditional notice under such terms as specified in the notice and shall contain the complete official name of the Series 2026 Certificates being redeemed, CUSIP number, certificate numbers, amounts called of each certificate (for partial calls), redemption date, redemption price, the Paying Agent's name and address (with contact person and phone number), date of issue of the Series 2026 Certificates, interest rate, and maturity date. Said notice shall also be given not less than 30 days nor more than 45 days prior to the date fixed for redemption, to the Electronic Municipal Market Access system ("EMMA") operated by the Municipal Securities Rulemaking Board or such other securities depository registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which disseminate redemption notices. No transfer or exchange of any Certificate so called for redemption shall be allowed. If any Holder of any Certificate being redeemed pursuant to the provisions of this Article shall fail to present for redemption any such Certificate within 60 days after the date fixed for redemption, a second notice of the redemption of such Certificate shall be given to said Owner at the address of said Owner as shown on the Certificate register of the Registrar within 90 days after the date fixed for redemption. The failure of the Registrar to give such notice shall not affect the validity of the proceedings for the redemption of any Certificate as to which no such failure occurred. Any notice mailed or delivered as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

Section 304. Manner of Redemption. Series 2026 Certificates shall be redeemed only in the principal amount of $5,000 or any integral multiple thereof. In the case of the Series 2026 Certificates of denominations greater than $5,000, if less than all of such Series 2026 Certificates of a single maturity then outstanding are to be called for redemption then for all purposes in connection with redemption, each $5,000 of face value shall be treated as though it were a separate Certificate in the denomination of $5,000. If it is determined that one or more, but not all of the $5,000 units of face value represented by any Certificate are to be called for redemption, then upon notice of the intention to redeem such $5,000 unit or units, the Owner of such Certificate shall forthwith surrender such Certificate to the Paying Agent for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of face value called for redemption and there shall be issued to the Holder thereof, without charge therefor, fully registered Series 2026 Certificates for the unredeemed balance of the principal amount thereof, in any of the authorized denominations. If the Owner of any such Certificate of a denomination greater than $5,000 shall fail to present such Certificate to the Paying Agent for payment in exchange as aforesaid, such Certificate shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Certificate represented by such $5,000 unit or units of face

value on and after the date fixed for redemption and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent and being available for the redemption) such Certificate shall not be entitled to the benefit and security of this Resolution to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such $5,000 unit or units.

Section 305. Effect of Redemption Call. Notice having been given in the manner and under the conditions prescribed herein, and money for the payment of the redemption price being held by the Paying Agent, all as provided in this Resolution, the Series 2026 Certificates or the portion thereof so called for redemption shall become and be due and payable on the redemption date designated in such notice at the redemption price provided for redemption of such Series 2026 Certificates on such date. Interest on the Series 2026 Certificates or the portion thereof so called for redemption shall cease to accrue from and after the date fixed for redemption unless default shall be made in payment of the redemption price thereof upon presentation and surrender thereof. Such Series 2026 Certificates shall cease to be entitled to any lien, benefit or security under this Resolution and the Owners of such Series 2026 Certificates shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Certificate or the portion thereof so called shall not be considered to be outstanding. Upon surrender of such Certificate paid or redeemed in part only, the Authority shall execute and the Registrar shall deliver to the Owner thereof, at the expense of the Authority, a new Certificate or Certificates of the same type, of authorized denominations in the aggregate principal amount equal to the unpaid or unredeemed portion of the Certificate.

Section 306. Purchase of Series 2026 Certificates in Market. Nothing herein contained shall be construed to limit the right of the Authority to purchase Series 2026 Certificates in the open market, at a price not exceeding the then applicable redemption price of the Series 2026 Certificates to be acquired, or at par and accrued interest for Series 2026 Certificates not then subject to redemption, from funds in the Sinking Fund. Any such Series 2026 Certificates so purchased shall not be reissued and shall be cancelled.

Section 307. Redemption of Parity Certificates. Additional Parity Certificates may be made subject to redemption either mandatorily or at the option of the Authority prior to maturity at the times and upon such terms and conditions as may be prescribed in the respective resolutions of the Authority supplemental to this Resolution relating to such Parity Certificates. If Parity Certificates are issued hereafter, such Parity Certificates of any such future issue or issues may be redeemed in whole or in part before the maturity of the Series 2026 Certificates, subject to the Sinking Fund requirements herein prescribed, and subject to the call provisions of such future Parity Certificate series; provided, however, the Authority is not restricted hereby from acquiring as a whole, by redemption or otherwise, all Outstanding Certificates of all such issues from any money which may be available for that purpose.

[END OF ARTICLE III]

ARTICLE IV

APPLICATION OF PROCEEDS; CONSTRUCTION FUND

Section 401. Application of Proceeds. Concurrently with the delivery of the Series 2026 Certificates to the initial purchaser or purchasers thereof, the Authority shall apply the proceeds derived from the sale of the Series 2026 Certificates in the following manner:

(a) Proceeds may be used to pay all or a portion of the Costs of Issuance at closing directly to those persons who shall be entitled to the same, or an amount sufficient to pay all or a portion of the same may be deposited in (i) a Costs of Issuance Account, from which the Costs of Issuance shall be disbursed in accordance with Section 402 hereof to those persons who shall be entitled to the same, or (ii) the Construction Fund and paid therefrom to those persons who shall be entitled to the same. Money remaining in a Costs of Issuance Account shall be transferred to the Construction Fund after all Costs of Issuance have been paid;

(b) All capitalized interest, if any, on the Series 2026 Certificates shall be deposited into either the Sinking Fund or the Construction Fund to be used and applied toward the payment of interest coming due on the Series 2026 Certificates.

(c) All costs of the Projects to be incurred prior to the issuance of the Series 2026 Certificates, which may be reimbursed from proceeds of the Series 2026 Certificates in compliance with Treasury Regulations Section 1.150-2, may be reimbursed; and

(d) The balance of the proceeds from the sale of the Series 2026 Certificates shall be deposited in the Construction Fund.

Section 402. Costs of Issuance Account. A special account is hereby authorized to be created and established, in the discretion of the Authority, with a custodian to be designated by the Authority, prior to the issuance and delivery of each series of Certificates, said account to be designated the HOSPITAL AUTHORITY OF BACON COUNTY COSTS OF ISSUANCE ACCOUNT, SERIES 2026 (the "**Costs of Issuance Account**").

(a) If created, said account shall be held separate and apart from all other deposits or funds of the Authority and Money, if any, deposited into a Costs of Issuance Account upon the issuance of a series of Certificates shall be disbursed to pay, or reimburse the Authority for, all or a portion of the Costs of Issuance of a series of Certificates.

(b) Disbursements from the Costs of Issuance Account shall not require a requisition, but shall require an invoice for such payment. The Authority shall keep and maintain adequate records pertaining to the Costs of Issuance Account and all disbursements therefrom.

(c) Money on deposit in a Costs of Issuance Account may be invested, pending disbursement or use, in accordance with Section 606(a).

Section 403. Construction Fund.

(a) A construction fund is hereby authorized to be created prior to or concurrently with the issuance and delivery of the Series 2026 Certificates, said fund to be designated the HOSPITAL AUTHORITY OF BACON COUNTY CONSTRUCTION FUND (the "**Construction Fund**"). The Construction Fund shall be maintained by the Authority until completion of the Projects with such bank or banks as shall be so designated from time to time by the Authority (the "**Construction Fund Depository**"). There shall be deposited to the credit of the Construction Fund proceeds from the sale of the Series 2026 Certificates as set forth in Section 401(d) and any other funds received by grant, donation or otherwise to finance the Project. The Authority is authorized to establish within the Construction Fund such subaccounts as may be necessary to properly identify the source of the deposits therein.

(b) Such Money as are deposited in the Construction Fund shall be held by the Construction Fund Depository and withdrawn only in accordance with the provisions and restrictions set forth in this Resolution, and the Authority will not cause or permit to be paid therefrom any sums except in accordance herewith; provided, however, that any Money in the Construction Fund not needed at the time for the payment of current obligations during the course of the acquisition and construction of the Projects, may be invested and reinvested by the Construction Fund Depository, upon direction of the Authority, in such investments as are set forth in Section 606(a) of this Resolution. Any such investments shall mature not later than such times as shall be necessary to provide Money when needed for payments to be made from the Construction Fund, and shall be held by said Custodian for the account of the Construction Fund until maturity or until sold, and at maturity or upon such sale, the proceeds received therefrom, including accrued interest and premium, if any, shall be immediately deposited by said Custodian in the Construction Fund and shall be disposed of in the manner and for the purposes hereinafter provided.

Section 404. Lien on Construction Fund for Series 2026 Certificate Holders. All proceeds from the sale of the Series 2026 Certificates, and any securities in which such proceeds may be invested, which are held in or for the Construction Fund shall be subject to a lien and charge in favor of the Holders of the Series 2026 Certificates and shall be held for the security of such Holders until paid out as hereinafter provided.

Section 405. Authorized Construction Fund Disbursements. Withdrawals from the Construction Fund may be made for the purpose of paying the cost of acquiring, constructing, and equipping the Projects, including reimbursing the Authority for advances from its other funds to accomplish the purposes hereinafter described and including the purchase of such property and equipment as may be useful in connection therewith, and, without intending thereby to limit or to restrict or to extend any proper definition of such cost contained in the Hospital Authorities Law relating to expenditure of proceeds of the sale of revenue anticipation certificates, shall include:

(a) The cost of indemnity and fidelity bonds either to secure deposits in the Construction Fund or to insure the faithful completion of any contract pertaining to the Projects;

(b) Any taxes or other charges lawfully levied or assessed against the Projects;

(c) Fees and expenses of architects, engineers for engineering studies, surveys and estimates, and the preparation of plans and supervising the acquisition, construction and equipping of the Projects;

(d) All other items or expenses not elsewhere in this Section specified incident to the Projects;

(e) Payments made for labor, contractors, builders and materialmen in connection with the Projects and payment for machinery and equipment and for the restoration of property damaged or destroyed in connection therewith and the repayment of advances made to it for the purpose of paying any of the aforementioned costs;

(f) The cost of acquiring by purchase, and the amount of any award or final judgment in any proceeding to acquire by condemnation, lands and rights-of-way necessary for the Projects and appurtenances in connection therewith, and options and payments thereon, and any easements or rights-of-way or any damages incident to or resulting from the acquisition, construction and equipping of the Projects; and

(g) Costs of Issuance.

Section 406. Requisition Procedure. All payments from the Construction Fund shall be made upon checks signed by the Authority Representative, but before such person shall sign any such checks (other than checks issued in payment for the Costs of Issuance which shall not require the hereinafter described requisition and certificate but shall require an invoice for such payment) there shall be filed with the Authority:

A requisition and certificate signed by the Project Superintendent certifying:

(i) each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due;

(ii) that an obligation in the stated amount has been incurred by the Authority, that the same is a proper charge against the Construction Fund and has not been paid, and stating that the bill, invoice or statement of account for such obligation, or a copy thereof, is on file in the office of the Project Superintendent;

(iii) that the Project Superintendent has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages or conditional sales contracts which should be satisfied or discharged before such payment is made;

(iv) that such requisition contains no item representing payment on account or any retained percentages (other than any percentages required by the State to be retained) which the Authority, at the date of such certificate, is entitled to retain; and

(v) that insofar as such obligation was incurred for work, material, supplies or equipment in connection with the Health Care System, such work was actually performed, or such material, supplies or equipment was actually installed in or about the construction or delivered at the site of the work for that purpose.

Section 407. Other Disbursements from the Construction Fund.

(a) If the United States of America or the State, or any department, agency or instrumentality of either, agrees to allocate Money to be used to defray any part of the cost of acquiring, constructing, and equipping the Projects upon the condition that the Authority appropriate a designated amount of money for said specified purpose or purposes, and it is required to withdraw any sum so required from the Construction Fund and to deposit the same in a special account, the Authority shall have the right to withdraw any sum so required from the Construction Fund by appropriate transfer and deposit the same in a special account for that particular purpose; provided, however, that all payments thereafter made from said special account may only be made in accordance with the requirements set forth in this Article.

(b) Withdrawals for investment purposes only (including authorized deposits with other banks) may be made by the Construction Fund Depository to comply with written directions from an officer of the Authority without any requisition other than said direction.

Section 408. Other Construction Covenants. The Authority shall do all things, and take all reasonable and prudent measures necessary to continue construction with due diligence and to expend the Money deposited in the Construction Fund as expeditiously as possible in order to assure the completion of the Projects on the earliest practicable date, and will insure itself against the usual hazards incident to the construction of such a capital project.

Section 409. Insurance During Construction. Any contract relating to construction of the Projects shall provide that:

(a) The contractor shall procure and shall maintain during the life of his contract Workers' Compensation Insurance as required by applicable state law for all of his employees to be engaged in work at the site of the Projects under his contract and, in case of any such work sublet, the contractor shall require the subcontractor similarly to provide Workers' Compensation Insurance for all of the latter's employees to be engaged in such work unless such employees are covered by the protection afforded by the contractor's Workers' Compensation Insurance. If any class of employees is engaged in hazardous work on the Projects under such contract is not protected under the Workers' Compensation Statute, the contractor shall provide or shall cause such subcontractor to provide adequate employer's liability insurance for the protection of such of his employees as are not otherwise protected.

(b) The contractor shall procure and shall maintain during the life of his contract adequate contractor's public liability insurance, adequate vehicle liability insurance, and adequate contractor's property damage insurance.

(c) The contractor shall either require each of his subcontractors to procure and to maintain during the life of his subcontract, Subcontractor's Public Liability and Property Damage

Insurance of the type and in the same amounts as specified in the contractor's policy, or insure the activities of his subcontractors in his own policy.

(d) The insurance required under subparagraphs (b) and (c) hereof shall provide adequate protection for the contractor and his subcontractors, respectively, against damage claims which may arise from operations under the contract, whether such operations be by the insured or by anyone directly or indirectly employed by him.

(e) The contractor shall procure and shall maintain during the life of its contract, Builder's Risk Insurance (Fire and Extended Coverage) on a 100% completed value basis on the insurable portions of the Projects. The Authority, the contractor and subcontractors, as their interests may appear, shall be named as the insured.

(f) The contractor shall furnish the Authority with certificates showing the type, amount, class of operations covered, effective date and dates of expiration of all policies. Such certificates shall also provide that the insurance covered by the certificate will not be cancelled or materially altered, except after ten days written notice has been received by the Authority.

Section 410. Performance and Payment Bonds. The Authority shall require the contractor to furnish a performance bond in an amount at least equal to 100% of the contract price as security for the faithful performance of his contract and also a payment bond in an amount not less than 100% of the contract price as security for the payment of all persons performing labor on the Projects under his contract and furnishing materials in connection with his contract.

Section 411. Completion of the Projects. When the acquisition, construction, and equipping of the Projects has been completed, said fact shall be evidenced by a certificate to the Authority from the Project Superintendent to such effect specifying the date of completion. Should there be any balance in the Construction Fund which is not needed to defray proper charges against said fund which have not been paid, such balance shall be transferred to the Sinking Fund and used to the extent available for payment or redemption of the Series 2026 Certificates, or otherwise applied in accordance with State law.

[END OF ARTICLE IV]

ARTICLE V

THE CONTRACT; REVENUES AND FUNDS; PARITY CERTIFICATES; DEFEASANCE

Section 501. The Contract.

(a) Prior to or concurrently with the issuance of the Series 2026 Certificates, the Authority shall enter into the Contract with the County, pertaining, in part, to the issuance and delivery of the Series 2026 Certificates, the undertakings by the Authority to acquire, construct, and install the Projects, the rendering of hospital care and services for the indigent of the County and others requiring the same, and the payment therefor. Under the terms of the Contract, if the Gross Revenues of the Health Care System are insufficient to pay the Debt Service on the Series 2022 Certificate, the Series 2026 Certificates or any Parity Certificates hereafter issued as the same becomes due and payable, the County will pay to the Authority in a timely manner for the purpose of paying such Debt Service the amount of such insufficiency, subject to maximum millage rate limitations now or hereafter permitted pursuant to the provisions of the Hospital Authorities Law. The Contract also provides that the County will pay to the Authority from time to time the amount of any deficiency experienced by the Authority in meeting the cost of operating, maintaining, and repairing the Health Care System from all other revenues thereof.

(b) Any payments received by the Authority from the County pursuant to the Contract for payment of Debt Service on the Certificates shall be deposited immediately upon receipt into the Sinking Fund, to be held in trust for the purpose of paying the Debt Service on the Certificates. Any payments made by the County pursuant to the Contract to defray the cost of operating, maintaining, and repairing the Health Care System shall be deposited in the Revenue Fund and then applied to such purposes or they may be directly applied to such purposes.

(c) The aforesaid payments from the County to assure timely payment of the Debt Service on the Certificates shall be and hereby are made subject to a first and paramount lien thereon for the purpose of paying such Debt Service and said payments shall be subject to the lien and pledge hereby created without the physical delivery thereof or any further action by the Authority, and the lien of this pledge shall be valid and binding against the Authority and against all Persons having claims of any kind against said Authority whether such claims arise out of tort, contract or otherwise and irrespective of whether such Persons have notice thereof.

Section 502. Funds and Accounts.

(a) *Revenue Fund.* The Authority heretofore established a special fund designated HOSPITAL AUTHORITY OF BACON COUNTY REVENUE FUND (the "**Revenue Fund**"). The Authority will maintain the Revenue Fund separate and apart from other funds of the Authority so long as any Certificates are outstanding and unpaid or until provision shall have been duly made for the payment thereof, and will continue to deposit the Gross Revenues of the Health Care System into the Revenue Fund, promptly as received, and such revenue will be disbursed in the manner and order set forth in this Article V. The Authority is authorized to establish within the Revenue Fund

such subaccounts as may be necessary to properly account for the revenues from the Health Care System.

(b) *Sinking Fund.* The Authority heretofore established a special fund designated the HOSPITAL AUTHORITY OF BACON COUNTY SINKING FUND (the "**Sinking Fund**"). The Authority will maintain the Sinking Fund for so long as Certificates are outstanding and unpaid as a trust account with the Sinking Fund Custodian, separate and apart from other funds of the Authority, to be used exclusively for paying Debt Service on the Certificates.

The Authority will make the monthly payments to the Sinking Fund hereinafter prescribed in this Section until sufficient funds are on hand to pay the Debt Service Requirement, or until provision for the payment of the Certificates shall have been made in accordance with the provisions of this Resolution and, if, in any month, for any reason, the Authority shall fail to pay all or any part of the money it has herein agreed to pay into the Sinking Fund, the amount of any such deficiency will be added to and will become a part of the amount due and payable into the Sinking Fund in the next succeeding month, and if, on the date of delivery of a series of Certificates, any of the Sinking Fund payments provided for herein shall be due and shall have not been made, such payments shall be made to the Sinking Fund concurrently with such delivery.

(c) *Reserve Fund*. The Authority may establish and maintain a special fund designated the DEBT SERVICE RESERVE FUND (the "**Debt Service Reserve Fund**"), which may be maintained for the purpose of paying, and may be used at any time to pay, the Debt Service on the Certificates coming due as to which there otherwise would be a default. There is no Debt Service Reserve Requirement for the Series 2022 Certificate or the Series 2026 Certificates. No Debt Service Reserve Fund was required to be funded by the Authority for the Series 2022 Certificate under the 2022 Resolution, and no Debt Service Reserve Fund is expected to be funded by the Authority for the Series 2026 Certificates. However, the Debt Service Reserve Fund may be funded upon the issuance of Parity Certificates in accordance with the provisions of the supplemental resolution authorizing the issuance of such Parity Certificates.

(d) *Renewal and Extension Fund.* There is hereby created a special fund designated HOSPITAL AUTHORITY OF BACON COUNTY RENEWAL AND EXTENSION FUND (the "**Renewal and Extension Fund**"). The Authority will maintain the Renewal and Extension Fund for so long as Certificates are outstanding and unpaid, and thereafter at the discretion of the Authority, as a trust account with the Renewal and Extension Fund Custodian, separate and apart from other funds of the Authority. Money in said fund may be used for the following purposes and no others:

(i) anything herein to the contrary notwithstanding, first to pay Debt Service on the Certificates when money for such purpose is not otherwise available in the Sinking Fund;

(ii) to pay any unforeseen expenses of operating, maintaining, and repairing the Health Care System (including the payment of claims);

(iii) to pay the cost of adding to, extending, improving, replacing, and renovating the Health Care System; and

(iv) for any other lawful corporate purpose of the Authority.

Section 503. Flow of Funds. The Gross Revenues of the Health Care System shall be disbursed from the Revenue Fund in the following order. The Series 2022 Certificate, Series 2026 Certificates, and any additional Parity Certificates hereafter issued shall be payable from the Gross Revenues on a parity basis without preference or priority of one series over the other, except as expressly provided herein with respect to any series-specific reserve requirement:

(a) First, there will be paid from the Revenue Fund into the Sinking Fund, on or before the 20th day of each month, for the purpose of paying the annual Debt Service Requirement on the Certificates coming due in the current Sinking Fund Year, the following amounts:

(i) beginning with the month of delivery of a series of Certificates and continuing from month to month thereafter until the first Interest Payment Date for such series, the monthly pro rata amount of interest coming due on the first Interest Payment Date for such series; deducting, however, from such payment due for the month of delivery, the amount of accrued interest, if any, received from the sale of such series and allocable to such month of delivery;

(ii) beginning with the month of delivery of a series of Certificates and continuing from month to month thereafter until the first Principal Payment Date for such series, the monthly pro rata amount of principal coming due on the first Principal Payment Date for such series;

(iii) beginning with the month of the first Interest Payment Date for a series of Certificates and from month to month thereafter, an amount equal to one-sixth (1/6) of the interest coming due on such series of Certificates on each Interest Payment Date thereafter; and

(iv) beginning with the month of the first Principal Payment Date for a series of Certificates, and continuing from month to month thereafter, an amount equal to one-twelfth (1/12) of the principal of such series coming due (whether by maturity, scheduled mandatory redemption or otherwise) on the next succeeding Principal Payment Date.

Funds on deposit in the Sinking Fund in excess of the amount required to make the above described installments shall be credited against the monthly installments next payable to the Sinking Fund until said excess funds are depleted.

On March 2 in each year, all cash and investments in the Sinking Fund shall be transferred therefrom to the Revenue Fund prior to deposit into the Sinking Fund of the amounts required to be deposited therein for the month of March in such year.

(b) If a Debt Service Reserve Fund is established and the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, there will next be paid from the Revenue Fund into the Debt Service Reserve Fund, on or before the 20th day of each month, for the purpose of maintaining a reserve equal to the Debt Service Reserve Requirement, substantially equal monthly payments as shall be sufficient to equal or restore the Debt Service Reserve Requirement within 12 months; provided that no payments shall be required to be made

into the Debt Service Reserve Fund whenever and as long as the amount of money and/or a Debt Service Reserve Credit Instrument deposited therein equal the Debt Service Reserve Requirement. There is no Debt Service Reserve Requirement for the Series 2026 Certificates or the Series 2022 Certificate.

Upon the issuance of Parity Certificates, the Authority may fund the additional Debt Service Reserve Requirement thereby incurred (i) with proceeds from the sale of such Parity Certificates, (ii) by making equal monthly installments to the Debt Service Reserve Fund over a period no longer than five years from the date of issuance of such Parity Certificates, (iii) with the deposit of a Debt Service Reserve Credit Instrument to the Debt Service Reserve Fund, or (iv) any combination of the procedures described in (i) through (iii).

Any Debt Service Reserve Credit Instrument deposited in the Debt Service Reserve Fund must (i) be rated in one of the three highest rating categories by any nationally recognized securities rating agency, (ii) have a term not less than the final maturity date of the series of Certificates (or may be drawn upon in full upon its expiration date if a substitute Debt Service Reserve Credit Instrument is not in place prior to its expiration date), and (iii) be given to secure, and be payable on any Interest Payment Date in an amount equal to, any portion of the balance then required to be maintained within the Debt Service Reserve Fund. Before any such Debt Service Reserve Credit Instrument is substituted for cash or deposited in lieu of cash in the Debt Service Reserve Fund, there shall be filed with the Sinking Fund Custodian (A) an opinion of Bond Counsel to the effect that such substitution or deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any outstanding Certificate; (B) a certificate evidencing that at least 30 days prior notice of the proposed substitution or deposit of such Debt Service Reserve Credit Instrument was given to all rating agencies then rating any Certificates, including a description of such Debt Service Reserve Credit Instrument and the proposed date of substitution or deposit; and (C) the Debt Service Reserve Credit Instrument, together with an opinion of counsel to the issuer of the Debt Service Reserve Credit Instrument to the effect that the Debt Service Reserve Credit Instrument is valid and enforceable in accordance with its terms. Notwithstanding anything to the contrary contained in this Resolution, this Resolution may be amended without notice to or the consent of the owners of the Certificates to provide for any additional provisions required by the issuer(s) of such Debt Service Reserve Credit Instrument; provided, however, that there shall be first delivered an opinion of Bond Counsel to the effect that such additional provisions are not materially adverse to the rights or security of the owners of the Certificates provided by this Resolution.

To the extent the Authority causes to be deposited into the Debt Service Reserve Fund a Debt Service Reserve Credit Instrument, such Debt Service Reserve Credit Instrument shall be payable (upon the giving of notice as required thereunder) on any Interest or Principal Payment Date on which a deficiency exists; provided, that prior to drawing on such Debt Service Reserve Credit Instrument, the Authority shall first satisfy any such deficiency from any money in the Debt Service Reserve Fund available for such purpose. If a draw is made on any Debt Service Reserve Credit Instrument, the Authority shall be obligated to reinstate the maximum limits of such Debt Service Reserve Credit Instrument from the first money in the Revenue Fund thereafter available and not required to be used to make the monthly payments to the Sinking Fund. If there is a draw on any Debt Service Reserve Credit Instrument, (A) the Authority shall make, on a pro rata basis,

all payments to issuers of any Debt Service Reserve Credit Instrument as a repayment of such draw (if there is more than one Debt Service Reserve Credit Instrument issuer, such payments shall be made on a pro rata basis to each Debt Service Reserve Credit Instrument issuer based upon the amount drawn and not reimbursed under each Debt Service Reserve Credit Instrument), and (B) upon making full repayment to all issuers of Debt Service Reserve Credit Instruments, the Authority thereafter shall make payments into the Debt Service Reserve Fund, to the extent that the then required balance of the Debt Service Reserve Fund exceeds the aggregate of the amount available to be drawn on all Debt Service Reserve Credit Instruments, and any money then on deposit in the Debt Service Reserve Fund. If money is taken from the Debt Service Reserve Fund for the payment of Debt Service on the Certificates, the money so taken shall be replaced in the Debt Service Reserve Fund from the first money in the Revenue Fund thereafter available and not required to be used to make the monthly payments to the Sinking Fund or to reinstate the maximum limits of the Debt Service Reserve Credit Instrument so that such money, together with the Debt Service Reserve Credit Instrument, shall equal the Debt Service Reserve Requirement.

At any time when the balance in the Debt Service Reserve Fund, including any amounts available under a Debt Service Reserve Credit Instrument, is less than the Debt Service Reserve Requirement, all interest income derived from investment of funds in the Debt Service Reserve Fund shall be retained in the Debt Service Reserve Fund until the balance in said account equals the Debt Service Reserve Requirement. Otherwise, said interest income shall be transferred to the Sinking Fund upon receipt thereof and credited against the next succeeding monthly payment to be made into the Sinking Fund with respect to Debt Service on the Certificates.

(c) Next, the Operating Expenses will be paid from the Revenue Fund.

(d) After there have been paid from the Revenue Fund the sums required or permitted to be paid pursuant to the provisions of paragraphs (a), (b), and (c) above, there shall next be paid from the Revenue Fund such payments as may be required to pay the principal of and interest on junior lien obligations and any other obligations the debt service on which is paid from revenues of the Health Care System.

(e) After fulfilling all the requirements set out in the foregoing provisions of paragraphs (a), (b), if applicable, (c), and (d) of this Section, and after retaining in the Revenue Fund an amount of money estimated to be sufficient to pay the anticipated Operating Expenses in the next succeeding month, the Authority shall transfer, on a monthly basis, any balance remaining in the Revenue Fund into the Renewal and Extension Fund.

At such time as all outstanding Certificates are paid or deemed paid in full, the Authority in its discretion may discontinue use of the Renewal and Extension Fund, in which event such funds as from time to time shall remain in the Revenue Fund after the payment of all amounts hereinabove required to be paid may be withdrawn from the Revenue Fund and used by the Authority for any lawful purpose; provided, however, that due provision has been made for reasonable working capital and that the payments required to be made into the Sinking Fund have been made.

Section 504. Gross Revenues Pledged to Certificates. The Authority will hold the Gross Revenues in trust under the terms and conditions hereof, and, to the extent herein provided, all such funds hereby are pledged to secure the payment of the amounts herein agreed to be paid for the payment of Debt Service on the Certificates, and the Authority hereby pledges such revenue to secure the payment of such amounts. The revenues so pledged shall be immediately subject to the charge or lien of this pledge without any physical delivery thereof or other act, and the charge or lien of this pledge shall be valid and binding against the Authority and against all parties having claims of any kind against the Authority whether such claims shall have arisen from a tort, contract, or otherwise and irrespective of whether such parties have notice of such pledge.

Section 505. Method of Transfer from the Revenue Fund. All transfers from the Revenue Fund, and all payments from the Revenue Fund, shall be made by checks or other instruments or by wire transfers authorized by an officer of the Authority duly authorized for such purpose.

Section 506. Additional Deposits to Sinking Fund. Nothing contained herein shall be construed to prohibit the Authority, at its option, from making additional deposits or payments into the Sinking Fund from any funds which may be made available for such purpose.

Section 507. Disbursements from Sinking Fund.

(a) Subject to the terms and conditions set forth in this Resolution, money in the Sinking Fund shall be disbursed for:

(i) the payment of the interest on Certificates as such interest becomes due and payable;

(ii) the payment of the principal of Certificates as the same becomes due and payable, either at maturity or by proceedings for scheduled mandatory redemption;

(iii) the redemption of Certificates before maturity at the price and under the conditions provided therefor in Article III hereof; and

(iv) the purchase in the open market, at prices not to exceed the then applicable redemption price or par plus accrued interest on Certificates not then subject to redemption.

(b) (i) During such time as the Paying Agent for a series of Certificates is a bank or trust company, on or prior to each Interest Payment Date, the Authority shall pay or cause to be paid to the Paying Agent, from money on deposit in the Sinking Fund, such sums as are required to pay the Debt Service Requirement coming due on the Certificates on such date.

(ii) During such time as the Secretary is the Paying Agent for a series of Certificates, not less than one business day prior to each Interest Payment Date, the Secretary, as Paying Agent, shall ascertain whether amounts sufficient to make the principal and/or interest payment due on such Interest Payment Date are on deposit in the Sinking Fund, and, if so, shall make appropriate arrangements with the Sinking Fund Custodian for the transfer of such sufficient

amount to the Secretary, as Paying Agent, in order to effect timely payment of said series of Certificates on such Interest Payment Date in accordance with the terms thereof.

Section 508. Priority of Certificates Preserved. The Authority will not issue hereafter any other certificates or obligations of any kind or nature payable from or enjoying a charge or lien on the Gross Revenues prior to the charge or lien herein created for the payment of the Certificates. Nothing contained herein, however, shall restrict the issuance of additional certificates or obligations from time to time payable from the revenues of the Health Care System and secured by a charge or lien on such revenues junior and subordinate to the charge or lien herein created.

Section 509. Parity Certificates. Parity Certificates may be issued from time to time payable from the Sinking Fund and ranking as to lien on the Gross Revenues of the Health Care System *pari passu* with the Certificates then outstanding, provided all the following conditions are met:

(a) The Authority shall pass proper proceedings authorizing the issuance of such Parity Certificates, which proceedings shall provide, among other provisions, for the date, the rate or rates of interest, maturity dates, and redemption provisions of such Parity Certificates, and the interest on such Parity Certificates, if fixed, shall fall due on March 1 and September 1 of each year, and the principal of such Parity Certificates shall mature in installments on March 1 (but not necessarily in each year, or in equal installments), and provided further, that any such proceeding or proceedings shall restate and reaffirm by reference all of the applicable terms, conditions, and provisions of this Resolution. Any such proceeding or proceedings shall require an increase in the monthly payments then being made into the Sinking Fund to the extent necessary to pay the Debt Service on all Certificates then outstanding and on the Parity Certificates proposed to be issued.

(b) The County shall have entered into an amendatory contract with the Authority reaffirming all applicable provisions of the Contract, making all such provisions fully applicable to the Parity Certificates proposed to be issued, and enlarging and extending the payments to be made by the County to the Authority for deposit to the Sinking Fund to the extent necessary to pay the Debt Service on all Outstanding Certificates and on the Parity Certificates then proposed to be issued as the same mature.

(c) The maximum millage authorized by the Hospital Authorities Law, based upon the taxable value of property within the territorial limits of the County subject to taxation for such purposes as shown in the latest tax digest, shall be capable of producing funds in an amount at least equal to 1.20 times the maximum combined amount, for any succeeding Sinking Fund Year, of principal and interest coming due on (i) Certificates then outstanding and the Parity Certificates then proposed to be issued and (ii) any other obligations then outstanding and any other obligations then proposed to be issued, the debt service on which the County has agreed to provide for through the levy of ad valorem taxes pursuant to the Hospital Authorities Law; provided, however, that with respect to any such Certificates or other obligations for which a sinking fund is established or for which scheduled mandatory redemption is required, the amount of principal coming due in any Sinking Fund Year shall be determined by reference to the amounts required to be deposited in such year in the sinking fund established therefor or the principal amount of such Certificates

or other obligations to be retired by scheduled mandatory redemption in such year and not by reference to the aggregate principal amount of such Certificates or other obligations due on such dates; and provided, further, that with respect to variable rate Certificates, the amount of interest coming due in any Sinking Fund Year shall be calculated at a rate equal to the highest rate which could be borne by such Certificates.

(d) An independent certified public accountant (or firm thereof) shall issue its report to the Authority that as of a date not more than 90 days prior to the adoption of proceedings authorizing the issuance of Parity Certificates (i) the payments covenanted to be made into the Sinking Fund, as the same may have been enlarged in any proceeding theretofore taken authorizing the issuance of Parity Certificates, are being timely made in the full amounts required (ii) the Sinking Fund is at its proper balance, and (iii) based upon an affidavit from the Tax Commissioner of Bacon County as to the taxable value of property located within the territorial limits of Bacon County, the requirements set forth in subparagraph (c) above have been met.

(e) The proceeds of any Parity Certificates authorized to be issued must be used only for the purpose of adding to, extending, and improving the Health Care System and its related properties (including, but not limited to, the acquisition, construction, and equipping of such building or buildings and structures and appurtenances pertaining thereto as may be deemed necessary to afford more adequate, useful, and convenient facilities for the proper control and administration of the functions of the Health Care System) and/or to redeem or refund any one or more series of Certificates previously issued under this Resolution, or other obligations relating to the Health Care System, and paying the usual and necessary expenses incurred and to be incurred incident to accomplishing any of the foregoing, including, without limitation, the costs of lands, rights-of-way, contract rights, franchises and easements.

(f) The Authority shall adopt proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of the Parity Certificates, shall provide in such proceedings that such Parity Certificates shall be secured under and pursuant to this Resolution, and shall provide in such proceedings, among other things, the date, rate or rates of interest, maturity dates, redemption provisions and registration provisions for such Parity Certificates. Any such Parity Certificates may be issued under or pursuant to a trust indenture and, in such event, the proceedings authorizing the issuance of such Certificates shall make appropriate provisions for the transfer of money on deposit in the Sinking Fund to the trustee in sufficient time for the payment of debt service on such Parity Certificates, and shall provide in such proceedings, among other things, the date, rate or rates of interest, maturity dates, redemption provisions and registration provisions for such Parity Certificates, but nothing contained herein shall require any of the funds to be held by such trustee. The proceedings for such Parity Certificates may contain additional covenants with respect to the maintenance and operation of the Health Care System and additional restrictions on the issuance of Parity Certificates, which covenants and restrictions shall, so long as, but only so long as, such Parity Certificates remain outstanding, be for the benefit of any other Certificates secured by this Resolution. In the event Parity Certificates are secured hereunder and issued pursuant to a trust indenture, the trustee thereunder shall for purposes of this Resolution, in accordance with the provisions of such trust indenture, exercise the rights and remedies of the owners of such Parity Certificates. Subject to the provisions of Article III, it shall not be necessary that the interest and principal and payment dates or redemption provisions for

such Parity Certificates correspond with the provisions of any other Certificates. Any credit or liquidity facility related to any Parity Certificates may secure only such Parity Certificates and not any other Certificates issued hereunder. Any such proceeding or proceedings shall ratify and reaffirm, by reference, all of the applicable terms, conditions and provisions of this Resolution.

(g) Any proposed variable rate Certificates shall specify a maximum interest rate, and if any such variable rate Certificates so issued provide for the mandatory redemption or purchase of such variable rate Certificates at the option of the owner thereof, a credit or liquidity facility shall be provided at or prior to the issuance of such Variable Rate Certificates to support the requirement for any such mandatory redemption or purchase. The failure of any such credit or liquidity facility to purchase any such variable rate Certificates may be a default under this Resolution, but may not cause an acceleration of such variable rate Certificates issued pursuant to this Resolution.

(h) Such Parity Certificates and all proceedings relative thereto and the security therefor shall be validated as prescribed by law.

Section 510. Defeasance.

(a) Certificates shall be deemed to have been paid in full and the lien of this Resolution shall be discharged as to such Certificates,

(i) after there shall have been deposited in an irrevocable trust fund created for that purpose,

(A) sufficient money, and/or

(B) Government Obligations which shall not contain provisions permitting the redemption thereof prior to their stated maturity,

the principal of and the interest on which money and/or Government Obligations when due, will be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings to be held in trust also), for the payment of the principal of and premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein or in the resolution authorizing such series of Certificates);

(ii) after there shall have been paid, or satisfactory provision shall have been made for payment, to the Registrar and Paying Agent all fees and expenses due or to become due in connection with the payment of such Certificates or there shall be sufficient money deposited with the Registrar and Paying Agent to make said payments; and

(iii) unless all Certificates being defeased pursuant to this Section 510 are to mature or be redeemed within the next 60 days, the Authority shall have given the Registrar and Paying Agent irrevocable instructions to give notice, as soon as practicable, to the Owners of such Certificates, by first class mail, postage prepaid, at their last addresses appearing upon the books

of registration, that the deposit required by subsection (a)(i) of this Section 510 has been made and that such Certificates are deemed to have been paid in accordance with this Section 510.

(b) In addition to the foregoing provisions of this Section 510, the lien of this Resolution as to all Certificates which are being defeased shall only be discharged pursuant to this Section 510 if the Authority delivers an opinion of Bond Counsel providing that all conditions precedent to the discharge of the lien of this Resolution pursuant to this Section 510 have been satisfied and such deposit and discharge will not adversely affect the exclusion of the interest on such Certificates from federal income taxation.

(c) It is contemplated that any Certificates issued and secured pursuant to this Resolution may be paid, or deemed to be paid in full as aforesaid, and any other Certificates not paid, or not deemed to be paid in full as aforesaid, shall remain Outstanding hereunder. Upon payment in full of any Certificates as provided in this Section 510, the Owners of such Certificates shall no longer be entitled to the benefits of the security afforded by this Resolution and, except for the purposes of registration, exchange, and transfer, shall no longer be deemed outstanding hereunder.

[END OF ARTICLE V]

ARTICLE VI

DEPOSITORIES OF FUNDS; SECURITY FOR DEPOSITS; AUTHORIZED INVESTMENTS

Section 601. Designation of Registrar, Paying Agent, and Authentication Agent; Designation of Depositories and Custodians.

(a) Regions Bank, in the City of Atlanta, Georgia, is hereby designated as Registrar, Paying Agent, and Authentication Agent for the Series 2026 Certificates.

(b) [First National Bank South, in the City of Alma, Georgia], is hereby designated as the Revenue Fund Custodian, the Sinking Fund Custodian, and Renewal and Extension Fund Custodian

(c) The Authority, from time to time, may designate, by supplemental resolution, a successor Paying Agent and Registrar, and may appoint a depository or successor depository for or custodian of any fund or account described herein; provided such depository or successor agrees to comply with the relevant provisions of this Resolution.

Section 602. Bank or Trust Company as Registrar and Paying Agent.

(a) During such time as the Registrar and Paying Agent is a bank or trust company, any presentation and surrender of Certificates to the Registrar or Paying Agent as required herein shall be to the principal corporate office of said bank or trust company.

(b) During such time as the Registrar and Paying Agent is a bank or trust company, any corporation into which the Registrar and Paying Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Registrar and Paying Agent shall be a party, or any corporation to which substantially all the corporate trust business of the Registrar and Paying Agent may be transferred, subject to the terms of this Resolution, shall be Registrar and Paying Agent under this Resolution without further act.

Section 603. Funds Constitute Trust Funds.

(a) Except as otherwise provided in this Resolution, all money received by the Authority under the terms hereof, subject to the giving of security as hereinafter provided, shall be deposited with the proper depository or custodian in the name of the Authority. All money deposited under the provisions hereof shall constitute trust funds and shall be deposited in banks insured by the Federal Deposit Insurance Corporation, or any successor thereto, and such money shall be applied in accordance with the terms and for the purposes set forth in this Resolution and shall not be subject to lien or attachment or any type of security interest by any creditor of the Authority.

(b) If the Sinking Fund Custodian and the Paying Agent for all Outstanding Certificates is the same bank acting in both capacities, then the Sinking Fund Custodian, without any further

direction on the part of or any further authorization from the Authority, shall use and disburse the money in the Sinking Fund as provided in this Resolution; except that, if, as provided under Article III of this Resolution, it redeems or buys any Certificates with money in the Sinking Fund, then proper authorization and direction from the Authority shall be furnished for such use and disbursement.

Section 604. Security for Deposits. No money belonging to any of the funds created hereunder shall be deposited or remain on deposit and uninvested with any depository or custodian in an amount in excess of the amount guaranteed by the Federal Deposit Insurance Corporation, or any successor thereto, unless such institution shall have pledged for the benefit of the Authority and the Owners of the Certificates as collateral security for the money deposited direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States of America, or other marketable securities eligible as security for the deposit of public trust funds under regulations of the Board of Governors of the Federal Reserve System and under applicable State law and having a market value (exclusive of accrued interest) at least equal to the amount of such deposits and having a face or par value at least equal to the amount prescribed by applicable State law.

Section 605. Investment of Funds.

(a) Any investments authorized herein shall be held in the respective fund until paid at maturity, redeemed or sold, and the proceeds thereof, including interest, principal, and premium, if any, shall be immediately deposited to the credit of such fund. When a fixed amount is required to be maintained in any fund, the investments for such fund shall be valued in terms of current market value as of the last day of the fiscal year next preceding the determination of value. Money in each respective fund and all authorized investments held in and for such fund, and the income therefrom, hereby are pledged to and charged with the payments required by this Resolution to be made from such fund.

(b) Money in the Revenue Fund, the Sinking Fund, and the Renewal and Extension Fund not required to pay current obligations may be invested as set forth in Paragraphs (a) or (b), as applicable, of Section 606. Any such investments shall mature no later than such times as shall be necessary to provide money when needed for payments to be made from the pertinent fund or account, and shall be made upon the direction of such duly authorized agent of the Authority to whom the Authority has delegated the responsibility of giving such direction.

Section 606. Authorized Investments.

(a) *Construction Fund Money*. The Authority may invest and reinvest Money in the Construction Fund in any of the following investments (presently authorized by O.C.G.A. § 36-82-7), if and to the extent the same are at the time legal for investment of certificate proceeds:

(i) The local government investment pool created in O.C.G.A. § 36-83-8; or

(ii) The following securities and no others:

A. Bonds or other obligations of the issuer, or bonds or obligations of the State or other states or of counties, municipal corporations and political subdivisions of the State;

B. Bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;

C. Obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

D. Bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan or payment agreement with the United States government;

E. Certificates of deposit of national or state banks located within the State which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depositary, custodian or trustee for any proceeds of the Certificates; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State or with a trust office within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or other states or any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in subparagraph (B) above, obligations of the agencies and instrumentalities of the United States government included in subparagraph (C) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in subparagraph (D) above; and

F. Securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(1) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in subparagraph (B) and (C) above and repurchase agreements fully collateralized by any such obligations;

(2) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(3) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(4) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State.

G. Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least $50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least $50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the Money so placed to be available for use at the time provided with respect to the investment or reinvestment of such Money.

(b) *Other Money*. The Authority may invest and reinvest money in the Revenue Fund, Sinking Fund, Debt Service Reserve Fund, and Renewal and Extension Fund in:

(i) any of the following investments (presently authorized by O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4), if and to the extent the same are at the time legal for investment of such money:

A. Obligations of the United States and of its agencies and instrumentalities, or obligations fully insured or guaranteed by the United States government or by one of its agencies.

B. Obligations of any corporation of the United States government.

C. Bonds or certificates of indebtedness of the State and of its agencies and instrumentalities, or of other states.

D. Obligations of other political subdivisions of the State.

E. Certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be

secured by direct obligations of the State or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

F. Prime bankers' acceptances.

G. Repurchase agreements.

H. The local government investment pool established by O.C.G.A. § 36-83-8; and

(ii) any other investments to the extent at the time hereafter permitted by the applicable law of the State for the investment of public funds.

Section 607. Authorization for Investments by Depositories. The Authority, at any time and from time to time, may direct any depository of or custodian for any fund to make specific investments of money on deposit in such fund in accordance with Section 606 or may provide any such depository or custodian with general and continuing authorization to invest money in any such fund in accordance with the provisions of Section 606.

Section 608. Limitation on Liability from Funds on Deposit with the Paying Agent. Should any Certificates not be presented for payment when due, the Paying Agent shall retain, for the benefit of the Owners of such Certificates, a sum of money sufficient to pay such Certificates when the same are presented by the Owners thereof for payment. All liability of the Authority to the Owners of such Certificates and all rights of such Owners against the Authority under the Certificates or under this Resolution shall thereupon terminate, and the sole right of such Owners thereafter shall be against such funds on deposit with the Paying Agent. The Paying Agent shall hold such funds without any responsibility for payment to such Owners of additional interest beyond the date when payment was due.

If any Certificate shall not be presented for payment within a period of five years following the date when such Certificate becomes due, the Paying Agent, at the written request of the Authority, shall transfer to the Authority's Revenue Fund all funds theretofore held by it for payment of such Certificate. The Paying Agent thereupon shall be released and discharged with respect to such Certificates, and such Certificate, subject to the defense of any applicable statute of limitations, thereafter shall be an unsecured obligation of the Authority.

[END OF ARTICLE VI]

ARTICLE VII

PARTICULAR COVENANTS OF THE AUTHORITY

Section 701. Maintenance of Rates.

(a) The Authority covenants that on or before the first day of each fiscal year during which any Certificates are outstanding, it will undertake a revenue sufficiency analysis for the Health Care System, and a copy of such analysis will be furnished, upon request, to any Certificate holder and to the original purchaser of a series of Certificates.

(b) The Authority covenants that it has placed into effect a schedule of rates, fees, and charges for the services and facilities furnished by the Health Care System and made available to persons other than those certified to it by the County as indigent, and as often as it shall appear necessary it shall revise and adjust such schedule of rates, fees, and charges for services and facilities to the extent necessary to produce funds which will be sufficient to pay the Debt Service on the Certificates as the same becomes due and payable in the then current Sinking Fund Year and to pay the Operating Expenses of the Health Care System.

(c) The Authority will diligently undertake to collect or cause to be collected from persons other than the indigent all service charges and other obligations arising out of the operation of the Health Care System as such obligations become due, and it will apply all collections and all revenues and income from the Health Care System, as collected, as provided in this Resolution and not otherwise.

Section 702. Failure to Adopt Rates and Charges. If the Authority shall fail to adopt a schedule or schedules of rates, fees, and charges or to revise the same as necessary in accordance with the provisions of this Article, the Owner of any Certificate, without regard to whether any default, as defined in Section 801, shall have occurred, may institute and prosecute in any court of competent jurisdiction an appropriate action to compel the Authority to adopt such schedule or schedules or to revise such schedule or schedules so that funds will be received sufficient in amount to maintain at all times funds for which provisions are made in this Resolution, and to pay the Operating Expenses of the Health Care System.

Section 703. Payment of Certificates. The Authority will promptly pay the Debt Service on every Certificate payable from the revenues of the Health Care System at the place, on the dates, and in the manner herein and in the Certificates, and any premium required upon redemption of Certificates, according to the true intent and meaning thereof. The Debt Service on all Certificates and premium, if any, and the charges of the Registrar and Paying Agent are payable solely out of the revenues of the Health Care System, which revenues hereby are pledged to the payment of such obligations in the manner and to the extent herein particularly specified, and nothing herein contained or in the Certificates shall be construed as an obligation of the Authority to make any appropriation for their payment, except from revenues or other receipts derived from the ownership and operation of the Health Care System as provided herein, nor shall any Certificate constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Authority other than such revenues.

Section 704. Operation of Health Care System. The Authority will continuously maintain the Health Care System in good order and repair and will enforce reasonable rules and regulations governing the Health Care System and the operation thereof. All compensation, salaries, fees, and wages paid in connection with the maintenance, repair, and operation of the Health Care System will be reasonable, and no more persons will be employed than are necessary. The Authority will operate the Health Care System in an efficient and economical manner, will at all times maintain the same in sound operating condition, will make all necessary repairs, renewals, and replacements, and will comply with all valid acts, rules, regulations, orders, and directions of any legislative, executive, administrative or judicial body applicable to such undertaking.

Section 705. Liens. The Authority will not create or permit to be created in the operation and maintenance of the Health Care System any lien, security interest, charge or encumbrance thereon (other than the Lease and easements which do not materially impair the operation of the Health Care System) or on any part thereof, or upon the revenues derived therefrom ranking equally with, except as herein provided, or prior to the lien or charge herein created upon such revenues to secure payment of the Certificates, and the Authority will pay or cause to be discharged or will make adequate provisions to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Health Care System or on any part thereof or upon the revenues derived therefrom; provided, however, that nothing contained in this Section shall require the Authority to pay, or cause to be discharged, or make provision for the discharge of any such lien, security interest, encumbrance, or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings unless, by such action, the lien or charge created hereby on any part of the Health Care System or the revenues therefrom shall be materially endangered or any part thereof will be subject to loss or forfeiture, in which event, any such lien shall be promptly satisfied or discharged by the filing of a bond or taking other action as prescribed by law to effect such discharge. In addition, the Authority may grant, without violating the provisions of this Section, a purchase money security interest in connection with the acquisition of additional equipment pursuant to an installment purchase, capitalized lease or similar obligation. The Authority, without violating the provisions of this Section, may enter into any lease or lease purchase contracts for the use of equipment, including fixtures.

Section 706. Insurance Provisions.

(a) Fire and Extended Coverage. The Authority, if such insurance is not already in force, will procure fire and extended coverage insurance on the insurable portions of the Health Care System, the revenues of which are pledged to the security of the Certificates. The foregoing fire and extended coverage insurance will be maintained so long as the Certificates are outstanding and will be in the amount of the full insurable value of the property. If there is any damage to or destruction of any of the Health Care System or any part thereof, the Authority will promptly arrange for the application of the insurance proceeds for the repair, reconstruction or replacement of the damaged or destroyed portion unless the Authority, with the concurrence of its consulting engineers, shall determine that:

(i) such repair, reconstruction or replacement is not economically feasible because the revenues of the Health Care System would not be increased sufficiently thereby to justify, in good business practice, the expenditure therefor of such insurance proceeds;

(ii) the efficient utilization of the Health Care System is not impaired by such damage; and

(iii) such damage will not result in the loss of a significant amount of revenue from the Health Care System.

(b) Public Liability and Property Damage. The Authority, if such insurance is not already in force, will procure and maintain, for so long as any Certificates are outstanding, public liability insurance relating to the operation of the Health Care System and relating to any vehicle owned or operated for the benefit of the Health Care System in such amount as may be determined by the Authority upon recommendation of counsel to the Authority, in order to protect the Authority from claims for bodily injury and for death and from claims for damage to property of others which may arise from the operation of the Health Care System or any other facilities the revenues of which are pledged.

(c) Fidelity Bonds. The Authority will carry, at all times, fidelity bonds on all of its officers and employees who may handle funds derived from the Health Care System, and such bonds shall be in such amounts as are at least equal to the total funds in the custody of such officer or employee at any one time.

(d) From Whom Purchased. The Authority shall obtain all such insurance from a responsible insurance company or companies, authorized and qualified under the laws of the State to assume the risks thereof against loss or damage. All such policies shall be for the benefit of and made payable to the Authority and shall be on deposit therewith; provided, however, the Authority may elect to be a self-insurer with respect to property loss for any mobile equipment used in connection with the operation and maintenance of the Health Care System.

(e) Pledge of Insurance Proceeds. The proceeds of all such insurance policies, except the general liability policies or coverage, are pledged as security for the payment of the Certificates, but shall be available for and shall be applied, to the extent necessary and desirable, to the repair and replacement of the damaged or destroyed property, provided that any portion of such proceeds remaining after payment in full of such costs shall be paid into the Sinking Fund, or, if the property is not repaired or replaced, the proceeds shall be placed in the Sinking Fund.

(f) General. All insurance policies and other coverage documents shall be open to the inspection of the Certificate holders and their representatives and to the designated representative of the original purchasers of each series of Certificates issued hereunder at all reasonable times.

The provisions of this Section 706 are subject to the availability of insurance at commercially reasonable rates to the Authority due to market conditions which may adversely affect such availability to hospital authorities of the State generally.

Section 707. Condemnation. If the Health Care System or any part thereof or any portion of the premises upon which any part of the Health Care System is constructed shall be taken by the exercise of the power of eminent domain, the whole compensation therefor shall be paid directly to the Authority and applied by the Authority as follows:

(a) Condemnation of all or substantially all of the Health Care System. Condemnation proceeds referable to a taking of all or substantially all the Health Care System or such premises will be paid into the Sinking Fund, or if all Certificates payable from the Sinking Fund and the interest thereon shall have been paid or if sufficient funds will be placed in the Sinking Fund for the payment or call and redemption of all Certificates payable from the Sinking Fund by the payment therein of a portion of such condemnation proceeds, then the excess, if any, of such proceeds over the amount required for such payment or call and redemption shall be paid to the Authority.

(b) Condemnation of less than substantially all of the Health Care System. All condemnation proceeds received by the Authority referable to a taking of less than substantially all the Health Care System will be applied as follows:

(i) If no part of the improvements constituting the Health Care System or of the premises upon which the same is located is taken or damaged or if the Authority, with the concurrence of its consulting engineers, shall determine that the efficient utilization of the Health Care System is not impaired by such taking and there will be no loss of revenue by reason thereof, the net condemnation award shall be paid to the Sinking Fund.

(ii) If any part of the improvements or premises is taken or if no such determination is made with the concurrence of such consulting engineers, then, the net condemnation award will be applied to the repair, rebuilding, and restoration of the Health Care System or to the rearrangement of the Health Care System, insofar as may be possible, so as to make the Health Care System suitable for the use intended and to prevent a loss of revenue therefrom, and any balance of the net condemnation award will be paid into the Sinking Fund unless the Authority, with the concurrence of its consulting engineers, shall determine that the efficient utilization of the Health Care System is not impaired by such taking and that such repair, rebuilding, or restoration is not economically feasible for the reason that the revenue of the Health Care System would not be increased thereby sufficiently to justify, in good business practice, the expenditure of such condemnation award therefor, and, if such repair, rebuilding, restoration, or rearrangement is not possible or is not undertaken so as to make sure the Health Care System is suitable for the use intended, all the net condemnation award will be paid into the Sinking Fund.

(iii) If all Certificates payable from the Sinking Fund and the interest thereon shall have been paid or if sufficient funds will be placed in the Sinking Fund for the payment or call and redemption of all Certificates payable from the Sinking Fund by the payment therein of a portion of such condemnation proceeds, then the excess, if any, of such proceeds over the amount required for such payment or call and redemption, shall be paid to the Authority.

Section 708. Meaning of Efficient Utilization. Whenever reference is made herein to impairment of the efficient utilization of the Health Care System, such reference shall mean that the Health Care System, following damage or the exercise of the power of eminent domain, will be of such a character as to be capable or as not to be capable, as the case may be, of rendering service substantially of quantity and quality comparable to that being rendered by the Health Care System immediately prior to such damage or the exercise of the power of eminent domain.

Section 709. Funds and Accounts to be Maintained Separately. The Authority shall keep the funds and accounts of the Health Care System separate from all other funds and accounts of the Authority, or any of its departments, and no payment shall be made from the revenues derived from the Health Care System which is not properly payable from such revenues, shall keep accurate records and accounts of all items of cost and all expenditures relating to the Health Care System, and of the revenues collected and the application thereof, and shall keep said records and accounts with respect to the physical properties of the Health Care System in such manner that it will be possible at all times to identify both the amounts and the items of all additions and retirements.

Section 710. Fiscal Year; Annual Budget.

(a) The Authority is now operating and will continue to operate the Health Care System on a fiscal year basis beginning on July 1 of each year and ending June 30 of the following calendar year, but should it desire to change its fiscal year it may do so by proper resolution.

(b) The Authority covenants that a budget of revenues and expenses for the Health Care System for its current fiscal year has been adopted as required by the Hospital Authorities Law, that in connection with the issuance hereafter of any series of Certificates said budget will be revised to the extent necessary, and that on or before the first day of each subsequent fiscal year, there will be adopted an annual budget of revenues and expenses for the Health Care System for the ensuing fiscal year, and a copy of such budgets or amendments thereto will be furnished, upon request, to any Certificate holder and to the original purchaser of a series of Certificates.

Section 711. Audit of Health Care System. In the month immediately following the end of each fiscal year, or as soon thereafter as practicable, an audit will be made of the financial affairs, books, records, and accounts pertaining to the Health Care System for the preceding year by an independent certified public accountant or firm of certified public accountants of suitable experience and responsibility, to be chosen by the Authority. The auditor so appointed shall perform the audit in accordance with generally accepted accounting principles and shall submit a complete and final report and audit to the Authority not later than nine months after the close of the fiscal year.

The annual audit shall include, among other items, a statement of income and expenses and a balance sheet relating to the Health Care System, both in reasonable detail, a list of insurance policies paid for and in force respecting the Health Care System and its operations, comments by the auditor respecting the compliance by the Authority with the provisions of this Resolution, and that the Authority is complying therewith or point out where, in any instance, the Authority is not in compliance therewith.

Section 712. Inspection of Records of Health Care System. All interested persons will be permitted to examine and inspect the Health Care System's papers, books, records, accounts, and data relating thereto at all reasonable times and will be permitted to make copies or transcripts of any such records, accounts, and data so long as it can be done without unreasonable interference with the operation of the Health Care System.

Section 713. Disposition of Health Care System.

(a) *Disposition in Whole*. So long as any of the Certificates shall be outstanding, the Authority shall not sell, lease (except pursuant to the terms of the Lease) or otherwise dispose of the Health Care System or any part thereof, and shall not enter into any management, operating or similar agreement with respect to the Health Care System or any part thereof, except that the Authority may sell the Health Care System as a whole, or substantially as a whole, if either of the following conditions are met:

(1) the proceeds of such sale shall be at least sufficient to provide for the payment and redemption of all Outstanding Certificates and any interest accrued or to accrue thereon, and that the proceeds of any such sale shall be deposited in trust and applied by the Authority to the extent necessary to purchase or redeem such Outstanding Certificates, or

(2) the Authority shall have received an unqualified opinion of Bond Counsel to the effect that (a) neither the lien created under this Resolution on the payments to be made by the County pursuant to the Contract nor the obligation of the County to make the payments required under the Contract will be adversely affected by such sale and (b) the interest on any Certificates which is excludable from the gross income of the owners thereof for federal income tax purposes will not become includable in such gross income as a result of such sale.

(b) *Disposition in Part*. Nothing contained herein, however, shall preclude the sale or other disposition of a part of the Health Care System if either of the following conditions are met:

(1) the Authority determines that such portion of the Health Care System is no longer needed and serves no useful purpose in connection with the maintenance and operation of the Health Care System and if the sale or other disposition would not, in any way, materially adversely affect the revenues of the Health Care System, and provided further that the proceeds from such sale or other disposition are used for extensions, replacements, and improvements to the Health Care System, or deposited with the in trust and applied toward the purchase or redemption of Certificates, or

(2) the Authority shall have received an unqualified opinion of Bond Counsel to the effect that (a) neither the lien created under this Resolution on the payments to be made by the County pursuant to the Contract nor the obligation of the County to make the payments required under the Contract will be adversely affected by such sale and (b) the interest on any Certificates which is excludable from the gross income of the owners thereof for federal income tax purposes will not become includable in such gross income as a result of such sale or other disposition.

Notwithstanding the foregoing, the Authority is not prohibited from entering into a lease or management or similar agreement with respect to the Health Care System, or any portion thereof, if the following conditions are met:

(1) the other party or parties thereto shall have assumed and agreed to perform all of the Authority's obligations with respect to the Health Care System or the portion thereof subject to such lease or management or similar agreement, the revenues derived therefrom, and the disbursements with respect thereto; and

(2) the Authority shall have received an unqualified opinion of Bond Counsel to the effect that (a) neither the lien created under this Resolution on the payments to be made by the County pursuant to the Contract nor the obligation of the County to make the payments required under the Contract will be adversely affected by such lease or management or similar agreement and (b) the interest on any Certificates which is excludable from the gross income of the owners thereof for federal income tax purposes will not become includable in such gross income as a result of such lease or management or similar agreement. Notwithstanding the above, the lease must be specifically approved and the terms and conditions contained therein must be specifically ratified and affirmed.

In addition, the Authority is not prohibited by this Section from effecting "a reorganization or restructuring" as contemplated by § 31-7-75.1(d) of the Hospital Authorities Law if the following conditions are met:

(1) the other party or parties to such reorganization or restructuring shall have assumed and agreed to perform all of the Authority's obligations with respect to the Health Care System or the portion thereof involved in any such reorganization or restructuring, the revenues derived therefrom, and the disbursements with respect thereto; and

(2) the Authority shall have received an unqualified opinion of Bond Counsel to the effect that (a) neither the lien created under this Resolution on the payments to be made by the County pursuant to the Contract nor the obligation of the County to make the payments required under the Contract will be adversely affected by such transaction and (b) the interest on any Certificates which is excludable from the gross income of the owners thereof for federal income tax purposes will not become includable in such gross income as a result of such transaction.

No transaction permitted in this Section shall relieve the Authority from its obligation to pay the principal of, premium, if any, and interest on the Certificates as the same become due and payable.

[END OF ARTICLE VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 801. Events of Default. Each of the following events is hereby declared an "event of default," that is to say if:

(a) Payment of the principal of any of the Certificates shall not be made when the same shall become due and payable, either at maturity or by proceedings for scheduled mandatory redemption; or

(b) Payment of any installment of interest shall not be made when the same shall become due and payable; or

(c) The Authority, for any reason, shall be rendered incapable of fulfilling its obligations hereunder; or

(d) An order or decree shall be entered with the consent or acquiescence of the Authority appointing a receiver or receivers of the Health Care System or of the revenues therefrom or any proceedings shall be instituted with the consent or acquiescence of the Authority for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting claims of such creditors pursuant to any federal or state statute now or hereafter enacted if the claims of such creditors are payable, under any circumstances, out of the revenues of the Health Care System, or if such order or decree, having been entered without the consent and acquiescence of the Authority, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof or if such proceeding, having been instituted without such consent or acquiescence, shall not be withdrawn or any orders entered shall not be vacated, discharged or stayed on appeal, within 60 days after the institution of such proceedings or the entry of such orders; or

(e) The Authority shall fail to duly and punctually perform any of the other covenants, conditions, agreements or provisions contained in the Certificates or in this Resolution on its part to be performed, and such failure shall continue for 30 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Authority by the Owner of any Certificate unless action to remedy such failure shall have been undertaken and more than 30 days is reasonably required for its completion, in which event the Authority may permit such failure to remain unremedied during the lesser of 180 days or the time required for the completion of such action and any appeal therefrom, irrespective of whether such period extends beyond the 30 day period after the giving of notice, unless by such action the lien or charge hereof on any part of the revenues of the Health Care System shall be materially endangered or the Health Care System or the revenues therefrom or any part thereof shall be subject to loss or forfeiture, in which event, such failure shall be promptly remedied.

Section 802. Remedies. Upon the happening and continuance of any event of default as provided in Section 801, then and in every such case any Certificate holder may proceed, subject to the provisions of Section 804, to protect and enforce the rights of the Certificate holders hereunder by a suit, action or special proceeding in equity, or at law, either for the appointment of

a receiver of the Health Care System as authorized by the Revenue Bond Law, or for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted, or for the enforcement of any proper legal or equitable remedy as such Certificate holder shall deem most effectual to protect and enforce the rights aforesaid, insofar as such may be authorized by law.

Section 803. Proceedings, Discontinued, Abandoned or Adversely Determined. If any proceeding taken by any Certificate holder on account of any event of default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such Certificate holder, then and in every such case the Authority and the Certificate holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Certificate holders shall continue as though no such proceedings had been taken.

Section 804. Limitation of Actions. No one or more Holders of the Certificates shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Holders of such Outstanding Certificates.

Section 805. No Remedy Exclusive. No remedy herein conferred upon the Certificate holders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity, or by statute.

Section 806. Delay or Omission to Exercise Right or Power. No delay or omission of any Certificate holder to exercise any right or power accruing upon any event of default occurring and continuing, as aforesaid, shall impair any such event of default or be construed as an acquiescence therein; and every power and remedy given by this Article to the Certificate holders may be exercised from time to time and as often as may be deemed expedient.

Section 807. Rights to Enforce Payment. Nothing in this Resolution or in the Certificates shall affect or impair the right of action of the Owner of any Certificate, which is, and upon such declaration the same shall become and be immediately due and payable, anything absolute and unconditional, to enforce payment of such Certificate in accordance with the provisions of this Resolution.

[END OF ARTICLE VIII]

ARTICLE IX

SUPPLEMENTAL PROCEEDINGS

Section 901. Supplemental Proceedings Not Requiring Consent of Certificate holders. This Resolution may be modified, altered, amended or expanded by the Authority without the consent of, or notice to, any of the Certificate holders for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission or inconsistent provision in this Resolution;

(b) to grant to or confer any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Certificate holders;

(c) to subject to the lien and pledge of this Resolution additional rents, revenues, receipts, properties or other collateral;

(d) to evidence the appointment of successors to any depository, custodian, Paying Agent or Registrar hereunder; and

(e) to provide for the issuance of Parity Certificates or subordinate certificates in accordance with the provisions of this Resolution.

Section 902. Supplemental Proceedings Requiring Consent of Certificate holders.

(a) This Resolution may be modified, altered, and amended from time to time by adding to or rescinding in any particular any terms or provisions contained herein; provided, however, that nothing contained herein shall permit or be construed as permitting:

(i) the extension of the maturity or redemption date of any Certificates issued hereunder;

(ii) the reduction in or alteration of the principal of or the interest on the Certificates or any modification of the terms of payment of principal and interest thereon; or

(iii) the reduction of the percentage of the principal amount of Certificates required for consent to such modification, alteration or amendment.

A modification or amendment of the provisions with respect to increasing payments required to be made to the Sinking Fund shall not to be deemed a change in the terms of payment.

(b) Any modifications, alterations, and amendments of this Resolution as permitted by this Section 902 shall be made by a supplemental resolution. After any supplemental resolution requiring the consent of the Certificate holders shall have been adopted, the Authority shall cause a notice of the adoption of such supplemental resolution to be mailed, postage prepaid, to all Certificate holders at the addresses appearing on the registration book kept by the Registrar.

Thereafter, no such supplemental resolution shall become effective unless the Holders of at least fifty-five percent (55%) of the aggregate principal amount of the affected Outstanding Certificates shall have filed with the Authority within 90 days after the adoption of such supplemental resolution, written consent to approval thereof, each such written consent to be accompanied by proof of ownership of the Certificates to which such instrument refers, which proof shall be such as is permitted by the provisions of Section 903. Any request or consent of the owner of any Certificate shall bind every future owner of the same Certificate with respect to anything done by the Authority in pursuance of such request or consent.

Section 903. Proof of Ownership. Any request, waiver, direction, consent or other instrument required by this Resolution to be signed or executed by the owners of the Certificates may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument, or of the writing appointing such agent, and of the ownership of Certificates, if made in the following manner, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the Authority with regard to any action taken by it under such instrument:

(a) The fact and date of the execution by any person of any such instrument may be proven by the certificate of any officer in any jurisdiction who by the laws thereof has power to take acknowledgment within such jurisdiction, to the effect that the person signing such instrument acknowledged before such officer the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the ownership of the Certificates shall be determined and proven by reference to the registration book kept by the Registrar of such Certificates, and the Authority may assume conclusively that such ownership continues until written notice to the contrary is served upon the Authority.

Section 904. Effect of Supplemental Proceeding. Any supplemental resolution adopted and becoming effective in accordance with the provisions of this Article thereafter shall form a part of this Resolution, and all the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be a part of the terms and conditions of this Resolution and shall be effective as to all Owners of the then Outstanding Certificates and of any Parity Certificates, and no notation or legend of such modifications and amendments shall be required to be made on any such outstanding Certificates.

Section 905. Subsequent Proceedings Consistent with Resolution. Any subsequent proceeding or proceedings authorizing the issuance of Parity Certificates as permitted under the provisions of this Resolution shall in nowise conflict with the terms and conditions of this Resolution, but, for all legal purposes, shall contain all the covenants, agreements, and provisions of this Resolution for the equal protection and benefit of all Owners of Certificates.

[END OF ARTICLE IX]

ARTICLE X

TAX COVENANT; MISCELLANEOUS PROVISIONS

Section 1001. Resolution Constitutes Contract with all Owners.

(a) The provisions, terms, and conditions of this Resolution shall constitute a contract by and between the Authority and the Owners of Outstanding Certificates, and this Resolution shall not be repealed or amended in any respect which will adversely affect the rights and interest of the Owners of the Certificates, nor shall the Authority adopt any resolution or ordinance in any way ever adversely affecting the rights of such Owners so long as any of the Certificates or the interest thereon shall remain unpaid; provided, however, that the provisions of this Section shall not be construed to restrict or impair any rights reserved to the Authority in Article IX to make modifications or amendments to this Resolution to the extent and in the manner as provided therein.

(b) All the covenants, agreements, and provisions of this Resolution shall be for the equal and proportionate benefit and security of all Owners of the Certificates without preference, priority or distinction as to the charge, lien or otherwise of any one Certificate over any other Certificate.

Section 1002. Federal Tax Certificate. The Authority recognizes that the Owners of all tax-exempt Series 2026 Certificates will have accepted them on, and paid therefor a price which reflects, the understanding that interest thereon is exempt from federal and State income taxation under laws in force at the time the Series 2026 Certificates shall have been delivered. To maintain the exclusion from federal gross income of interest on the Series 2026 Certificates, the Authority covenants to comply with the applicable requirements of the Code. In furtherance of this covenant, for the benefit of the Certificate holders, the Authority agrees to comply with the provisions of a Federal Tax Certificate to be executed by the Authority and delivered concurrently with the issuance and delivery of each series of tax-exempt Certificates.

Section 1003. Applicable Provisions of Law. This Resolution shall be governed by and construed in accordance with the laws of the State of Georgia.

Section 1004. Partial Invalidity. If any one or more of the provisions of this Resolution or of the Certificates shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, such illegality or invalidity shall not affect any other provisions hereof or of the Certificates unless expressly so held, but this Resolution and the Certificates shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein, and this Resolution shall be construed to adopt, but not to enlarge upon, all the applicable provisions of the Hospital Authorities Law and the Revenue Bond Law, and, if any provisions hereof conflict with any applicable provisions of said law, the latter as adopted by the legislature of the State and as interpreted by the courts of the State shall prevail and shall be substituted for any provisions hereof in conflict or not in harmony therewith.

Section 1005. Payments Due on Saturdays, Sundays, and Holidays. If the Interest Payment Date or the date fixed for redemption of any Certificates shall be in the city of payment a Saturday, Sunday, or a legal holiday or a day on which banking institutions are authorized by

law to close, then payment of such principal or interest need not be made on such date but may be made on the next succeeding business date with the same force and effect as if made on the Interest Payment Date or on the date of stated maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 1006. Validation. The Series 2026 Certificates shall be validated in the manner provided in the Revenue Bond Law, as amended, and to that end notice of the adoption of this Resolution and a certified copy thereof shall be served immediately on the District Attorney of the Waycross Judicial Circuit in order that proceedings for the confirmation and validation of the Series 2026 Certificates by the Superior Court of Bacon County may be instituted by said District Attorney.

Section 1007. Continuing Disclosure. The Authority covenants to comply with the continuing disclosure requirements contained in Securities and Exchange Board of Commissioners Rule 15c2-12(b)(5) pursuant to a Continuing Disclosure Certificate (the "**Continuing Disclosure Certificate**") to be executed by the Authority, Health Services, Inc., and the county, the date of issuance and delivery of the Series 2026 Certificates. Notwithstanding any other provision of this Resolution, to comply with the Continuing Disclosure Certificate shall not be considered a default on the Series 2026 Certificates; however, any Holder or Beneficial Owner of Series 2026 Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, Health Services, Inc., and/or the County to comply with their respective obligations under the Continuing Disclosure Certificate, this Resolution, the Lease, the Contract and the Series 2026 Certificates. For purposes of this Section, "**Beneficial Owner**" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2026 Certificates (including persons holding Series 2026 Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2026 Certificates for federal income tax purposes.

Section 1008. Official Statement. The Authority has caused to be prepared and distributed a Preliminary Official Statement with respect to the Series 2026 Certificates and shall prepare, execute, and deliver an Official Statement for the Series 2026 Certificates in final form, and the execution and delivery of said Official Statement in final form is hereby authorized and approved. The use and distribution of a Preliminary Official Statement with respect to the Series 2026 Certificates be and the same is hereby ratified and confirmed, and the Chairman, Executive Director or Chief Financial Officer of the Authority is duly authorized to "deem final" the Preliminary Official Statement within the meaning of Securities Exchange Act Rule 15c2-12. The Chairman or Vice Chairman of the Authority is hereby authorized to execute and deliver the Official Statement for and on behalf of the Authority and said Official Statement shall be in substantially the form of the Preliminary Official Statement, subject to such changes, insertions, or omissions as may be approved by the Chairman and the execution of said Official Statement by the Chairman or Vice Chairman as hereby authorized shall be conclusive evidence of any such approval. The distribution of the Preliminary Official Statement and Official Statement for and on behalf of the Authority is hereby authorized and approved

Section 1009. Authorization of Contract. The execution, delivery, and performance of the Contract, the form of which is attached hereto as Exhibit A, is hereby authorized. The Contract shall be in substantially the form of that which is attached hereto as Exhibit A, and the Chairman

or Vice Chairman of the Authority is authorized to approve such additions and changes as are necessary to carry out the intent of this Resolution and to sign the Contract in the name of and on behalf of the Authority. The corporate seal of the Authority shall be affixed to the Contract and attested by the Secretary or an Assistant Secretary of the Authority. The signing of the Contract by the Chairman or the Vice Chairman shall be conclusive evidence of the approval of any additions and changes. The Contract, in substantially the form attached hereto, is incorporated herein and made a part hereof relative to the operation and maintenance of the Health Care System during the period in which Certificates will be outstanding.

Section 1010. Certificate Purchase Agreement. The Chairman or Vice Chairman are authorized to execute on behalf of the Authority a Certificate Purchase Agreement with Raymond James & Associates, Inc., Atlanta, Georgia, as Underwriter of the Series 2026 Certificates, in the form submitted to the Authority at the time of adoption of this Resolution.

Section 1011. Authorization of Execution of 8038-G and Federal Tax Certificate. The Chairman of the Authority is hereby authorized to execute, and direct the filing with the Internal Revenue Service of, an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G. The Chairman or other proper officer or agent of the Authority is hereby authorized to execute and deliver the Federal Tax Certificate.

Section 1012. General Authorization. The officers and agents of the Authority hereby are authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of this Resolution and are further authorized to take any and all further actions and execute and deliver any and all other documents as may be necessary in the issuance of the Series 2026 Certificates. All actions heretofore taken and all documents heretofore executed in connection with the issuance of the Series 2026 Certificates are ratified and approved.

Section 1013. [Reserved]

Section 1014. Bacon County Health Services, Inc. Prior to the issuance of the Series 2026 Certificates, Health Services, Inc. shall (i) acknowledge and agree to all of the terms contained in this Resolution, (ii) agree, without limitation, to the provisions contained in Section 504 hereof relating to the pledge of Gross Revenues, and (iii) agree to cooperate with and assist the Authority in fulfilling its obligations hereunder.

Section 1015. Public Hearing. In order to comply with Section 147(f) of the Code, any one of the Chairman, Vice-Chairman, Secretary or Legal Counsel for the Authority is designated as hearing officer for the purpose of conducting the public hearing relating to the issuance of the Series 2026 Certificates following the reasonable public notice of such hearing.

Section 1016. Waiver of Performance Audit. The Authority hereby specifically waives the requirements of O.C.G.A.§ 36-82-100 that the expenditure of the proceeds of the Series 2026 Certificates be subject to an ongoing performance audit or performance review, and authorizes such waiver to be published in the notice of hearing relating to the validation of the Series 2026 Certificates.

Section 1017. Captions. The captions or headings in this Resolution are for convenience only and in no way limit or describe the scope or intent of any provisions or sections of this Resolution.

Section 1018. Repealer. Any and all ordinances or resolutions or parts of ordinances or resolutions in conflict with this Resolution shall be and the same hereby are repealed, and this Resolution shall be in full force and effect from and after its adoption. The 2022 Resolution shall also remain in full force and effect with respect to the Series 2022 Certificate for so long as the Series 2022 Certificate remains outstanding.

[END OF ARTICLE X]

APPROVED AND ADOPTED this September 15, 2026

HOSPITAL AUTHORITY OF
BACON COUNTY

By: _____
Chairman

Acknowledged and Agreed to by:

BACON COUNTY HEALTH
SERVICES, INC.

By: _____

Exhibit A

Form of Contract

(See Attached)

STATE OF GEORGIA)
)
COUNTY OF BACON)

AMENDED AND RESTATED CONTRACT

THIS AMENDED AND RESTATED CONTRACT, made and entered into effective _____, 2026 (this "**Contract**"), by and between BACON COUNTY, GEORGIA (the "**County**"), a political subdivision of the State of Georgia, and the HOSPITAL AUTHORITY OF BACON COUNTY (the "**Authority**"), a body corporate and politic of the State of Georgia (*capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the hereinafter defined 2026 Resolution*):

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of the Hospital Authorities Law of Georgia, codified in Official Code of Georgia Annotated § 31-7-70 *et seq*. (the "**Hospital Authorities Law**"), the Authority was activated by a resolution adopted on February 7, 1950 by the governing body of Bacon County at the time of such activation, and the Authority has been and is now legally created, existing, and operating in accordance with all of the terms and provisions of the Hospital Authorities Law and will continue to comply with all of the requirements thereof; and

WHEREAS, the Hospital Authorities Law grants to the Authority the power to acquire, construct, and equip hospitals and other public health facilities for the use of patients and officers and employees of any institution under the supervision and control of the Authority or leased by the Authority for operation by others, to promote the public health needs within its area of operation and all utilities and facilities deemed by the Authority necessary or convenient for the efficient operation thereof, and the power to establish rates and charges for the services and use of the facilities of the Authority; and

WHEREAS, pursuant to the duties and powers granted to the Authority by the Hospital Authorities Law, the Authority heretofore acquired, constructed, and equipped and now owns Bacon County Hospital, the Twin Oaks Convalescent Center, Bacon County Community Care Center, Nicholls Family Health Care, ABC Child Development Center, and their related facilities in Bacon County and surrounding areas (together the "**System**" or "**Health Care System**"); and

WHEREAS, the Health Care System is currently operated by Bacon County Health Services, Inc., a Georgia non-profit corporation ("**Health Services, Inc.**"), pursuant to a Lease Agreement between the Authority and Health Services, Inc. dated as of January 16, 1996, which lease took effect on July 1, 1996, as supplemented and amended by an Amendment to Lease on December 1, 1998, a Second Amendment to Lease dated October 6, 2011, a Third Amendment to Lease dated April 21, 2022, and a Fourth Amendment to Lease to be dated the date hereof (collectively, the "**Lease**"); and

WHEREAS, the Hospital Authorities Law authorizes the Authority to issue revenue anticipation certificates or other evidences of indebtedness for the purpose of paying all or any part of the cost of acquiring, constructing, and equipping, and other charges incident thereto in connection with any facilities or project, and for the purpose of refunding outstanding certificates of the Authority, and as security for repayment of its revenue anticipation certificates, to mortgage, pledge, or assign any revenue, income, tolls, charges, or fees received by Authority and to hypothecate any revenues received from political subdivisions; and

WHEREAS, pursuant to a resolution adopted by the Authority on March 15, 2022 (the "**2022 Resolution**"), the Authority has heretofore issued on April 21, 2022, its HOSPITAL AUTHORITY OF BACON COUNTY REFUNDING REVENUE ANTICIPATION CERTIFICATE, SERIES 2022 (the "**Series 2022 Certificate**"), in the original principal amount of $7,735,000, to provide funds needed to pay the cost of refunding and defeasing the Hospital Authority of Bacon County Refunding and Improvement Revenue Certificates (Tax-Exempt), Series 2011B, and paying the costs of issuance of the Series 2022 Certificate; and

WHEREAS, the Series 2022 Certificate is currently outstanding in the principal amount of $4,809,000, bearing interest at a rate of 1.990% per annum payable semi-annually on March 1 and September 1 of each year and maturing on March 1, 2032, subject to scheduled mandatory redemption on March 1 of each year in the principal amounts set forth in the 2022 Resolution; and

WHEREAS, the Series 2022 Certificate is a special limited obligation of the Authority, the principal of and interest on which are payable from and secured by a first priority pledge of and lien on the Gross Revenues derived by the Authority from its ownership and operation of the Health Care System, including revenues received under the Lease; and

WHEREAS, in addition, the Series 2022 Certificate is secured by revenues to be derived pursuant to a contract between the Authority and the County, dated as of April 21, 2022 (the "**2022 Contract**"), wherein the County is obligated to make payments to the Authority sufficient in amount to pay the principal of and interest on the Series 2022 Certificate as the same become due and payable, to the extent Gross Revenues of the Health Care System pledged to such payment are insufficient for such purposes, subject to maximum millage rate limitations now or hereafter permitted pursuant to the provisions of the Hospital Authorities Law; and

WHEREAS, the Authority has determined that it is in its best interests to issue its HOSPITAL AUTHORITY OF BACON COUNTY REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026, in the aggregate principal amount $_____ (the "**Series 2026 Certificates**"), for the purpose of acquiring, constructing and equipping additions and improvements to healthcare facilities of the System, including renovations, additions and improvements to the Twin Oaks Convalescent Center, and paying the costs of issuance of the Series 2026 Certificates; and

WHEREAS, the Board of Commissioners of Bacon County (the "**Board of Commissioners**"), the governing body of the County, has determined that the purpose for which the Series 2026 Certificates are to be issued is in the best interest of the residents of the County in that the Authority will be able to continue to provide necessary and proper medical care and hospitalization to the citizens within its area of operation, including the County's indigent sick persons, and the County approves of the sale, issuance, and delivery by the Authority of the Series 2026 Certificates for the purposes aforesaid; and

WHEREAS, Section 509 of the 2022 Resolution authorizes the issuance of Parity Certificates payable from the Sinking Fund and ranking as to lien on the Gross Revenues of the Health Care System *pari passu* with the Series 2022 Certificate, provided all of the conditions in Section 509 of the 2022 Resolution are met, which includes the County and Authority entering into an amendatory contract reaffirming all applicable provisions of the 2022 Contract, making all such provisions fully applicable to the Parity Certificates proposed to be issued, and enlarging and extending the payments to be made by the County to the Authority for deposit to the Sinking Fund to the extent necessary to pay the Debt Service on all Outstanding Certificates and on the Parity Certificates then proposed to be issued as the same mature; and

WHEREAS, the Series 2026 Certificates are being issued pursuant to the provisions of a resolution adopted by the Authority on September 15, 2026 (the "**2026 Resolution**"), on a parity basis with the Series 2022 Certificate; and

WHEREAS, in connection with the issuance of the Series 2026 Certificates, it is necessary and proper for the County and Authority to enter into this Contract, for the purpose of amending and restating the 2022 Contract; and

WHEREAS, the amendments and restatements contained in this Contract are for the purpose of providing for the issuance of the Series 2026 Certificates on a parity basis with the Series 2022 Certificate and do not adversely affect the interest of the Series 2022 Certificate holder under the 2022 Contract or 2022 Resolution; and

WHEREAS, the parties hereto are specifically authorized to enter into this Contract pertaining to the security for the Series 2022 Certificate and Series 2026 Certificates (together, the "**Certificates**") pursuant to the provisions of Article IX, Section III, paragraph I(a) of the Constitution of the State of Georgia and the provisions of the Hospital Authorities Law; and

WHEREAS, the County, acting by and through the Board of Commissioners, desires to enter into this Contract with the Authority for the use of the services and facilities of the Authority, all in the best interest of the residents of the County entitled to the use of the services and facilities of the Authority; and

WHEREAS, it is anticipated that the Gross Revenues (as defined in the 2026 Resolution) of the Health Care System, as it presently exists and as it hereafter shall be added to, extended, improved, and equipped, will be sufficient to pay the Debt Service on the Certificates and the Operating Expenses without the necessity of any payments by the County pursuant to this Contract; and

WHEREAS, if for any reason such revenue projections are not met, it is the intent of the parties hereto that the services and facilities of the Health Care System shall remain available to the citizens of the County and, regardless thereof, that the payments covenanted herein to be made by the County shall provide for payment of the Debt Service on the Certificates and the Operating Expenses of the System.

NOW, THEREFORE, for and in consideration of the premises and undertakings as hereinafter set forth, it is agreed by and between the County and the Authority, each acting by and through its duly authorized officers, pursuant to resolutions duly adopted and properly passed, that the 2022 Contract is hereby amended and restated as follows:

Section 1. Term of the Contract. This Contract shall be the binding obligation of the parties hereto from and after its execution by the parties hereto. The term of this Contract shall begin on the date of the issuance and delivery of the Series 2026 Certificates and shall continue in full force and effect until the earlier of (i) 40 years from the effective date hereof, or (ii) such time as the principal and interest on the Certificates have been paid in full or until provision is duly made therefor, but in no event shall the term of this Contract exceed 40 years from the effective date hereof.

Section 2. Covenants and Agreements of the Authority.

The Authority covenants and agrees as follows:

(a) The Authority will promptly issue the Series 2026 Certificates and will in every respect comply with all provisions of the 2026 Resolution and 2022 Resolution, and will apply the proceeds from the sale of the Series 2026 Certificates as provided in Section 401 of the 2026 Resolution.

(b) Unless default shall have occurred on the part of the County in the performance of the covenants herein contained on its part to be performed, during the term of this Contract the Authority at all times will maintain the Health Care System or cause it to be maintained and available for the use, upon direction and authorization from the proper County authorities, of the properly certified indigent sick and poor of the County requiring hospital care.

(c) So long as this Contract remains in full force and effect, the Authority shall not receive for admittance any indigent person other than a person who is considered medically indigent under regulations and guidelines established from time to time by the State Health Planning Agency, or such other State of Georgia agency as hereafter may succeed to its duties and responsibilities, except in case of emergency, and the Authority shall make no charge for its services to any such persons meeting such criteria except as herein provided. This agreement, however, is not to be construed as preventing the Authority from accepting any voluntary payments which any such patients receiving treatment or who use the Health Care System may wish to make on their own behalf or as prohibiting it from collecting any hospitalization, accident, health or other type insurance or governmental program of which such person may be a beneficiary, or from asserting its statutory hospital lien against any recovery to which such person may be entitled; and provided, further, that nothing herein shall prevent the Authority from making charges for its services when the services are rendered to persons who are not certified as indigent; provided, also, the Authority may make charges for services rendered to certain indigent persons on a pro-rata basis where such persons have been certified as being less than 100% indigent under guidelines established by the State Health Planning Agency, or such other State of Georgia agency as may succeed to its duties and responsibilities. The Authority shall establish policies and criteria to certify indigent patients for treatment at the Health Care

System and furnish to the County copies of such policies and criteria as the same may be established or revised from time to time.

(d) So long as this Contract remains in full force and effect, the Authority will maintain ownership of the Health Care System on as economical a basis as is consistent with good practice in similar hospitals. In accordance with the Lease, Health Services, Inc., shall operate the Health Care System on behalf of the Authority and undertake to operate the Health Care System and to fix its rates, fees, and charges so as to produce Gross Revenue sufficient to (i) pay the Debt Service on the Certificates as the same becomes due and payable, (ii) pay the Operating Expenses of the Health Care System, (iii) pay the Debt Service Reserve Requirement, if required, and (iv) provide for the establishment and maintenance of a Renewal and Extension Fund and such other reasonable reserves as the Authority may deem advisable, and, thereby, to the extent it is able to do so, reduce the amount of the payments which otherwise might be required of the County, from time to time, pursuant to the provisions of this Contract. As between the parties hereto, the Authority shall be and remain the final arbiter and judge as to whether any proposed revision of its rates, fees, and charges referred to in this paragraph will be consistent with its obligation to provide medical care and hospitalization to the County's indigent sick and otherwise to provide for the other public health and welfare needs of the County. The Authority agrees to maintain, or cause to be maintained on its behalf, complete and adequate records, not only concerning the care and treatment of patients, but also of administrative, clerical, and financial affairs of the Health Care System, and any information disclosed by such records reflecting upon the financial responsibility and eligibility of patients for assistance in any form from the County or from any public or private agency shall be made available to the County or public agency and shall be made available to such private agency upon reasonable and proper request therefor being made by or on behalf of the patient in question.

(e) The Authority will cause an audit of its financial affairs, books, and records to be made in accordance with generally accepted accounting principles, or will cause an audit to be made of Health Services, Inc. as long as the Lease is still in effect, at the end of each fiscal year by an independent certified public accountant or firm of certified public accountants. The complete and final audit report will be submitted to the Authority, with a copy to the Board of Commissioners, not later than nine months after the close of the Authority's fiscal year. Such audit shall comply in all respects with the Hospital Authorities Law and the provisions of Section 711 of the 2026 Resolution. Upon request, the Authority will supply the County any interim financial statements which are prepared in the Health Care System's ordinary course of business, and the Authority will make all of the Health Care System's books and records available to the Board of Commissioners at any time, upon reasonable notice.

(f) On February 21 and August 21 in each year during the term of this Contract, or if any such date falls on a Saturday, Sunday or a holiday, then on the next succeeding business day, the Authority shall cause the Sinking Fund Custodian to determine the amount of money then in the Sinking Fund, or on hand in either the Revenue Fund or the Reserve Fund (if established) and available for transfer to the Sinking Fund (the object of said determination being to decrease the obligation of the County to make the payments under Section 3 of this Contract) and available for the payment of the Debt Service coming due on the Certificates on the next Interest Payment Date or Principal Payment Date, and the Sinking Fund Custodian shall notify the Authority and

the County, in not less than one business day, of the amount, if any, the County must pay to the Sinking Fund in order for the Authority to comply with the provisions of Section 501 of the 2026 Resolution. The Authority shall include in its depositary or custodial agreement with the Sinking Fund Custodian an obligation for the Sinking Fund Custodian to make the determination and provide the notice required by the foregoing provisions of this Section 2(f). If for any reason the Sinking Fund Custodian shall fail to make such determination and provide such notice the Authority shall immediately do so.

(g) All payments made by the County (i) under the provisions of Section 3(c) hereof shall be deposited directly by the County in the Sinking Fund and such funds shall be used only for the payment of the principal of and interest (and redemption premium, if any) on the Certificates as the same become due and the other purposes described in Section 507 of the 2026 Resolution, and (ii) under the provisions of Section 3(d) hereof shall be deposited directly by the County in the Revenue Fund and such funds shall be used only for the payment of Operating Expenses of the Health Care System.

(h) The Authority shall not hereafter issue any other obligations of any kind payable from or enjoying a pledge of or lien on the funds authorized to be appropriated and paid by the County hereunder prior or superior to, or on parity with (except as provided in the 2026 Resolution), the pledge of or lien thereon for the payment of the Certificates. Nothing contained herein, however, shall restrict the issuance of additional obligations from time to time, at the sole discretion of the Authority, payable from the Gross Revenues of the Health Care System if such additional obligations are in all respects subordinate to the pledge of or lien on said funds and Gross Revenues to the Certificates.

Section 3. Covenants and Agreements of the County. Bacon County covenants and agrees as follows:

(a) For and during the term of this Contract, the County shall send all of the "indigent," as defined in Section 4(c), entitled to receive hospital care and attention, to the Health Care System and to no other for the rendition of such care and attention and shall pay for such services so rendered as herein provided.

(b) In order to provide medical care or hospitalization for the indigent sick and others entitled to the use of the services and facilities of the Health Care System, the County, acting by and through its Board of Commissioners, shall appropriate and provide all sums hereinafter agreed upon to pay the cost of the use of the services and facilities of the Health Care System by the County or the residents thereof pursuant to this Contract.

(c) The County shall pay to the Authority for such medical care and hospitalization to be provided at the Health Care System money sufficient to provide for the payment of the Debt Service on the Certificates as the same becomes due and payable, in the following manner:

Commencing on or before the third day prior to each Interest Payment Date or Principal Payment Date, for so long as any of the Certificates or the interest thereon remain outstanding and unpaid, the County shall deposit directly into the Sinking Fund, in immediately available

funds, the amount set forth in the notice given by the Sinking Fund Custodian to the County pursuant to Section 2(f) hereof, which will be the amount as necessary for the Authority to comply with the provisions of Section 501 of the 2026 Resolution. If the total of the sums so deposited to the credit of the Sinking Fund at any time shall be less than the amount required, the payment of the difference between the amount so deposited and the required amount shall constitute a continuing obligation of the County until the Sinking Fund is at its proper balance. Said payments made directly to the Sinking Fund Custodian for the account of the Authority shall be deposited into the Sinking Fund so as to assure the availability of money to enable the Authority at all times to pay in full the Debt Service on the Certificates as the same becomes due and payable.

Nothing contained herein shall be construed to require the County to make any payments for deposit to the Sinking Fund whenever and for so long as the money on deposit in the Sinking Fund shall be sufficient to pay all outstanding Certificates payable from the Sinking Fund at their respective maturities and the interest which will become due and payable thereon at or prior to their respective maturities or scheduled mandatory redemption dates. The County, at its option, may make additional payments for deposit to the Sinking Fund from any money which may be made available and authorized by law to be paid for such purpose.

(d) In addition to, and subordinate to, any money to be paid to the Authority by the County pursuant to the provisions of paragraph (c) of this Section 3, the County shall make additional payments to the Authority as may be necessary from time to time to assure the continued operation, maintenance, and repair of the Health Care System during the term of this Contract. Any payments by the County which are required pursuant to this paragraph (d) of Section 3 shall be made immediately upon receipt of written notice from the Authority that money otherwise available to the Health Care System for such purpose are insufficient by a specified amount to pay the then due and past due Operating Expenses of the Health Care System.

(e) The aggregate payments required of the County pursuant to the provisions of paragraphs (c) and (d) of this Section 3 shall not in any calendar year exceed the amount of money which would be produced by the levy of a tax at the maximum millage rate now or hereafter permitted pursuant to the provisions of the Hospital Authorities Law. The aggregate amount of any such anticipated payments by the County in any year shall be determined, to the extent practical, in advance by the parties hereto in conjunction with the preparation of the Health Care System's budget for each succeeding fiscal year.

(f) The County shall levy annually during the term of this Contract an *ad valorem* tax, exclusive of all other taxes which may be levied by the County, upon all the taxable property in the County in such amount within the maximum millage limit authorized by the Hospital Authorities Law, as may be necessary to make the payments called for by this Contract. Nothing herein contained, however, shall be construed as limiting the right of the County to pay its obligations hereunder assumed out of its general funds or from other sources available to it.

(g) Any payments made by the County under this Contract are pledged by the Authority to secure the payment of the Certificates in accordance with the 2026 Resolution.

There is hereby created a first and paramount lien on any and all tax revenue received by the County under or pursuant to the provisions hereof to secure the payment of the Debt Service on the Certificates, and the lien of this pledge shall be valid and binding against the County and against all parties having claims of any kind against the County whether such claims shall arise from tort, contract or otherwise and irrespective of whether such parties have notice thereof. Until paid as herein required, the County shall hold all proceeds of taxes collected for such purpose in a separate and special fund, in trust, the beneficial interest in which shall be in the Authority or the holders of the Certificates as their interest may from time to time appear. The lien created herein is superior to any which hereafter can be created, except that said lien may be extended, with the consent of the County, to cover any Parity Certificates which may be issued hereafter pursuant to the 2026 Resolution.

(h) So long as any Certificates are outstanding and unpaid, the County hereafter shall not enter into a contract with the Authority or any other entity which creates a lien on revenues to be derived from the tax to be levied hereunder superior to, or on parity with (except as provided in the 2026 Resolution), the lien created hereunder.

(i) The County shall not enter into any other contract with the Authority or any other entity which provides for payment to be made by the County from money derived from the levy of a tax, within the maximum millage now or hereafter authorized by the Hospital Authorities Law, if the annual payment of all amounts payable or currently budgeted under all contracts then in existence with the Authority or any other entity, together with the annual payment of all amounts to be made under the proposed contract in each future Sinking Fund Year, would exceed the amount then capable of being produced by a levy of a tax within the maximum millage now or hereafter authorized by the Hospital Authorities Law, as shown by the latest tax digest of the County available immediately preceding the execution of any such contract or supplemental contract.

(j) Notwithstanding anything to the contrary contained herein, the obligation of the County to make the payments required pursuant to the provisions of this Section 3 at the times and in the manner specified shall be absolute and unconditional and such payments shall not be abated or reduced because of damage to or destruction of the Health Care System, failure to operate or maintain the Health Care System, force majeure, or for any reason whatsoever. Until such time as the principal of premium, if any, and interest on the Certificates shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Certificate Resolutions, the County agrees that (i) it shall not suspend or discontinue any payments provided for herein and (ii) it will not terminate the Contract for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to any of the Authority's facilities, the taking by eminent domain of title to or temporary use of any or all of the Authority's facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State of Georgia, or any political subdivision of either thereof, or any failure of any party to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Contract or otherwise. Furthermore, notwithstanding anything to the contrary contained herein, the County shall not exercise any right of set-off or any similar right with respect to such

payments, nor will it withhold any such payments because of any claimed breach of this Contract by the Authority. This provision is incorporated herein for the benefit of the owners of the Certificates and it shall not affect the obligation of the Authority to perform this Contract or otherwise, nor shall this provision otherwise affect the remedies available to the County on account of any such claimed breach by the Authority.

(k) As originally provided in the 2022 Contract, unless otherwise available electronically on a public website, the County shall provide the registered owner of the Series 2022 Certificate with audited annual financial statements within 365 days of the close of its fiscal year. Additionally, the County shall provide the registered owner of the Series 2022 Certificate with a copy of its annual budget, as adopted or amended, within 30 days of adoption or amendment, and such other reports that are available for dissemination by the County as may be reasonably requested from time to time by the registered owner of the Series 2022 Certificate, which may include long-term capital improvement plans. Unless the following data is included in the County's comprehensive annual financial report provided to the registered owner of the Series 2022 Certificate, within 365 days of the close of its fiscal year, the County shall disclose upon request of the registered owner of the Series 2022 Certificate the following data available to the registered owner of the Series 2022 Certificate: (i) most recent consolidated tax digest summary; (ii) most recent list of top ten property taxpayers in the County; (iii) ad valorem tax collection rate as of the end of the County's prior fiscal year; and (iv) the estimated general obligation debt and overlapping property tax supported contractual obligations, if any, of other taxing entities to which the jurisdiction of the County overlaps (i.e., municipalities and school districts).

(l) The Authority and County will comply with and carry out all of the provisions of the Continuing Disclosure Certificate relating to the Series 2026 Certificates.

Section 4. Mutual Agreements.

The Authority and the County mutually agree as follows:

(a) The Authority shall pay the Debt Service on the Certificates as the same becomes due and payable. The money to be received by the Authority from the County pursuant to this Contract for the payment of Debt Service, as well as the Gross Revenues of the Health Care System otherwise obtained, have been irrevocably pledged to the payment of the Debt Service on the Certificates as the same becomes due and payable.

(b) The Authority from time to time may issue Parity Certificates provided that all conditions of Section 509 of the 2026 Resolution are satisfied, including specifically the entering into of an amendment to this Contract or a new contract. The County has made no commitment to the Authority relating to the issuance of Parity Certificates and shall be under no compulsion to amend this Contract or execute a new contract to permit such issuance.

(c) The term "**indigent**" as used herein shall be construed to mean such persons living in the County as shall be certified as being entitled to receive the medical care and services of the Health Care System. The services and facilities of the Health Care System hereinbefore

referred to are construed to mean the usual care rendered to patients in a hospital, including food, general nursing care and supervision (but not a special nurse), use of operating room and facilities, use of x-ray facilities (but not x-ray treatment), use of the usual and customary out-patient clinical services and facilities, medicine and drugs. All other services, facilities, and materials not specifically enumerated above shall constitute extras and be accounted and paid for accordingly.

(d) The provisions of the Hospital Authorities Law are incorporated herein as a part hereof as though fully set forth herein verbatim.

(e) Nothing set forth herein shall prevent the Authority from entering into a lease or management agreement or similar arrangement with respect to the Health Care System, or effecting a reorganization or restructuring, all as contemplated by the 2026 Resolution, so long as the conditions set forth in the 2026 Resolution relating thereto are complied with, and no such agreement, arrangement, reorganization or restructuring shall affect the validity of this Contract or the obligation of the County to make the payments provided for hereunder.

(f) While this Contract is between the parties hereto, it is acknowledged that the owners of the Certificates have an interest herein and are third party beneficiaries of this Contract, and the parties hereto covenant for the benefit of said holders that this Contract cannot be modified or amended in any manner which would in any respect adversely affect the rights of any such holders; provided, however, this Contract may be amended by increasing the obligation of the County to make payments so as to permit the issuance of Parity Certificates in accordance with Section 509 of the 2026 Resolution, in which event the holders of the Parity Certificates also shall have an interest herein and shall be third party beneficiaries of this Contract, but no such amendment may decrease the payments to be made with respect to the Certificates.

(g) Should any phrase, clause, sentence or paragraph herein contained be held invalid or unconstitutional, it shall in nowise affect the remaining provisions of this Contract, which said provisions shall remain in full force and effect.

(h) The registered owners of the Certificates shall be express third-party beneficiaries of this Contract and shall be entitled to enforce, the provisions of this Contract.

(i) The parties may execute this Contract in one or more counterparts, each of which will be deemed an original and all of which, when taken together, will be deemed to constitute one and the same agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto, acting by and through their duly authorized officers, have caused this Contract to be executed in duplicate as of the day and year first above written.

BACON COUNTY, GEORGIA

(S E A L)

By: _____
Chairman
Board of Commissioners of Bacon County

Attest: _____
Clerk
Board of Commissioners of Bacon County

Sworn to and subscribed before me
this ___ day of _____, 2026.

_____
Notary Public

HOSPITAL AUTHORITY OF
BACON COUNTY

(S E A L)

By: _____
Chairman

Attest: _____
Secretary

Sworn to and subscribed before me
this __ day of _____, 2026.

_____
Notary Public

[Signature Page to Contract]

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Hospital Authority of Bacon County (the "Authority"), a body corporate and politic, which is deemed to be a public corporation of the State of Georgia, Bacon County Health Services, Inc. ("Health Services, Inc."), a 501(c)(3) Georgia non-profit corporation, and Bacon County, Georgia, a political subdivision of the State of Georgia (the "County") in connection with the issuance of the HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA) REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026, in the aggregate principal amount of $10,025,000* (the "Series 2026 Certificates"). The Series 2026 Certificates are being issued pursuant to a resolution adopted by the Authority on _____, 2026 (the "Resolution").

The Authority, Health Services Inc., and the County covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority, Health Services, Inc., and the County for the benefit of the Holders and Beneficial Owners of the Series 2026 Certificates (together, the "Certificate Holders") and in order to assist the Participating Underwriter (defined below) in complying with the continuing disclosure requirements of U.S. Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the Health Services Inc. pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Authority" means the Hospital Authority of Bacon County, a body corporate and politic, which is deemed to be a public corporation of the State of Georgia.

"Beneficial Owner" means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2026 Certificates (including persons holding Series 2026 Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2026 Certificates for federal income tax purposes.

"County" means Bacon County, Georgia, a political subdivision of the State of Georgia.

"Dissemination Agent" means Health Services, Inc., or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"EMMA" means the MSRB's Electronic Municipal Market Access System which became effective July 1, 2009 and receives electronic submissions of the Annual Report on the EMMA website at http://www.emma.msrb.org.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means any period of 12 consecutive months adopted by the Board of Directors of Health Services, Inc., as the governing body of Health Services, Inc., for their fiscal year for financial reporting purposes and any period of 12 consecutive months adopted by the governing body of Bacon County as the County's fiscal year for financial reporting purposes. Health Services, Inc.'s current fiscal year began on July 1, 2026, and will end on June 30, 2027. Bacon County's current fiscal year began on July 1, 2026, and will end on June 30, 2027.

"Health Services, Inc." means Bacon County Health Services, Inc., a 501(c)(3) Georgia non-profit corporation.

"Listed Events" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Obligated Person" has the meaning set forth in the Rule.

"Participating Underwriter" means Raymond James & Associates, Inc, the original underwriter of the Series 2026 Certificates, required to comply with the Rule in connection with the offering of the Series 2026 Certificates.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) On an annual basis, Health Services, Inc. will provide, or cause the Dissemination Agent (if other than the Health Services, Inc.) to provide, electronically to EMMA, not later than nine months after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending June 30, 2026, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report shall be uploaded to EMMA as PDF files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means or in such other format as is prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of Health Services, Inc. may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. In such event, the audited financial statements will be submitted promptly to EMMA upon their availability. If Health Services, Inc.'s fiscal year changes, notice of such change shall be given in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to EMMA, Health Services, Inc. shall provide the Annual Report to the Dissemination Agent (if other than Health Services, Inc.). If Health Services, Inc. is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the manner of filing with EMMA; and

(ii) (if the Dissemination Agent is other than Health Services, Inc.) file a report with the Authority and Health Services, Inc. certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to EMMA.

SECTION 4. Content of Annual Reports.

(a) The Health Services, Inc.'s Annual Report shall contain or incorporate by reference:

(i) The general purpose financial statements of Health Services, Inc. and the County for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as applicable to governmental entities from time to time by the Governmental Accounting Standards Board (with respect to the County's financial statements) and as applicable to 501(c)(3) from time to time by the Financial Accounting Standards Board (with respect to the Health Services, Inc. financial statements). Such general purpose financial statements shall be accompanied by an audit report, if available at the time of providing the Annual Report as provided in Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or a firm of independent certified public accountants in conformity with generally accepted auditing standards. If such audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Disclosure Certificate, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement for the Series 2026 Certificates, and the audited financial statements, together with the audit report thereon, will be provided in the same manner as the Annual Report when they become available.

(ii) Information for the preceding Fiscal Year regarding the following categories of financial information and operating data which shall be consistent with the information contained in the Official Statement relating to the Series 2026 Certificates under the headings "BACON COUNTY HEALTH SERVICES, INC., -Competitive Data; -Historical Utilization of the Hospital; -Medical Staff; -Sources of Payment" and "BACON COUNTY AD VALOREM TAXATION – M&O Tax Digest; -Millage Rates; -Ten Largest Taxpayers; - Tax Levies and Collections; - Millage Rates."

(iii) If generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the Health Services, Inc. or the County, a narrative explanation describing the impact of such changes on Health Services, Inc. or the County.

(b) The County agrees to cooperate with the Authority and Health Services, Inc. in timely providing audited financial statements and operating data of the County to the Dissemination Agent for inclusion in Health Services, Inc.'s Annual Reports.

(c) Any or all of the items listed above may be incorporated by specific reference to other documents, including official statements of debt issues with respect to which the Authority, Health Services, Inc. or the County is an "obligated person" (as defined by the Rule), which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. Health Services, Inc. shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Authority and Health Services, Inc., shall provide or cause to be provided through the Dissemination Agent to EMMA, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2026 Certificates:

(1) principal and interest payment delinquencies;

(2) nonpayment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2026 Certificates, or other material events affecting the tax status of the Series 2026 Certificates;

(7) modifications to rights of Certificate holders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Series 2026 Certificates, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of an Obligated Person;

(13) consummation of a merger, consolidation or acquisition involving an Obligated Person or the sale of substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to take such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of an Obligated Person, any of which affect Certificate holders, if material; and

(16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

(b) Notwithstanding the foregoing, notice of Listed Events described in paragraph (a)(8) and (9) above need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to Certificate Holders of affected Series 2026 Certificates pursuant to the Resolution.

(c) The content of any notice of the occurrence of a Listed Event shall be determined by the Authority and Health Services, Inc., and shall be in substantially the form attached as Exhibit B.

SECTION 6. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority, Health Services, Inc., or the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority, Health Services, Inc. or the County choose to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority, Health Services, Inc., and County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 7. Termination of Reporting Obligation. The Authority, Health Services, Inc., and the County reserve the right to terminate their respective obligations under this Disclosure Certificate if and when said parties no longer remain an Obligated Person with respect to the Series 2026 Certificates within the meaning of the Rule; in particular upon the occurrence of the legal defeasance, prior redemption, or payment in full of all of the Series 2026 Certificates. If such termination or substitution occurs prior to the final maturity of the Certificates, the Authority, Health Services, Inc., and the County will provide notice of such termination or substitution to EMMA.

SECTION 8. Dissemination Agent. The Authority, Health Services, Inc., and the County from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out their obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent other than Health Services, Inc., the Authority, or the County shall not be responsible in any manner for the content of any notice or report prepared by Health Services, Inc., the Authority, or the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Health Services, Inc.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the Authority, Health Services, Inc., and County may amend this Disclosure Certificate if:

(a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Person on the Series 2026 Certificates, or type of business conducted;

(b) such amendment is supported by an opinion of counsel expert in federal securities laws, to the effect that the undertakings contained herein, as amended, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or official interpretations of the Rule, as well as any change in circumstances; and

(c) such amendment does not materially impair the interests of the Certificate Holders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the Authority, or by the approving vote of the Certificate Holders pursuant to the terms of the Resolution at the time of such amendment.

If any provision of this Disclosure Certificate is amended, the first release of the Annual Report containing any amended financial information or operating data shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Default. If the Authority, Health Services, Inc., or the County fail to comply with any provision of this Disclosure Certificate, any Certificate Holder's right to enforce the provisions of this undertaking shall be limited to a right to obtain mandamus or specific performance by court order of the Authority's, Health Services, Inc.'s or the County's obligations pursuant to this Disclosure Certificate. Any failure by the Authority, Health Services, Inc., or the County to comply with the provisions of this Disclosure Certificate shall not be an event of default with respect to the Series 2026 Certificates under the Resolution.

SECTION 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Authority) shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent allowed by applicable law, the Authority and Health Services, Inc., agree to indemnify and save the Dissemination Agent (if other than itself), its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority and Health Services, Inc., under this Section 11 shall survive resignation or removal of the Dissemination Agent (if other than itself) and payment of the Series 2026 Certificates.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, Health Services, Inc., the Dissemination Agent (if other than the Authority), the Participating Underwriter, and Certificate Holders, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Georgia.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Date: [Date of Issuance]

HOSPITAL AUTHORITY OF BACON COUNTY

By: _____
Chairman

BACON COUNTY HEALTH SERVICES, INC.

By: _____
Chairman
Board of Directors

BACON COUNTY, GEORGIA

By: _____
Chairman
Board of Commissioners

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Hospital Authority of Bacon County (Georgia)
Obligated Persons:	Hospital Authority of Bacon County; Bacon County Health Services, Inc.; and Bacon County, Georgia
Name of Bond Issue:	$10,025,000* HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA) REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026 (the "Certificates").
Date of Issuance:	_____, 2026

NOTICE IS HEREBY GIVEN that the Obligated Persons have not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate executed by the Obligated Persons on _____, 2026. The Obligated Persons anticipate that the Annual Report will be filed by _____.

Dated: _____

[Name of Dissemination Agent]

By: _____
_____

EXHIBIT B

NOTICE OF THE OCCURRENCE OF
[INSERT THE LISTED EVENT]

Relating to

$10,025,000* HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA)
REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026
(the "Series 2026 Certificates")

CUSIP NUMBERS[1]:

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken, and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of a Listed Event constituting defeasance shall include the following:

The Hospital Authority of Bacon County hereby expressly reserves the right to redeem such refunded or defeased certificates prior to their stated maturity date in accordance with the optional redemption provisions of said defeased certificates.

OR

The Hospital Authority of Bacon County hereby covenants not to exercise any optional or extraordinary redemption provisions under the Resolution; however, the Sinking Fund provision will survive the defeasance.

AND

The Series 2026 Certificates have been defeased to [maturity/the first call date, which is _____]. This notice does not constitute a notice of redemption and no certificates should be delivered to the Hospital Authority of Bacon County or the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your certificates for payment will be mailed _____ to _____ days prior to the redemption date.]

Dated:_____

[Name of Dissemination Agent]

By: _____
_____

[1] No representation is made as to the correctness of the CUSIP number either as printed on the certificates or as contained herein, and reliance may only be placed on other bond identification contained herein.

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APPENDIX E

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

The form of Legal Opinion included in this Appendix E has been prepared by Gray Pannell LLC, Savannah, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2026 Certificates.

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GRAY PANNELL
ATTORNEYS AT LAW

323 East Congress Street
Savannah, Georgia 31401
(912) 443-4040

[Date of Issuance]

Hospital Authority of Bacon County
Alma, Georgia

Bacon County Health Services, Inc.
Alma, Georgia

Bacon County, Georgia
Alma, Georgia

Re: $10,025,000* HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA) REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026

To the Addressees:

We have acted as bond counsel in connection with the issuance by the Hospital Authority of Bacon County (the "Authority") of its HOSPITAL AUTHORITY OF BACON COUNTY (GEORGIA) REVENUE ANTICIPATION CERTIFICATES (CONVALESCENT CENTER PROJECT), SERIES 2026, in the aggregate principal amount of $10,025,000*, dated as of the date hereof (the "Series 2026 Certificates"). As bond counsel, we have examined the following documents:

(a) the Constitution and general laws of the State of Georgia, including specifically the Hospital Authorities Law of Georgia, codified in O.C.G.A. ' 31-7-70 *et seq.* (the "Act") and the Revenue Bond Law of Georgia, codified in O.C.G.A. § 36-82-60 *et seq.*, as amended;

(b) a certified copy of the resolution adopted by the Authority, dated September ___, 2026 (the "2026 Resolution"), authorizing and providing for, among other things, the issuance of the Series 2026 Certificates and security therefor;

(c) certified copies of proceedings of the Authority preliminary to and in connection with the execution, issuance, and delivery of the Series 2026 Certificates;

(d) that certain lease agreement, dated as of January 16, 1996, between Bacon County Health Services, Inc. ("Health Services, Inc.") and the Authority, as supplemented and amended by an amendment to lease, dated as of December 1, 1998, a Second Amendment to Lease dated as of October 6, 2011, a Third Amendment to the Lease dated as of April 21, 2022 and a Fourth Amendment to the Lease dated as of the date hereof (the "Fourth Amendment to Lease" and together, the "Lease");

(e) a fully executed counterpart of an amended and restated intergovernmental contract, dated as of the date hereof (the "Contract"), between Bacon County, Georgia (the "County") and the Authority;

(f) The resolution of the Board of Directors of Health Services, Inc. adopted on September ___, 2026, approving various matters in connection with issuance of the Series 2026 Certificates, including the execution and delivery of the Fourth Amendment to Lease;

(g) The proceedings of the Board of Commissioners of the County, including the resolution adopted on September ___, 2026, authorizing the execution, delivery, and performance of the Contract;

(h) the opinion of Conner & Jackson P.C., as counsel for the Authority;

(i) the opinion of Shepherd, Simpson & Wildes, LLC, as counsel for Health Services Inc.;

(j) the opinion of Keith M. Morris, Esq., as counsel for the County; and

(k) a certified transcript of the validation proceedings in the Superior Court of Bacon County, Georgia, validating the Series 2026 Certificates and the security therefor.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the 2026 Resolution and in the certified proceedings, and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

The Authority has heretofore issued its HOSPITAL AUTHORITY OF BACON COUNTY REFUNDING REVENUE ANTICIPATION CERTIFICATE, SERIES 2022, in the original principal amount of $7,735,000 (the "Series 2022 Certificate"), in accordance with a resolution of the Authority adopted on March 15, 2022 (the "2022 Resolution"). Payment of the Series 2022 Certificate is secured in accordance with the 2022 Resolution by the gross revenues derived by the Authority from the ownership of the Bacon County Hospital, the Twin Oaks Convalescent Center, Bacon County Community Care Center, Nicholls Family Health Care, ABC Child Development Center and other related facilities and offices (collectively, the "Health Care System") which is operated by Health Services, Inc., and payment is further secured under the provisions of the Contract.

The Series 2026 Certificates are subject to transfer, exchange, and redemption at the times, in the manner, and on the terms specified in the 2026 Resolution. Interest on the Series 2026 Certificates shall be payable semi-annually on the first days of March and September in each year, beginning March 1, 2027. The Series 2026 Certificates as originally issued are in book-entry form and mature on March 1 in the years and amounts set forth in the 2026 Resolution. Certain Series 2026 Certificates are subject to redemption prior to maturity in accordance with the provisions of 2026 Resolution.

The Authority is issuing the Series 2026 Certificates to provide the funds to finance the costs of acquiring, constructing and equipping additions and improvements to healthcare facilities of the Health Care System, including renovations, additions and improvements to the Twin Oaks Convalescent Center, and paying the costs of issuance of the Series 2026 Certificates.

Pursuant to the 2026 Resolution, the Series 2026 Certificates are special limited obligations of the Authority, the payment of the principal of and interest on which is secured by a first and prior pledge of and lien on the Gross Revenues (as defined in the 2026 Resolution) derived by the Authority from the ownership of the Health Care System, on a parity basis with the Authority's outstanding Series 2022 Certificate. The Series 2026 Certificates are additionally secured by payments to be received by the Authority from the County in accordance with the Contract pursuant to which the County is obligated to make payments to the Authority sufficient in amount to pay the principal of and interest on the Series 2022 Certificate, the Series 2026 Certificates, and any revenue anticipation certificates issued on a parity

therewith, as the same become due and payable, to the extent Gross Revenues of the Health Care System pledged to such payment are insufficient for such purposes. In addition to the Series 2022 Certificate and the Series 2026 Certificates, the Authority, from time to time, under certain terms and conditions as provided in the 2022 Resolution and the 2026 Resolution, may issue additional obligations ranking on a parity ("Parity Certificates") with the Series 2022 Certificate and the Series 2026 Certificates on the Gross Revenues of the Health Care System.

The County is obligated under the Contract to levy an annual *ad valorem* tax on all taxable property located within the territorial limits of the County, at such rate within the seven mill limit or such greater millage limit hereafter authorized under the Act, as may be necessary to produce in each year revenues which are sufficient to fulfill the County's obligations under the Contract. The Contract creates a first and paramount lien on any and all tax revenue received by the County under or pursuant to the provisions of the Contract to secure the payment of the debt service on the Series 2022 Certificate, the Series 2026 Certificates and any Parity Certificates, and the lien of said pledge shall be valid and binding against the County and against all parties having claims of any kind against the County whether such claims shall arise from tort, contract or otherwise and irrespective of whether such parties have notice thereof.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2026 Certificates for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. Non-compliance with such requirements may cause interest on the Series 2026 Certificates to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2026 Certificates. The Authority has covenanted, pursuant to the 2026 Resolution to comply with the requirements of the Code in order to maintain the exclusion from federal gross income of the interest on the Series 2026 Certificates.

The legal opinions expressed herein are based upon existing law, are subject to judicial discretion regarding usual equity principles and do not relate to compliance by the Authority, the initial purchaser of the Series 2026 Certificates, or any other party with any statute, regulation, or ruling of the State of Georgia or the United States of America regarding the sale (other than the initial sale by the Authority) or distribution of the Series 2026 Certificates except as specifically set forth in this opinion.

Based on the examinations, opinions, and representations referred to above, we are of the opinion that as of the date hereof and under existing law:

1. The Authority was duly created and is validly existing as a public body corporate and politic pursuant to the Act, and the Authority has all requisite power and authority to (a) adopt the 2026 Resolution and perform the agreements on its part contained therein, (b) issue, sell, and deliver the Series 2026 Certificates and to use the proceeds thereof pursuant to the terms and conditions and for the purposes set forth in the 2026 Resolution, and (c) enter into, execute and deliver, and perform its obligations under the Lease and the Contract.

2. The 2026 Resolution has been duly adopted by the Authority, is in full force and effect in the form adopted, and constitutes a valid and binding obligation of the Authority in accordance with its terms. The Authority has obtained all required consents and approvals for the issuance of the Series 2026 Certificates.

3. The Fourth Amendment to Lease has been duly authorized, executed, and delivered by the Authority and Health Services, Inc. and the Lease constitutes the legal, valid, and binding obligation of the parties thereto enforceable in accordance with the terms thereof.

4. The Contract has been duly authorized, executed, and delivered by the County and the Authority and constitutes the legal, valid, and binding obligation of the parties thereto enforceable in accordance with the terms thereof.

5. The Series 2026 Certificates have been properly authorized by the 2026 Resolution; have been duly executed, authenticated, and issued in accordance with the terms of the 2026 Resolution and in accordance with the Constitution and laws of the State of Georgia; and are legal, valid, and binding limited special obligations of the Authority.

6. The 2026 Resolution creates a valid first pledge of and lien on the Gross Revenues derived by the Authority from its ownership of the Health Care System on a parity basis with the Series 2022 Certificate, superior to any other charge or lien now existing or which may hereafter be created thereon. Said pledge of and lien on said Gross Revenues secures the payment of the principal of, premium, if any, and interest on the Series 2022 Certificate, the Series 2026 Certificates and any Parity Certificates hereafter issued by the Authority.

7. The Series 2026 Certificates and the security therefor, including the 2026 Resolution, the Fourth Amendment to Lease and the Contract, have been duly confirmed and validated by judgment of the Superior Court of Bacon County, Georgia, and no valid appeal may be taken from said judgment of validation.

8. The Series 2026 Certificates do not constitute an indebtedness of the County, the State of Georgia, or any political subdivision thereof, or a pledge of the faith and credit of the County, the State of Georgia, or any political subdivision thereof. The Series 2026 Certificates are payable solely from the special fund provided therefor and the specific revenues pledged therefor in the 2026 Resolution, including any payments which the County is obligated to make pursuant to the Contract, and shall not directly, indirectly or contingently obligate the State of Georgia or any political subdivision thereof to levy or pledge any form of taxation whatsoever or to make any appropriation for the payment thereof, except for the *ad valorem* tax which the County is obligated to levy under the Contract. No owner of any of the Series 2026 Certificates shall ever have the right to compel the exercise of the taxing power of the County, the State of Georgia, or any political subdivision thereof to pay the same or the interest thereon, except to levy the *ad valorem* tax which the County is obligated to levy under the Contract.

9. Pursuant to the Contract, the County is obligated to levy an annual tax on all taxable property within the territorial limits of the County at such rate or rates within the seven mill limit authorized pursuant to the Act or within such greater millage as may hereafter be prescribed by the Act, as may be necessary to produce in each year revenues which, together with other revenues of the Authority legally available therefor and used as provided in the Contract, shall be sufficient to fulfill the County's obligations thereunder. The Contract has been duly authorized, executed, and delivered by the County and constitutes the legal, valid, and binding obligation of the County enforceable against the County.

10. Interest on the Series 2026 Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026 Certificates is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Authority complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Certificates in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The interest on the Series 2026 Certificates is exempt from present State of Georgia income taxation.

Although we have rendered an opinion that interest on the Series 2026 Certificates is excludable from gross income for federal income tax purposes, a certificate owner's federal tax liability may otherwise be affected by the ownership or disposition of the Series 2026 Certificates. The nature and extent of these other tax consequences will depend upon the certificate owner's other items of income or deduction. We express no opinion regarding any such other tax consequences.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

GRAY PANNELL LLC

By: _____
A Partner

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