

**HOSPITAL SERVICE DISTRICT NO. 2
OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY**

FINANCIAL REPORT

JUNE 30, 2020

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 and 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
BASIC FINANCIAL STATEMENTS	
Statements of net position	12 and 13
Statements of revenues, expenses and changes in net position	14
Statements of cash flows	15 and 16
Notes to financial statements	17 - 38
SUPPLEMENTARY INFORMATION	
Schedule of gross patient service revenues	40
Schedule of departmental direct operating revenues and expenses	42 and 43
Schedule of net patient service revenues	44
Schedule of other operating revenues	45
Schedule of departmental operating expenses	46 and 47
Schedule of departmental statistics	48 and 49
Schedule of per diem paid to board members	50
Schedule of compensation, benefits and other payments to agency head	51
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	53 and 54
Schedule of findings and responses	55
Schedule of prior year findings	56

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Hospital Service District No. 2
and Board of Trustees
Opelousas General Hospital Authority
St. Landry Parish, Louisiana

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Hospital Service District No. 2 of St. Landry Parish, Louisiana (the "District"), a component unit of the St. Landry Parish Government and Opelousas General Hospital Authority (the "Hospital"), a public instrumentality of the State of Louisiana and a component unit of the District, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the District and Hospital's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District and the Hospital, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the District and Hospital's financial statements. The accompanying supplementary information on pages 40 through 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information on pages 40 through 51 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the District and Hospital's internal control over financial reporting and on our tests of 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 effectiveness of the District and Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District and Hospital's internal control over financial reporting and compliance.



Lafayette, Louisiana
December 23, 2020

HOSPITAL SERVICE DISTRICT #2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY (D/B/A OPELOUSAS GENERAL HEALTH SYSTEM)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(In Thousands)

This section of Opelousas General Health System's (the "Hospital") annual financial report presents background information and management's analysis of the Hospital's financial performance during the fiscal year that ended June 30, 2020. Please read it in conjunction with the financial statements in this report.

Financial Highlights

The Hospital showed a decrease in earnings in excess of expenses of approximately \$20,382 from the prior year. Total decrease in net position for 2020 amounted to \$17,190 as compared to an increase of \$3,192 for 2019. The decrease was due to the following:

- During 2020, the Hospital has experienced a decrease in total operating revenues of \$7,178 or 4.40% in addition to an increase in operating expenses of \$14,223 or 8.84%. The Hospital experienced a net loss from operations of \$19,147 in 2020 versus operating income of \$2,254 in 2019. During 2019, operating revenues increased \$19,749 or 13.77% offset by an increase in operating expenses of \$16,734 or 11.61%.
- During the year, the decrease in income from operations of \$21,401 was related to a decrease in overall operating revenues in addition to the increase in total operating expense. In addition, non-operating income (expenses) increased by a net of \$1,019 in 2020 primarily due to the CARES Act Provider Relief Funds received during the year.

During the fiscal year, the Hospital made capital investments for a total of approximately \$8,299 in 2020 and \$5,421 in 2019. The following is a list of significant items for 2020 followed by a list of significant items for 2019:

Stryker Stretchers and Wheelchairs	\$ 1,056
GE Buller Prope	<u>1,047</u>
	<u>\$ 2,103</u>

The sources of the funding for these projects were derived from the operations of the Hospital, and approximately \$2,103 in new financing.

List of significant capital investments for 2019 are as follows:

Mako Surgical Robot	\$ 1,250
Centrella Smart Beds	<u>1,332</u>
	<u>\$ 2,582</u>

The source of the funding for these projects were derived from the operations of the Hospital, and approximately \$2,582 in new financing.

Required Financial Statements

The basic financial statements report information about the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The statements of net position include all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate

of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Hospital. All of the current year's revenues and expenses are accounted for in the statement of revenue, expenses, and changes in net position. This statement measures improvements in the Hospital's operations over the past years and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Hospital's cash from operations, investing, and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Hospital

The statement of net position and the statement of revenue, expenses, and changes in net position report information about the Hospital's activities. These two statements report the net positions of the Hospital and changes in them. Increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Net Position

A summary of the Hospital's statement of net position is presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position
(In Thousands)

ASSETS	<u>2020</u>	<u>2019</u>	<u>2019 to 2020 Dollar Change</u>
Total current assets	\$ 97,479	\$ 73,168	\$ 24,311
Property, plant and equipment (less accumulated depreciation)	55,692	55,414	278
Other assets – including board designated funds	24,922	24,913	9
Deferred outflows of resources	<u>644</u>	<u>690</u>	<u>(46)</u>
Total assets and deferred outflows	<u>\$ 178,737</u>	<u>\$ 154,185</u>	<u>\$ 24,552</u>
LIABILITIES			
Current liabilities	\$ 72,048	\$ 26,986	\$ 45,062
Long-term debt outstanding	<u>15,345</u>	<u>18,665</u>	<u>(3,320)</u>
Total liabilities	<u>\$ 87,393</u>	<u>\$ 45,651</u>	<u>\$ 41,742</u>
NET POSITION			
Net investment in capital assets	\$ 35,282	\$ 32,164	\$ 3,118
Restricted assets	4,833	4,752	81
Unrestricted assets	<u>51,229</u>	<u>71,618</u>	<u>(20,389)</u>
Total net position	<u>\$ 91,344</u>	<u>\$ 108,534</u>	<u>\$ (17,190)</u>
Total liabilities and net position	<u>\$ 178,737</u>	<u>\$ 154,185</u>	<u>\$ 24,552</u>

As shown in Table 1, total assets and deferred outflows increased by \$24,552 to \$178,737 in fiscal year 2020, up from \$154,185 in fiscal year 2019. Total liabilities increased by \$41,742 to \$87,393 in fiscal year 2020, up from \$45,651 in fiscal year 2019, primarily as a result of deferral of provider relief funds received not yet earned and accelerated and advance Medicare payments.

Summary of Revenue, Expenses, and Changes in Net Position

A summary of the Hospital's historical revenues and expenses for the fiscal years ended June 30, 2020 and 2019 is presented in Table 2 below:

TABLE 2
Condensed Statements of Revenue, Expenses, and
Changes in Net Position
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2019 to 2020</u> <u>Dollar</u> <u>Change</u>
Revenue:			
Net patient service revenue	\$ 118,567	\$ 131,606	\$ (13,039)
Other operating income	<u>37,408</u>	<u>31,547</u>	<u>5,861</u>
Total operating revenue	<u>\$ 155,975</u>	<u>\$ 163,153</u>	<u>\$ (7,178)</u>
Expenses:			
Routine services	\$ 18,151	\$ 17,633	\$ 518
Ancillary services	90,198	83,591	6,607
General services	11,931	11,755	176
Fiscal and administrative services	35,373	30,904	4,469
Intergovernmental transfer	11,402	9,413	1,989
Depreciation	<u>8,067</u>	<u>7,603</u>	<u>464</u>
Total operating expenses	<u>\$ 175,122</u>	<u>\$ 160,899</u>	<u>\$ 14,223</u>
Operating income (loss)	\$ (19,147)	\$ 2,254	\$ (21,401)
Non-operating income (expense)	<u>1,957</u>	<u>938</u>	<u>1,019</u>
Increase in net position	\$ (17,190)	\$ 3,192	\$ (20,382)
Net position, beginning of year	<u>108,534</u>	<u>105,342</u>	<u>3,192</u>
Net position, end of year	<u>\$ 91,344</u>	<u>\$ 108,534</u>	<u>\$ (17,190)</u>

Sources of Revenue

Operating Revenue

The Hospital derived the majority of its revenues from inpatient and outpatient services, which translated to approximately 76% of total revenues in 2020 and 81% of total revenues in 2019. Patient service revenues include monies from the Medicare, Medicaid and commercial third-party payors. Reimbursement for Medicare and Medicaid programs and commercial third-party payors is based upon established contracts. The difference between the covered charges or gross revenue and reimbursement or net revenue is referred to as contractual allowance. Other revenue includes cafeteria sales, gift shop sales, rental income and other miscellaneous services. In 2020 and 2019, other revenue also included hospital physician UPL and service district hospital UPL payments.

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended June 30, 2020 and 2019.

TABLE 3
Payor Mix by Percentage
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Medicare	40.02%	42.03%
Medicaid	23.30%	24.91%
Medicare HMO	11.46%	8.85%
Commercial/PPO	22.86%	21.11%
Workers Comp	.75%	1.26%
Self Pay	1.47%	1.78%
Other	<u>0.14%</u>	<u>0.06%</u>
	<u>100.00%</u>	<u>100.00%</u>

Other Revenue

Other revenue includes cafeteria sales, rental income, UPL payments and other miscellaneous services.

TABLE 4
Other Revenue
June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Other revenue:		
Cafeteria	\$ 1,137	\$ 1,235
Gift shop	201	270
Rental income	1,118	1,219
Outside housekeeping and laundry services	250	239
Reimbursement – pain management	-	336
Miscellaneous	2,697	306
Hospital physician based UPL payment	22,738	19,842
Grant – Service District Hospital UPL	<u>9,267</u>	<u>8,100</u>
	<u>\$ 37,408</u>	<u>\$ 31,547</u>

Investment Revenue

The Hospital holds designated and restricted funds in its statements of net position that are invested primarily in money market funds and securities issued by the U.S. Treasury and other federal agencies. These investments earned \$1,001 in 2020 and \$1,206 in 2019.

Operating and Financial Performance

The following summarizes the Hospital's operating and financial performance.

Overall activity at the Hospital, as measured by patient discharge, increased by .41 % to 8,661 in 2020. The total patient days in 2020 were 28,962, as compared to 32,181 in 2019, for a difference of 3,219 (a decrease of 10.00%). The average length of stay for acute care patients, based on an admit basis (excluding newborn, psychiatric and rehabilitation) was 2.5 days in 2020 and 2.9 days in 2019.

Note: Discharges and patient days include Acute, Psychiatric, Rehabilitation and Newborn days.

TABLE 5
Patient and Hospital Statistical Data
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Discharges:		
Acute care	6,695	6,625
Psychiatric	914	858
Rehabilitation	146	236
Newborn	906	907
Patient days:		
Acute care	17,058	19,369
Psychiatric	8,161	8,122
Rehabilitation	1,761	2,692
Newborn	1,982	1,998
Operating room I/P visits	1,880	2,112
Outpatient surgeries	4,407	5,214
Emergency room visits	46,306	53,201
Outpatient registrations (including ER)	158,412	159,354
Deliveries	915	966
Procedures:		
Lab	534,307	542,588
Radiology	49,905	54,043
CT scan	14,119	14,199
Nuclear medicine	940	971
MRI	2,068	2,451
Radiation therapy	16,523	13,237
Heart Cath unit cases	1,659	1,831
Hyperbaric oxygen	12,166	13,217
Physical therapy	101,956	129,649
Average daily census:		
Acute care	47	53
Psychiatric	22	22
Rehabilitation	5	7
Newborn	5	5
Average length of stay (excluding newborns):		
Acute care	3.50	3.50
Psychiatric	9.50	9.50
Rehabilitation	11.20	11.20

Total net patient service revenue decreased \$13,039 or 9.91% from 2019 to 2020 as compared to an increase of \$13,577 or 11.50% from 2018 to 2019.

Gross patient revenue increased by \$8,373 or 1.41% as compared to 2019 primarily related to the changes in the mix of services provided. In 2019, gross patient revenue increased from 2018 by \$56,809 or 10.61%.

Contractual allowances, discounts, and uncollectible accounts increased over prior year as described in Table 6 below:

TABLE 6
Allowance Summary
June 30, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Allowances:		
Administrative allowances	\$ 50	\$ 91
Blue Cross discounts	53,898	47,159
Charity allowances	2,123	23
Contractual adjustments – Medicare and Medicaid	344,552	352,587
Managed care allowances	47,876	33,175
Physician discounts	13,163	9,483
Provision for uncollectible accounts	<u>20,599</u>	<u>18,331</u>
Total contractual allowances, discounts, and uncollectible accounts	<u>\$ 482,261</u>	<u>\$ 460,849</u>

Salary expenses increased by \$5,058 or 9.44% from 2019 to 2020 and increased by \$3,543 or 7.08% from 2018 to 2019. Total salaries were \$58,647 in 2020 and \$53,589 in 2019. As a percentage of net patient service revenue, salary expense was approximately 49.46% in 2020 and 40.71% in 2019.

Employee benefit expense increased in 2020 by \$1,406 or 15.41% from 2019 and decreased in 2019 by \$78 or 0.85% from 2018. Employee benefit expense represented 17.96% of salary expense in 2020 and 17.03% of salary expenses in 2019.

Provision for bad debts increased in 2020 by \$2,268 or 12.37% from 2019 and increased in 2019 by \$704 or 3.99% from 2018.

Depreciation expense increased by \$464 or 6.1% from 2019 to 2020 and increased by \$105 or 1.4% from 2018 to 2019.

Interest expense decreased by \$72 or 6.5% from 2019 to 2020 and decreased by \$84 or 7% from 2018 to 2019.

Total operating expenses increased by \$14,223 or 8.8% from 2019 to 2020 and increased by \$16,734 or 11.6% from 2018 to 2019.

Investment income consists of interest earnings on funds designated by the board of commissioners and funds held by trustee under bond resolutions. Investment income decreased from the prior year primarily due to declining interest rates and fluctuations in market values.

Capital Assets

During fiscal year 2020, the Hospital invested \$8,299 in the implementation of a broad range of capital assets as compared to \$5,421 in 2019. This information is included in Table 7 below.

TABLE 7
Capital Assets
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2019 to 2020 Dollar Change</u>
Non-depreciable capital assets:			
Land	\$ 6,021	\$ 6,021	\$ -
Construction in progress	<u>454</u>	<u>837</u>	<u>(383)</u>
Total non-depreciable capital assets	<u>\$ 6,475</u>	<u>\$ 6,858</u>	<u>\$ (383)</u>
Depreciable assets:			
Land improvements	\$ 1,593	\$ 1,593	\$ -
Automobiles	180	159	21
Buildings	93,404	89,928	3,476
Equipment	<u>103,975</u>	<u>98,797</u>	<u>5,178</u>
Total depreciable capital assets	\$ 199,152	\$ 190,477	\$ 8,675
Less: accumulated depreciation	<u>(149,935)</u>	<u>(141,921)</u>	<u>(8,014)</u>
Total depreciable capital assets	<u>\$ 49,217</u>	<u>\$ 48,556</u>	<u>\$ 661</u>

Net property, plant, and equipment increased over the prior year, which is due to purchases in 2020 partially offset by the recognition of depreciation expense during the year.

Long-Term Debt

At year-end for 2020, the Hospital had \$14,810 (net of unamortized bond discounts) in short-term and long-term bonds payable, as compared to \$16,758 in 2019. The bonds payable amount is shown net, in the statements of net position, of the unamortized bond discount of \$40 in 2020 and of \$52 in 2019. Notes payable at the end of 2020 totaled \$425 and \$772 in 2019, which are included in current and long-term liabilities. Capital leases at the end of 2020 totaled \$5,175 and in 2019 totaled \$5,720, which were included in current and long-term liabilities. More detailed information about the Hospital's long-term liabilities is presented in the notes to financial statements. Total debt outstanding, excluding other long-term liabilities, represented approximately 11.42% in 2020 and 15.08% in 2019 of total assets.

Contacting the Hospital's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hospital Administration.

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BASIC FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2020

(In Thousands)

ASSETS	<u>Hospital and District</u>	<u>OGH Foundation</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 45,532	\$ 1,532
Short-term investments	5,043	-
Patient accounts receivable, net of estimated uncollectible accounts of \$15,437	25,055	-
Notes receivable, current	121	-
Other receivables	12,267	20
Inventories	7,019	-
Prepaid expenses	2,325	-
Other current assets	<u>117</u>	<u>-</u>
Total current assets	<u>\$ 97,479</u>	<u>\$ 1,552</u>
OTHER ASSETS		
Held by trustee for debt service:		
Cash and cash equivalents	\$ 4,833	\$ -
Notes receivable, long term portion	723	-
Other long-term investments	16,778	-
Joint venture investments	2,481	-
Deposits	<u>107</u>	<u>-</u>
Total other assets	<u>\$ 24,922</u>	<u>\$ -</u>
CAPITAL ASSETS		
Non-depreciable capital assets	\$ 6,475	\$ -
Depreciable capital assets, net of accumulated depreciation	<u>49,217</u>	<u>-</u>
Total capital assets, net of accumulated depreciation	<u>\$ 55,692</u>	<u>\$ -</u>
DEFERRED OUTFLOWS		
Excess acquisition price over net assets acquired	<u>\$ 644</u>	<u>\$ -</u>
Total assets and deferred outflows	<u>\$ 178,737</u>	<u>\$ 1,552</u>

See Notes to Financial Statements.

LIABILITIES AND NET POSITION	<u>Hospital and District</u>	<u>OGH Foundation</u>
CURRENT LIABILITIES		
Accounts payable	\$ 8,959	\$ 75
Current maturities of note payable	358	-
Current maturities of bonds payable	2,028	-
Current maturities of capital leases	2,679	-
Estimated third party payer settlements	1,532	-
Accrued payroll and benefits	746	-
Accelerated and advance payments	26,976	-
CARES Act Provider Relief Funds	21,353	-
Other accrued expenses	<u>7,417</u>	<u>-</u>
Total current liabilities	<u>\$ 72,048</u>	<u>\$ 75</u>
LONG-TERM LIABILITIES		
Note payable, net of current maturities	\$ 66	\$ -
Bonds payable, net of current maturities	12,782	-
Capital lease, net of current maturities	<u>2,497</u>	<u>-</u>
Total long-term liabilities	<u>\$ 15,345</u>	<u>\$ -</u>
Total liabilities	<u>\$ 87,393</u>	<u>\$ 75</u>
NET POSITION		
Net investment in capital assets	\$ 35,282	\$ -
Restricted:		
For debt service	4,833	-
For donor restrictions	-	1,048
Unrestricted	<u>51,229</u>	<u>429</u>
Total net position	<u>\$ 91,344</u>	<u>\$ 1,477</u>
Total liabilities and net position	<u>\$ 178,737</u>	<u>\$ 1,552</u>

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2020
(In Thousands)

	<u>Hospital and District</u>	<u>OGH Foundation</u>
Operating revenues:		
Net patient service revenues (net of provision for bad debts of \$20,599)	\$ 118,567	\$ -
Gifts and contributions	-	540
Other operating revenues	<u>37,408</u>	<u>-</u>
Total operating revenues	<u>\$ 155,975</u>	<u>\$ 540</u>
Operating expenses:		
Routine services	\$ 18,151	\$ -
Ancillary services	90,198	-
General services	11,931	-
Fiscal and administrative services	35,373	233
Intergovernmental transfer – physicians’ UPL	11,402	-
Scholarships, affiliate payments and other	-	395
Depreciation and amortization	<u>8,067</u>	<u>-</u>
Total operating expenses	<u>\$ 175,122</u>	<u>\$ 628</u>
Operating loss	<u>\$ (19,147)</u>	<u>\$ (88)</u>
Non-operating revenues (expenses):		
Investment income, realized and unrealized gains and losses	\$ 1,001	\$ -
Non-capital grants and donations	17	-
CARES Act Provider Relief Funds	1,069	-
Interest expense	(1,041)	-
Income from joint ventures	<u>911</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>\$ 1,957</u>	<u>\$ -</u>
Decrease in net position	\$ (17,190)	\$ (88)
Net position, beginning	\$ 108,534	\$ 1,565
Net position, ending	<u>\$ 91,344</u>	<u>\$ 1,477</u>

See Notes to Financial Statements.

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2020

(In Thousands)

	<u>Hospital and District</u>	<u>OGH Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients and donors	\$ 197,249	\$ 605
Payments to suppliers and contractors	(113,984)	-
Payments for grants and program expenses	-	(765)
Payments to employees	<u>(59,846)</u>	<u>179</u>
Net cash provided by operating activities	<u>\$ 23,419</u>	<u>\$ 19</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Non-capital donations and grants	\$ 17	\$ -
CARES Act Provider Relief Funding	<u>22,422</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>\$ 22,439</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for the purchase of capital assets	\$ (6,196)	\$ -
Principal payments on long-term debt	(348)	-
Principal payments on bonds payable	(1,948)	-
Interest paid on debt	(1,041)	-
Principal payments on capital leases	<u>(2,647)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>\$ (12,180)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	\$ 763	\$ -
Principal payments received on notes receivable	88	-
Joint venture income	693	-
Purchase of investments	(6,884)	-
Maturities of investments	<u>8,542</u>	<u>-</u>
Net cash provided by investing activities	<u>\$ 3,202</u>	<u>\$ -</u>
Net increase in cash and cash equivalents	\$ 36,880	\$ 19
Cash and cash equivalents at beginning of year	<u>13,485</u>	<u>1,513</u>
Cash and cash equivalents at end of year	<u>\$ 50,365</u>	<u>\$ 1,532</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents in current assets	\$ 45,532	\$ 1,532
Restricted cash and cash equivalents –		
Held by trustee for debt service	<u>4,833</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 50,365</u>	<u>\$ 1,532</u>

(continued)

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

STATEMENTS OF CASH FLOWS (CONTINUED)

Year Ended June 30, 2020

(In Thousands)

	<u>Hospital and District</u>	<u>OGH Foundation</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (19,147)	\$ (88)
Adjustments to reconcile operating loss to net cash flows provided by operating activities:		
Depreciation and amortization	8,067	-
Provision for bad debts	20,599	-
(Increase) decrease in assets –		
Patient accounts receivable	(6,554)	-
Inventories	(829)	-
Prepaid expenses	(545)	9
Estimated third-party settlements	253	-
Other receivables	(1,419)	65
Other current assets	18	-
Increase (decrease) in liabilities –		
Accounts payable	(1,187)	75
Accrued expenses	(24)	-
Grant payable	-	(42)
Accelerated and advance payments	26,976	-
Due to other governmental agencies	(1,590)	-
Accrued payroll and benefits	<u>(1,199)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 23,419</u>	<u>\$ 19</u>

See Notes to Financial Statements.

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 1. Organization and Significant Accounting Policies

Reporting entity:

Hospital Service District No. 2 of St. Landry Parish, Louisiana (the "District") is a political subdivision of the St. Landry Parish Government, created by an ordinance adopted in 1953 by virtue of the authority of Louisiana Revised Statutes (R.S.) 46:1051 et seq. The purpose of the Hospital Service District is to provide health services to St. Landry Parish. The St. Landry Parish Government appoints the Board of Commissioners. As the governing authority of the Parish, for reporting purposes, the St. Landry Parish Government is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the St. Landry Parish Government. The accompanying basic financial statements present only the Hospital Service District No. 2 and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

On May 21, 2002, the Hospital, by a vote of its board, changed the name of its operating entity from "Opelousas General Hospital" to "Opelousas General Health System."

Blended Component Units: The Opelousas General Hospital Authority (the "Hospital") was created under the laws of the State of Louisiana pursuant to a Trust Indenture executed on April 6, 1971 for the benefit of the District and is a public instrumentality of the State of Louisiana. The stated purpose of the Hospital is to acquire hospital facilities by lease, purchase, and gift or otherwise and to plan, establish, develop, construct and administer hospital properties for the use and benefit of the residents of the District. The Hospital is reported as a blended component unit because the District's Board of Commissioners also serve on the Board of Trustees of the Hospital.

The Opelousas General Health System Physician Practices, Inc. (the "Physician Practices") is a nonprofit corporation organized to operate the employed physician offices of the Hospital. Although it is legally separate from the Hospital, the Physician Practices is reported as a blended component unit because the Hospital's board also serves as the Physician Practices board.

Discretely Presented Component Unit: The Opelousas General Hospital Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of the Hospital. The purpose of the Foundation is to develop and cultivate philanthropy and collaborative relationships within the community to support and enhance the programs and services offered through the Hospital to improve the health of the communities it serves. Members of the Foundation are those individuals who serve on the Board of Trustees of the Hospital and any appointments to the Foundation Board must be ratified by the Hospital's Trustees. Although the Hospital does not control the timing or amount of receipts from the Foundation, the resources of the Foundation are for the benefit of, to perform the functions of, or to carry out the purposes of the Hospital and to make allocations for charitable, scientific, or educational purposes to tax-exempt organizations provided the activities benefit the Hospital. Because these resources held by the Foundation are to be used by or for the benefit of the Hospital, the Foundation is considered a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

Complete financial statements for the Foundation can be obtained from the administrative office at 539 East Prudhomme, Opelousas, Louisiana 70570.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Basis of accounting:

The accompanying basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Statement 34 established standards for external financial reporting for all state and local governmental entities, which include a statement of net position; a statement of revenue and expenses and changes in net position; and a direct method statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted.

These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net position consists of constraints creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Other significant accounting policies:

Enterprise fund accounting -

The District and Hospital use enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Use of estimates -

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

Cash and cash equivalents -

For purposes of the statements of cash flows, the District and Hospital considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Fair value measurement -

Investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 – investments reflect prices quoted in active markets
- Level 2 – investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active
- Level 3 – investments reflect prices based upon unobservable sources

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt securities classified as Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Investments classified in Level 3 are valued based upon unobservable sources.

Patient receivables and allowance for uncollectible accounts -

Patient receivables are carried at the original billed amount, net of contractual adjustments, less an estimate made for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient receivables are written-off when deemed uncollectible. Recoveries of patient receivables previously written off are recorded when received.

Inventories -

Inventories are valued at the latest invoice price, which approximates the lower of cost (first-in, first-out method) or market.

Net patient service revenues -

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 estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Income taxes -

The District and Hospital are political subdivisions and exempt from taxes.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Capital assets -

The District and Hospital records all capital assets at historical cost, except for capital assets donated to the District or Hospital. Donated capital assets are recorded at fair market value at the date of donation.

The District and Hospital provides for depreciation of its plant and equipment using the straight-line method over the estimated useful lives of each class of depreciable assets. Equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. The following estimated useful lives are generally used:

	<u>Years</u>
Land improvements	2 – 25
Automobiles	3 – 10
Buildings	10 – 40
Equipment	3 – 25

Investments -

Investments are reported at fair value with adjustments to fair value recognized in current year earnings. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue.

Investments include certificates of deposit, municipals, obligations of the U.S. Government, U.S. Government Agencies bonds, mortgage pools and domestic commercial paper with at least A-1 (Moody's) rating or equivalent. It is the District and Hospital's intention to hold debt investments to maturity.

Classification of revenues and expenses -

The District and Hospital's statements of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the District and Hospital's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Grants and donations -

Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and donations may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expense.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Restricted resources -

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

Compensated absences -

The Hospital's employees earn paid time off (PTO) hours at varying rates depending on years of service and employment status. Employees may accumulate PTO hours to a maximum of 400 hours. When this is reached, further accumulation is ceased until PTO time is used. There is no cash option associated with this maximum bank. Bonus PTO is earned every fifth year beginning with the completion of the tenth year of full-time employment and this bonus amount will be pro-rated for part-time status. Employees with PTO hours remaining upon separation are paid in full.

The estimated amounts of the compensated absences payable is included in other accrued expenses within the financial statements.

Environmental matters -

Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at this time, management is not aware of any environmental matters, which need to be considered.

Deferred outflows of resources -

The District reports consumption of net assets that are applicable to future periods as deferred outflows of resources in a separate section on the statement of net position. Deferred outflows reported in this year's financial statements relate to the excess purchase price over the net assets acquired in an acquisition of another hospital in prior years.

Risk management -

The District and Hospital are exposed to various risks of loss from tort; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health. Commercial insurance coverage is purchased for claims arising from such matters.

Charity care -

The Hospital provides care to patients that 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.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Recent accounting pronouncements -

The Governmental Accounting Standards Board (GASB) issued *GASB Statement No. 90 – Majority Equity Interest* an amendment of *GASB Statements No. 14 and No. 61* as amended by *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018, however on May 8, 2020 the GASB extended the required implementation period to reporting periods beginning after December 15, 2019. The objective of this statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The statement requires that a government holding a majority of the equity interest in a legally separate entity should report that holding, if it meets the definition of an investment, as an investment and measured using the equity method. If the investment criteria is not met it should be reported as a component unit. Any changes related to the adoption of this statement will be applied retroactively by restating any prior periods presented unless not practicable in which case a cumulative effect of application will be reported as a restatement of beginning net position for the earliest period restated. The District is continuing to assess the impact adoption of this Statement will have on the financial statements going forward.

Note 2. Net Patient Service Revenues

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare – Inpatient acute care services (and related capital costs) rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Acute care service rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries are reimbursed either on a prospective determined rate or a fee schedule. The Hospital is reimbursed for cost reimbursable items and Medicare bad debts at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2016.
- Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2016.

The Hospital has also entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined rates, and fee schedules.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

During the year ended June 30, 2020, approximately 75% of the Hospital's gross patient service revenues were furnished to Medicare and Medicaid beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. The Hospital is not aware of any allegations of noncompliance that could have a material adverse effect on the financial statements and believes that it is in compliance with all applicable laws and regulations.

Note 3. Deposits and Investments

The District investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in direct obligations of the United States Government and its agencies pledged by its full faith and credit and certificates of deposit accounts which are secured by Federal Deposit Insurance Corporation (FDIC) or a pledge of securities. At June 30, 2020, all of the District's demand deposits or certificates of deposit were secured by FDIC coverage.

The Hospital's (a blended component unit) investing is performed in accordance with its investment policy. Funds may be invested in money market investment accounts; certificates of deposits with financial institutions insured by the FDIC; direct obligations of the United States Government and its agencies; domestic commercial paper with at least A-1 (Moody's) rating or equivalent and the Louisiana Hospital Investment Pool. All of the securities have fixed maturities and it is the Hospital's intention to hold them until maturity. The Hospital, which is a public trust, is not required to comply with the collateralization requirements of the local depository law (per La. Atty. Gen. Op. No. 89-549).

Investments are reported at fair value, as discussed in Note 1. At June 30, 2020, the District, Hospital and the Foundation's investments consisted of the following, all of which were held in the District, Hospital, and Foundation's name by a custodial agent of the District, Hospital and Foundation:

	<u>Hospital and District</u>	<u>OGH Foundation</u>
Certificates of deposit	\$ 884	\$ -
U.S. Treasury and U.S. Government Agency	8,460	-
Municipal bonds	<u>12,477</u>	<u>-</u>
	<u>\$ 21,821</u>	<u>\$ -</u>

The carrying amounts of deposits and investments included in the statements of net position are as follows:

	<u>Hospital and District</u>	<u>OGH Foundation</u>
Carrying amount:		
Deposits	\$ 50,365	\$ 1,532
Investments	<u>21,821</u>	<u>-</u>
	<u>\$ 72,186</u>	<u>\$ 1,532</u>

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

	<u>Hospital and District</u>	<u>OGH Foundation</u>
Included in the following balance sheets captions:		
Cash and cash equivalents	\$ 45,532	\$ 1,532
Short-term investments	5,043	-
Held by trustee for debt service –		
Cash and cash equivalents	4,833	-
Investments	-	-
Other long-term investments	<u>16,778</u>	<u>-</u>
	<u>\$ 72,186</u>	<u>\$ 1,532</u>

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits or investments may not be returned to it. The Hospital's investment policy limits the maximum funds invested with respect to time deposits in any one financial institution to 33-1/3% of total funds available for investment, except for the Hospital's lead bank, which cannot exceed the greater of \$2 million, or 50% of total invested funds. The remaining Hospital investments consist of municipal securities, mortgage pools, and direct obligations of the U.S. Government or its agencies. All of these investments are held by one broker.

Interest Rate Risk. The Hospital's investment policy limits its exposure to fair value losses arising from rising interest rates by placing limits on investment maturities and investing in securities with varying maturities. The policy requires the Hospital to structure the investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds are placed in short-term investments including money market funds or similar investment pools as well as limiting the average maturity of the overall portfolio. Municipal securities mature between 0 to 7 years. U.S. Treasury and Government Obligations mature over varying maturities up to January of 2048, however the vast majority of these investments are mortgage pools which pay down on a monthly basis.

Note 4. Accounts Receivable

Patient accounts receivable reported as current assets by the Hospital at June 30, 2020 consisted of these amounts:

Receivable from patients and their insurance carriers	\$ 28,858
Receivable from Medicare	9,068
Receivable from Medicaid	<u>2,566</u>
Total patient accounts receivable	\$ 40,492
Less: allowance for uncollectible accounts	<u>(15,437)</u>
Patient accounts receivable, net	<u>\$ 25,055</u>

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 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, 2020 was as follows:

Medicare	23%
Medicaid	6%
Other third-party payers	23%
Patients	<u>48%</u>
	<u>100%</u>

Note 6. Capital Assets

Capital assets, additions, retirements, and balances for the year ended June 30, 2020 was as follows:

	Balance <u>6/30/2019</u>	Additions	Reductions	Transfers	Balance <u>6/30/2020</u>
Non-depreciable capital assets:					
Land	\$ 6,021	\$ -	\$ -	\$ -	\$ 6,021
Construction in progress	<u>837</u>	<u>1,569</u>	<u>-</u>	<u>(1,952)</u>	<u>454</u>
Total non-depreciable capital assets	<u>\$ 6,858</u>	<u>\$ 1,569</u>	<u>\$ -</u>	<u>\$ (1,952)</u>	<u>\$ 6,475</u>
Depreciable assets:					
Land improvements	\$ 1,593	\$ -	\$ -	\$ -	\$ 1,593
Automobiles	159	21	-	-	180
Buildings	89,928	1,980	-	1,496	93,404
Equipment	<u>98,797</u>	<u>4,729</u>	<u>(7)</u>	<u>456</u>	<u>103,975</u>
Total depreciable capital assets	<u>\$ 190,477</u>	<u>\$ 6,730</u>	<u>\$ (7)</u>	<u>\$ 1,952</u>	<u>\$ 199,152</u>
Less accumulated depreciation for depreciable assets	<u>\$ (141,921)</u>	<u>\$ (8,021)</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ (149,935)</u>
Total depreciable capital assets, net	<u>\$ 48,556</u>	<u>\$ (1,291)</u>	<u>\$ -</u>	<u>\$ 1,952</u>	<u>\$ 49,217</u>

Depreciation expense for the year ended June 30, 2020 amounted to \$8,021.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 7. Long-Term Debt

A schedule of changes in the Hospital's long-term debt for 2020 are as follows:

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020	Amount Due Within One Year
Bonds payable:					
Revenue bonds series – 2003	\$ 7,850	\$ -	\$ (1,400)	\$ 6,450	\$ 1,480
Revenue bonds series – 2009	8,960	-	(560)	8,400	560
Unamortized bond discounts	<u>(52)</u>	<u>-</u>	<u>12</u>	<u>(40)</u>	<u>(12)</u>
Total bonds payable	<u>\$ 16,758</u>	<u>\$ -</u>	<u>\$ (1,948)</u>	<u>\$ 14,810</u>	<u>\$ 2,028</u>
Notes payable:					
St. Landry Bank Note	<u>\$ 772</u>	<u>\$ -</u>	<u>\$ (347)</u>	<u>\$ 425</u>	<u>\$ 358</u>
Capital lease payable:					
Wells Fargo	\$ 1,720	\$ -	\$ (932)	\$ 788	\$ 788
Cerner Corporation	1,679	-	(815)	864	864
GE HFS, LLC	1,213	-	(248)	965	260
Stryker	1,108	-	(295)	813	313
Stryker	-	1,056	(264)	792	258
GE HFS, LLC	<u>-</u>	<u>1,047</u>	<u>(94)</u>	<u>953</u>	<u>196</u>
Total capital lease payable	<u>\$ 5,720</u>	<u>\$ 2,103</u>	<u>\$ (2,648)</u>	<u>\$ 5,175</u>	<u>\$ 2,679</u>
Total long-term debt	<u>\$ 23,250</u>	<u>\$ 2,103</u>	<u>\$ (4,943)</u>	<u>\$ 20,410</u>	<u>\$ 5,065</u>

The terms and due dates of the Hospital's long-term debt, including capital lease obligations, at June 30 are as follows:

Hospital revenue bonds – Series 2003

During 2004, the Hospital issued \$22,500 of hospital revenue bonds for purposes of capital additions to the hospital facility. Bonds Series 2003 has an interest rate from 2.15% to 5.75%, collateralized by a first mortgage on the leasehold interest of the facilities and pledge of hospital revenues, due serially to 2023.

Under the terms of the revenue bonds, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included as restricted cash in the statements of net position. The revenue bond indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding. At June 30, 2020, the Hospital was out of compliance with certain debt service coverage requirements related to these bonds.

Hospital revenue bonds – Series 2009

During July 2009, the Hospital issued \$14,000 of hospital revenue bonds for the purpose of refinancing the LifePoint note to purchase a local hospital as explained in Note 17 and to finance cash outlays of the Hospital associated with the acquisition of Doctor's Hospital in April 2009. Bonds Series 2009 has an interest rate of 4.50%, collateralized by a first mortgage on the South Campus buildings and a pledge of Hospital revenues, due serially to 2034.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Under the terms of the revenue bonds, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included as restricted cash in the statements of net position. The revenue bond indenture also places certain requirements regarding cash balances and liquidity of the Hospital and requires that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding. Collateral for these bonds include the hospital and medical office buildings, equipment and inventory.

Note payable obligation

During August 2016, the Hospital obtained a note payable for the purchase of medical equipment. The note was issued in the amount of \$1,700. Monthly payments are due in the amount of \$30, including interest at a fixed rate of 3%. The note will mature on August 1, 2021. Collateral for this note includes certain medical equipment.

Capital lease obligations

During 2016, the Hospital entered into a lease agreement for the purchase of an upgrade to the electronic health records system. In 2017, the Hospital completed the upgrade with a total costs amounting to \$4,862, which is included in capital assets. The entire amount of the lease, which was \$4,563, was advanced to the Hospital and placed in escrow at inception. These funds were used to complete the project over 2016 and 2017. Total monthly payments for this obligation are \$80, with an interest rate of 1.81%, and a final installment due April 2021.

During 2017, the Hospital entered into a lease agreement for the implementation of a new billing system. Total costs associated with this upgrade was \$4,933, which is included in capital assets. The new billing system was operational prior to June 30, 2017. Total quarterly payments for this obligation are \$220, with an imputed interest rate of 3%, and a final installment due April 15, 2021.

During 2018, the Hospital entered into a lease agreement for the purchase of Cantrella Smart Beds. Total costs associated with this purchase was \$1,332, which is included in capital assets. Total monthly payments for this obligation are \$25, with an interest rate of 4.75%, with a final installment due December 1, 2023.

During 2018, the Hospital entered into a lease agreement for the purchase of a Stryker Robotic Arm System. Total costs associated with this purchase was \$1,250, which is included in capital assets. Total monthly payments for this obligation are \$29, with an interest rate of 5.35%, with a final installment due December 13, 2022.

During 2019, the Hospital entered into a lease agreement for the purchase of stretchers and wheel chairs. Total costs associated with this purchase was \$1,056, which is included in capital assets. Total monthly payments for this obligation are \$25, with an interest rate of 5.35%, with a final installment due May 4, 2023.

During 2020, the Hospital entered into a lease agreement for the purchase of GE Discovery IQ 2 Ring. Total costs associated with this purchase was \$1,047, which is included in capital assets. Total monthly payments for this obligation are \$20, with an interest rate of 4.47%, with a final installment due December 15, 2024.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Scheduled principal and interest repayments on long-term debt are as follows:

Years Ending June 30,	Bonds payable			Direct Borrowings		Capital Lease Obligation	
	Principal	Discount	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,040	\$ (12)	\$ 777	\$ 358	\$ 8	\$ 2,679	\$ 174
2022	2,125	(12)	669	67	-	1,077	98
2023	2,215	(12)	556	-	-	932	45
2024	2,310	(4)	438	-	-	371	13
2025	560	-	265	-	-	116	2
2026 – 2030	2,800	-	945	-	-	-	-
2031 – 2035	<u>2,800</u>	<u>-</u>	<u>315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,850</u>	<u>\$ (40)</u>	<u>\$ 3,965</u>	<u>\$ 425</u>	<u>\$ 8</u>	<u>\$ 5,175</u>	<u>\$ 332</u>

Note 8. Accelerated and Advance Payment Program

In order to provide necessary funds for disruptions in claims submissions and or processing due to the impact of the 2019 Novel Coronavirus (COVID-19) pandemic, the Centers for Medicare & Medicaid Services (CMS) accelerated Medicare payments to hospitals and providers to help minimize the effect of revenue shortfalls. The Medicare Accelerated and Advance Payments Program, which existed prior to the pandemic, is designed to help hospitals and other providers facing cash flow disruptions during and emergency. As a response to the pandemic The CARES Act and CMS expanded the current Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers. On April 26, 2020, in light of amounts appropriated for healthcare provider relief payments the CMS announced suspended its Advance Payment Program to Part B suppliers. The expansion of the program is only for the duration of the public health emergency. CMS extended the repayment of these accelerated payments to begin 120 days after the date of issuance of the payment. At the end of the 120 day period, the recoupment process will begin and every claim submitted will be offset from the new claims to repay the accelerated/advanced payment. At the end of one year from the date of accelerated payment, the Medicare Administrative Contractor (MAC) will perform a manual check to determine if there is a remaining balance, which will be collected at that time. As of June 30, 2020, the Hospital received \$26,976 under this program that is included in current liabilities on the statement of net position.

Note 9. CARES Act Provider Relief Funds

The Provider Relief Funds support American families, workers, and the heroic healthcare providers in the battle against COVID-19 outbreak. The Department of Health & Human Services distributed funds to hospitals and healthcare providers on the front lines of the coronavirus response. Retention and use of these funds are subject to certain terms and conditions. The funds received will only be used to prevent, prepare for, and respond to coronavirus, and the funds shall reimburse the Hospital only for health care related expenses or lost revenues that are attributable to coronavirus. If these terms and conditions are met, payments do not need to be repaid at a later date. As of June 30, 2020, the Hospital and one of its component units received \$22,422 from the fund.

As of June 30, 2020, \$1,069 in eligible expenses was incurred under the provisions of the funding and was recognized as revenue in 2020. The remaining \$21,353 is deferred until eligible expenses are incurred or loss of net patient revenue is determined for calendar year 2020. As such this amount is reflected as a liability in the statement of net position.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 10. Employee Retirement Plan

The Hospital maintains a Social Security Replacement Plan and a 401(a) Money Purchase Plan (defined contribution plans) for which employees become immediately eligible to participate. Employees are required to make non-elective contributions in the amount of 7.65% of compensation to the Social Security Replacement Plan, of which the employees are 100% vested. The 401(a) Money Purchase Plan requires the Hospital to make employer contributions ranging from 5 to 13% of the employee's compensation based on credited years of service. The Hospital's contributions vest with employees based on years of service with employees becoming 100% vested after six years of service. Forfeitures are used to reduce future employer contributions under the 401(a) Money Purchase Plan. The Hospital's contributions to the plan for the year ended June 30, 2020 was \$3,870, net of forfeitures in the amount of \$404.

The Hospital also offers its employees the option of participating in a 457(b) Retirement Savings Plan (defined contribution plan). The Hospital does not contribute to the 457(b) Retirement Savings Plan on behalf of its employees. Eligible employees may choose to contribute any amount of compensation to the plan, up to the maximum amount allowed by law. Employees are 100% vested in these contributions.

Note 11. Operating Leases

Hospital as Lessee

On December 8, 2019, the Hospital entered into an operating lease with LA Barrington Leasing Associates of Barrington, Inc. for the lease of two Atellica Immunoassay 1300 Analyzers. The lease is for a period of 60 months with a monthly payment of \$10.

On June 28, 2019, the Hospital entered into an operating lease with Tangi East, LLC for the lease of Wellsmart Carencro Office. The lease is for a period of 120 months with monthly payments of \$9 for the first 60 months and \$10 for the remaining 60 months.

On December 20, 2018, the Hospital entered into an operating lease with General Electric Capital Corporation for the lease of 13 Alsys CS2 Open Arch with Echo FLOW and unity Network. The lease is for a period of 60 months with the first monthly payment of \$12, net of trade in allowance and 59 monthly payments of \$12.

On January 15, 2018, the Hospital entered into an operating lease with Philips Medical Capital, LLC for the lease of a Philips Allura Clarity FD20. The lease is for a period of 60 months with a monthly payment of \$13.

On December 12, 2017, the Hospital entered into an operating lease with General Electric Capital Corporation for the lease of a GE Revolution EVO CT Scanner. The lease is for a period of 60 months with the first monthly payment of \$16 and 59 monthly payments of \$12.

On May 11, 2018, the Hospital entered into an operating lease agreement with Leasing Associates of Barrington, Inc. for lab equipment. The lease is for a period of 36 months with a monthly payment of \$3.

On June 26, 2017, the Hospital entered into an operating lease agreement with General Electric Capital Corporation for the lease of a cath lab. The lease is for a period of 60 months with a monthly payment of \$14.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

On January 16, 2017, the Hospital entered into an operating lease agreement with Philips Medical Capital, LLC for the lease of equipment. The lease is for a period of 64 months with a monthly payment of \$28 starting on the fourth month.

On January 16, 2017, the Hospital entered into an operating lease agreement with Philips Medical Capital, LLC for the lease of equipment. The lease is for a period of 64 months with a monthly payment of \$11, starting on the fourth month.

On September 1, 2016, the Hospital entered into an operating lease agreement with Radiometer America Inc. for the lease of a Flex Series Analyzer. The lease is for a period of 60 months with a monthly payment of \$5.

On June 9, 2015, the Hospital entered into an operating lease agreement with Everbank for the lease of equipment. The lease is for a period of 60 months with a monthly payment of \$29.

On February 13, 2012, the Hospital entered into an operating lease agreement with Baxter Healthcare Corporation for 448 infusion pumps. This lease was renewed in December 2016. The renewed lease is for a period of 36 months with a monthly payment of \$13.

On December 5, 2011, the Hospital entered into an operating lease agreement with General Electric Capital Corporation for the lease of a MRI machine. This lease was renewed in December of 2019. The renewed lease is for a period of 24 months with a monthly payment of \$16.

Expected minimum lease payments associated with these operating leases over the next five years are as follows:

2021	\$ 1,602
2022	1,428
2023	522
2024	307
2025	<u>181</u>
	<u>\$ 4,040</u>

Total rental expense associated with these leases and paid for the year ended June 30, 2020 was \$1,823. In addition, the Hospital has various office facility leases with doctors for various rental amounts.

Note 12. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than their established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care so they are not reported as net patient service revenue. In accordance with the ASU "Measuring Charity Care for Disclosure" which requires all entities to disclose the amount of charity care provided using a cost-based measurement basis; the amounts of direct and indirect costs foregone for services and supplies furnished under the Hospital's charity care policy totaled approximately \$1 for the year ended June 30, 2020. The estimated costs of providing charity care are based on a calculation, which applies a ratio of costs to charges to the gross amount of charges foregone for charity patients. The ratio of costs to charges is calculated based on the Hospital's total expense (excluding provisions for bad debts) divided by gross patient service revenue. The Hospital did not receive any reimbursement for support of charity care in 2020.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 13. Joint Ventures

The Hospital is a participant in a joint venture with Acadian Homecare, L.L.C., d/b/a St. Landry Home Care, in order to provide home health services to the patients of the Hospital service area. The Hospital has a 33% participation in the joint venture. The Hospital's equity interest in the joint venture was \$9 at June 30, 2020. The Hospital recognized revenue related to the joint venture in the amount of \$225 in 2020, all of which was distributed by the joint venture to the Hospital. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in St. Landry Sleep Medicine Real Estate Venture, L.L.C. The Hospital has a 36% participation in the joint venture. The Hospital's equity interest in the joint venture was \$250 at June 30, 2020. The Hospital recognized income related to the joint venture of \$27 in 2020. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in Sunset Healthcare Realty, L.L.C., in order to own and lease a building for an outpatient imaging center in Sunset, Louisiana. The Hospital invested \$382 for 51 units of the 100 units available in the joint venture. Sunset Healthcare Realty, L.L.C. leases land from the Hospital, on which a building was constructed, for \$2 per month. The total lease income reported was \$23 in 2020. The building is leased to OGH Imaging, L.L.C., a joint venture in which the Hospital also participates. As of June 30, 2020, the Hospital has recorded a note receivable at an interest rate of 7.39% on the statements of net position of \$843, which represents construction costs paid on behalf of the joint venture. The Hospital's equity interest in the joint venture was \$591 at June 30, 2020. The Hospital recognized revenue related to the joint venture of \$109 in 2020. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in OGH Imaging, L.L.C., in order to operate an outpatient-imaging center in Sunset, Louisiana to provide imaging services to the patients of the Hospital service area. The Hospital invested \$494 for 52 units of the 100 units available in the joint venture. OGH Imaging, L.L.C. is leasing a building from Sunset Healthcare Realty, L.L.C., a joint venture in which the Hospital also participates. The Hospital's equity interest in the joint venture was \$546 at June 30, 2020. The Hospital recognized income related to the joint venture of \$96 in 2020. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in SharePort Sub I, L.L.C., in order to obtain local area medical waste services. The Hospital invested \$99 for 13 units of the 400 units available in the joint venture. The Hospital's equity interest in the joint venture was \$53 at June 30, 2020. The Hospital recognized a loss related to the joint venture of \$34 in 2020. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in Opelousas Radiation Therapy, LLC. The Hospital also has a service agreement with Opelousas Radiation Therapy to provide certain administrative and support services to the Cancer Center. The Hospital invested \$50 for 50% share in the joint venture. The Hospital's equity interest in the joint venture was \$463 at June 30, 2020. The Hospital recognized income related to the joint venture of \$369 in 2020. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in Louisiana Hospice Group, LLC, in order to provide hospice services to patients of the Hospital service area. The Hospital has a 25% membership interest in the joint venture. The Hospital's equity interest in the joint venture was \$569 at June 30, 2020. The Hospital recognized income related to the joint venture of \$120 in 2020. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 14. Self Funded Insurance

Health Insurance

The Hospital provides health insurance coverage to its employees under a self-funded plan. The Hospital pays the health insurance claims as they are incurred by the employee. The Hospital records a liability for claims incurred but not reported or paid, which is included in other accrued expenses on the statements of net position. Stop-loss insurance is retained to limit the Hospital's liability to \$225 in 2020, of paid claims per individual on an annual basis. The Hospital purchases commercial insurance for claims in excess of the coverage provided by the Hospital. At June 30, 2020, included in other receivables on the statements of net position is \$184 of settled claims that exceeded the stop-loss insurance limit. Included in accrued expenses is \$369 for claims estimates related to charges incurred before year-end but not yet paid.

Worker's Compensation

The Hospital is also self-insured for worker's compensation. The Hospital pays worker's compensation claims as they are incurred. Estimates for claims payable, which includes both reported and unreported claims, are recorded in other accrued expenses, at which time claim expense is also recorded. Stop-loss insurance is retained to limit the Hospital's liability to \$350 per claim for 2020. The Hospital purchases commercial insurance for claims in excess of the coverage provided by the Hospital. Settled claims have not exceeded this commercial coverage in the past year. Included in accrued expenses is \$545 for claims estimates related to cases incurred before year end but not yet paid.

Changes in the Hospital's claim liabilities for these coverages for the year ending June 30, 2020 were as follows:

<u>Liability</u> <u>July 1,</u>	<u>Changes in</u> <u>Estimates</u>	<u>Claims</u> <u>Accrued/</u> <u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>June 30,</u>
\$ 949	\$ 6,054	\$ 6,089	\$ 914

Note 15. Professional and General Liability Risk

The District and Hospital participate in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional coverage to healthcare providers. The fund provides for \$400 in coverage per occurrence above the first \$100 for which the District and Hospital are at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100 per occurrence and limiting the Patient's Compensation Fund's exposure to \$400 per occurrence.

The District and Hospital has acquired additional coverage for professional medical malpractice and general liability through the Louisiana Hospital Association Trust Fund by purchasing a claims-made policy. Losses on medical malpractice and general liability claims are estimated based on deductibles and claims in excess of per-claim or aggregate coverage and incurred but not reported during the claim year. These estimates reflect the District and Hospital's best estimates of the ultimate costs of reported and unreported claims, using the District and Hospital's past experience, industry experience and identified asserted claims and reported incidents. No provision for losses in excess of the deductible amount of the insurance policy has been recorded in the accompanying basic financial statements.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Estimated provision for losses on medical malpractice and general liability claims recorded in other accrued expenses amounted to \$1,545 at June 30, 2020.

Note 16. Contingencies

The District and Hospital evaluates contingencies based upon the best available evidence. The District and Hospital believes that no additional allowances other than those previously stated, for loss contingencies, are considered necessary. To the extent that resolution of contingencies results in amounts that vary from the District and Hospital's estimates, future earnings will be charged or credited.

The principle contingencies are described below:

Third-Party Government Revenues (Note 2) – Cost reimbursements are subject to examination by agencies administering the programs. The District and Hospital are contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

The healthcare industry is subject to numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District and Hospital are in compliance with fraud and abuse statutes as well as other applicable governmental laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Litigation and Other Matters - The District and Hospital are involved as defendant in several lawsuits in the ordinary course of business. In the opinion of management and legal counsel, insurance and provision for losses is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

Note 17. Deferred Outflows of Resources

In April 2009, the Hospital purchased a 171 bed acute care facility located in Opelousas, Louisiana (Doctor's Hospital) for a total of \$15,090. As a result total purchase price paid exceeded net assets acquired by \$1,163 at acquisition. This excess (net of amortization) is reflected in the statement of net position as a deferred outflow and is being taken as an expense systematically over 25 years. Total deferred outflow remaining at June 30, 2020 was \$644, expense in 2020 amounted to \$47.

Note 18. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements

The Hospital routinely provides a substantial amount of uncompensated care to patients in its service area. To help improve or expand allowable healthcare services for Medicaid beneficiaries or low-income, uninsured patients, the Hospital entered into a series of collaborative agreements and cooperative endeavors designed to allow additional

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Medicaid funds for providing these services in the community. These agreements are detailed below:

East Jefferson General Hospital Cooperative Endeavor Agreement – On January 12, 2016, the Hospital entered into a cooperative endeavor agreement with East Jefferson General Hospital (EJGH), a Louisiana hospital service district, and 11 other participating Louisiana hospital service districts. The Centers for Medicare and Medicaid Services (CMS) has previously approved the Medicaid State Plan Amendments (SPA), submitted by the Louisiana Department of Health and Hospitals (DHH), which provides for reimbursement to non-rural, non-state public hospitals up to the Medicare inpatient upper payment limits.

Under this agreement, EJGH has agreed to cooperate in the establishment of a funding program by contributing a portion of the Upper Payment Limit (UPL) payments that result from SPAs to the other hospital service districts, including the Hospital. The purpose of the UPL payments is to help ensure adequate and essential healthcare services are accessible and available to low-income and/or indigent citizens as well as medically underserved non-rural populations in Louisiana, in a manner defined in the agreement. Funding for each participating hospital service district is based on a formula utilizing each district's reported Medicaid patient days. The term of this agreement is one year with automatic renewals for additional terms of one year unless terminated earlier.

The Hospital received from EJGH a grant of \$9,267 in 2020, which was recognized in other operating revenues in the accompanying statements of revenues, expenses and changes in net position. As a condition of the agreement, the Hospital, along with the other participating hospital service districts, has agreed to indemnify EJGH for claims that may arise out of the cooperative endeavor agreement.

Low Income and Needy Care Collaboration Agreement – Under the terms of this agreement with a private health care provider dated March 15, 2011, the Hospital agreed to use public funds for purposes of funding Medicaid supplemental payments authorized under Medicaid State Plan Amendments LA 09-55 and LA 09-56 (“Hospital UPL Program”). In exchange, the private healthcare provider agrees to work cooperatively with the Hospital to improve access to health care for low income and needy persons. The agreement may be terminated by either party with 30 days written notice.

The Hospital made payments to DHH in conjunction with this agreement in the amount of \$1,650 in 2020 of which \$350 was accrued in 2019. In addition, the Hospital accrued payments of \$204 as of June 30, 2020. These amounts are being amortized monthly over the effective term of the agreement. A total of \$1,504 was recognized as operating expenses in 2020.

Physicians' UPL Agreement with the Louisiana Department of Health and Hospitals (DHH) – In 2011, the Hospital entered into an agreement with DHH, which was approved by CMS. Under the program, DHH began making payments under the Physician's Supplemental Payment Program for non-state owned public hospitals (hospital service districts) for dates of service effective July 1, 2010. The purpose of this program is to enhance payments to physicians employed or contracted by public hospitals. The Hospital agreed to transfer funds to DHH to be used as Medicaid matching funds for the purpose of making physician supplemental payments and providing the State additional resources to assist in the medical cost to the State.

These matching funds are comprised of (1) an amount to be utilized as the “non-federal share” of the supplemental payments for services provided by the identified physician; and other healthcare professionals, and (2) the “state retention amount,” which is 15% of the “non-federal share,” for the State to utilize in delivering healthcare services. In turn, DHH agrees to make supplemental Medicaid payments to the Hospital. The supplemental payments include the “non-federal share” and the “federal funds” generated by the “non-federal share” payments. The total amount of the supplemental payment is intended to represent the difference between the Medicaid payments made to these qualifying providers and the Average Community Rate for these services.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

The Hospital made payments to DHH in conjunction with this agreement in the amount of \$182 in 2020. The Hospital received DHH supplemental payments totaling \$406 in 2020. This program ended in 2016 and the Hospital wrote off the remaining net receivable in the amount of \$852 in 2019. Unexpectedly the Hospital received a final payment in 2020 from this program. No other funds are expected to be collected.

Physician Rate Enhancement Program – On June 1, 2016, the Hospital entered into an agreement with Amerigroup Community Care and Louisiana Medicaid Physician IPA, Inc. DHH has contracted with prepaid organizational model Medicaid Managed Care Organizations, including Amerigroup, (collectively, “MCOs”), to provide core benefits and services that include inpatient and outpatient physician services for individuals enrolled in Bayou Health Program that are compensated by specified monthly capitation rates on a per member per month basis (“PMPM”).

To ensure uniform reimbursement in the Medicaid Program for physician services, provide greater opportunity and incentives for MCOs to improve recipient health outcomes, add benefits for Medicaid Enrollees, and support the health care safety-net for low income and needy patients, DHH increased Amerigroup’s PMPM rate for reimbursement of physician services to include the Full Medicaid Payment component of the Mercer Rate Methodology for safety-net physicians to receive rates more consistent with their fee-for-service payments.

The Hospital is the Safety Net Hospital for various Physician Groups and each such Physician Group has a contract to provide inpatient and/or outpatient physician services for or at the Safety-Net Hospital, which includes an assignment provision appointing the Hospital as the sole and exclusive agent and assign of Physician Group(s) for all purposes under the Physician Rate Enhancement Program, including contracting with MCOs for, and billing and collection of, Physician Rate Enhancement Payments.

IPA contracts with one or more hospitals, including the Hospital, whereby the Hospital appoints IPA to serve as the exclusive agent for the Hospital to take all appropriate action to collect Physician Rate Enhancement Payments, including negotiating and contracting with MCOs.

In order to efficiently effectuate distribution of Physician Rate Enhancement Payments, the parties agree to establish a method of distribution of Physician Rate Enhancement Funds in an amount and manner consistent with Amerigroup’s contract with DHH to ensure the provider’s financial viability so that Amerigroup’s Medicaid Enrollees have access to physician services.

The Hospital made payments in conjunction with this agreement totaling \$12,811 in 2020 of which \$1,590 was accrued in 2019. A total of \$11,221 is recognized as an operating expense in the statements of revenues, expenses and changes in net position. The Hospital has accrued a receivable for expected amounts due under this program totaling \$7,383 in 2020, which is recognized as other operating revenue in the statements of revenues, expenses and changes in net position. Total revenue recognized under this program during 2020 amounted to \$22,332.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 19. Fair Value Measurement

The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Hospital has the following fair value measurements as of June 30, 2020:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices In Active Market for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Certificates of deposit	\$ 884	\$ -	\$ -	\$ 884
U.S. Treasury and U.S. Government Agency	8,460	7,538	922	-
Municipal bonds	<u>12,477</u>	<u>-</u>	<u>12,477</u>	<u>-</u>
Investments	<u>\$ 21,821</u>	<u>\$ 7,538</u>	<u>\$ 13,399</u>	<u>\$ 884</u>

Note 20. Coronavirus Pandemic

The World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and business. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Hospital operates. It is unknown how long these conditions will last and what the complete financial effect will be on the Hospital. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 21. Condensed Combining Information

The following is the condensed combining information for blended component units as of June 30, 2020 and for the year then ended:

Condensed Statements of Net Position
June 30, 2020
(In Thousands)

ASSETS	<u>District</u>	<u>Hospital</u>	<u>Physician Practices</u>	<u>Total</u>
Current assets	\$ 319	\$ 95,584	\$ 1,576	\$ 97,479
Other assets	-	24,922	-	24,922
Capital assets	-	55,307	385	55,692
Deferred outflows	<u>-</u>	<u>644</u>	<u>-</u>	<u>644</u>
 Total assets	 <u>\$ 319</u>	 <u>\$176,457</u>	 <u>\$ 1,961</u>	 <u>\$178,737</u>
 LIABILITIES AND NET POSITION				
Current liabilities	\$ -	\$ 70,966	\$ 1,082	\$ 72,048
Long-term liabilities	<u>-</u>	<u>15,345</u>	<u>-</u>	<u>15,345</u>
 Total liabilities	 <u>\$ -</u>	 <u>\$ 86,311</u>	 <u>\$ 1,082</u>	 <u>\$ 87,393</u>
Net investment in capital assets	\$ -	\$ 34,897	\$ 385	\$ 35,282
Restricted for debt service	-	4,833	-	4,833
Unrestricted	<u>319</u>	<u>50,416</u>	<u>494</u>	<u>51,229</u>
 Total net position	 <u>\$ 319</u>	 <u>\$ 90,146</u>	 <u>\$ 879</u>	 <u>\$ 91,344</u>
 Total liabilities and net position	 <u>\$ 319</u>	 <u>\$176,457</u>	 <u>\$ 1,961</u>	 <u>\$178,737</u>

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Condensed Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020
(In Thousands)

	<u>District</u>	<u>Hospital</u>	<u>Physician Practices</u>	<u>Total</u>
Net patient service revenues	\$ -	\$ 112,866	\$ 5,701	\$118,567
Other operating revenues	<u>-</u>	<u>37,408</u>	<u>-</u>	<u>37,408</u>
Total operating revenues	<u>\$ -</u>	<u>\$ 150,274</u>	<u>\$ 5,701</u>	<u>\$155,975</u>
Depreciation and amortization	\$ -	\$ 8,027	\$ 40	\$ 8,067
Other operating expenses	<u>-</u>	<u>156,639</u>	<u>10,416</u>	<u>167,055</u>
Total operating expense	<u>\$ -</u>	<u>\$ 164,666</u>	<u>\$ 10,456</u>	<u>\$175,122</u>
Operating loss	\$ -	\$ (14,392)	\$ (4,755)	\$ (19,147)
Non-operating revenues (expenses)	<u>3</u>	<u>1,954</u>	<u>-</u>	<u>1,957</u>
Increase (decrease) in net position	\$ 3	\$ (12,438)	\$ (4,755)	\$ (17,190)
Net position, beginning	316	106,238	1,980	108,534
Contributions (distributions)	<u>-</u>	<u>(3,654)</u>	<u>3,654</u>	<u>-</u>
Net position, ending	<u>\$ 319</u>	<u>\$ 90,146</u>	<u>\$ 879</u>	<u>\$ 91,344</u>

Condensed Statements of Cash Flows
Year Ended June 30, 2020
(In Thousands)

	<u>District</u>	<u>Hospital</u>	<u>Physician Practices</u>	<u>Total</u>
Net cash provided (used) by operating activities	\$ -	\$ 27,189	\$ (3,770)	\$ 23,419
Net cash provided by non-capital financing activities	-	18,786	3,653	22,439
Net cash used by capital and related financing activities	-	(11,921)	(259)	(12,180)
Net cash provided by investing activities	<u>-</u>	<u>3,202</u>	<u>-</u>	<u>3,202</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ 37,256	\$ (376)	\$ 36,880
Cash and cash equivalents at beginning of year	<u>15</u>	<u>12,631</u>	<u>839</u>	<u>13,485</u>
Cash and cash equivalents at end of year	<u>\$ 15</u>	<u>\$ 49,887</u>	<u>\$ 463</u>	<u>\$ 50,365</u>

SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF GROSS PATIENT SERVICE REVENUES

Year Ended June 30, 2020

(In Thousands)

	<u>Inpatient</u>	<u>Outpatient</u>	<u>Totals</u>
Routine services:			
Medical and surgical	\$ 6,851	\$ 4,767	\$ 11,618
Intensive care unit	2,401	30	2,431
Nursery	513	-	513
CV short stay	64	153	217
Psychiatric unit	9,044	-	9,044
Rehab unit	<u>1,017</u>	<u>-</u>	<u>1,017</u>
Total routine services	<u>\$ 19,890</u>	<u>\$ 4,950</u>	<u>\$ 24,840</u>
Ancillary services:			
Anesthesiology	\$ 2,820	\$ 4,371	\$ 7,191
Cancer treatment center	104	21,336	21,440
Cardiac catheterization	20,368	58,649	79,017
Cardiopulmonary diagnostic lab and rehab	4,543	8,621	13,164
Central supply	4,231	2,558	6,789
Communication disorders	248	324	572
Contract dialysis	784	147	931
CT scan	4,983	23,461	28,444
Delivery room	1,103	532	1,635
Emergency room	6,142	46,907	53,049
Hyperbaric medicine	1,504	5,654	7,158
Inhalation therapy	12,938	5,351	18,289
Intravenous therapy	229	356	585
Laboratory	20,773	54,069	74,842
Medical imaging	1,774	10,676	12,450
Medical home	-	38	38
MRI	767	4,825	5,592
Nuclear CT	22	1,410	1,432
Nuclear medicine	333	1,624	1,957
Outpatient clinic	-	75,490	75,490
Outpatient psychiatric unit	34	10,474	10,508
Operating room	42,743	33,780	76,523
PICC line	82	31	113
Pharmacy	24,354	11,497	35,851
Physical therapy	1,813	9,346	11,159
Physician practices	-	21,666	21,666
Pulmonary function	1	458	459
Recovery room	2,032	3,299	5,331
Sleep lab	<u>287</u>	<u>4,026</u>	<u>4,313</u>
Total ancillary services	<u>\$ 155,012</u>	<u>\$ 420,976</u>	<u>\$575,988</u>
Total gross patient service revenue	<u>\$ 174,902</u>	<u>\$ 425,926</u>	<u>\$600,828</u>

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HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF DEPARTMENTAL DIRECT OPERATING REVENUES AND EXPENSES

Year Ended June 30, 2020

(In Thousands)

	<u>Gross</u> <u>Revenues</u>	<u>Direct</u> <u>Operating</u> <u>Expenses</u>	Revenue Over (Under) <u>Direct</u> <u>Operating</u> <u>Expenses</u>
Routine services:			
Medical and surgical	\$ 11,618	\$ 9,280	\$ 2,338
Intensive care unit	2,431	3,016	(585)
Nursery	513	714	(201)
CV short stay	217	449	(232)
Psychiatric unit	9,044	3,272	5,772
Rehab unit	<u>1,017</u>	<u>1,420</u>	<u>(403)</u>
Total routine services	<u>\$ 24,840</u>	<u>\$ 18,151</u>	<u>\$ 6,689</u>
Ancillary services:			
Anesthesiology	\$ 7,191	\$ 2,515	\$ 4,676
Cancer treatment center	21,440	2,677	18,763
Cardiac catheterization	79,017	6,853	72,164
Cardiopulmonary diagnostic lab and rehab	13,164	677	12,487
Central supply	6,789	1,082	5,707
Communication disorders	572	211	361
Contract dialysis	931	390	541
CT scan	28,444	1,039	27,405
Delivery room	1,635	1,956	(321)
Emergency room	53,049	6,580	46,469
Hyperbaric medicine	7,158	1,931	5,227
Inhalation therapy	18,289	1,909	16,380
Intravenous therapy	585	-	585
Laboratory	74,842	7,624	67,218
Lactation	-	114	(114)
Medical imaging	12,450	1,843	10,607
Medical home	38	169	(131)
MRI	5,592	589	5,003
Nuclear CT	1,432	100	1,332
Nuclear medicine	1,957	612	1,345
Outpatient clinic	75,490	9,358	66,132
Outpatient psychiatric unit	10,508	1,475	9,033
Operating room	76,523	15,514	61,009
PICC line	113	-	113

(continued)

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF DEPARTMENTAL DIRECT OPERATING REVENUES AND EXPENSES (CONTINUED)

Year Ended June 30, 2020

(In Thousands)

	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Revenue Over (Under) Direct Operating Expenses</u>
Ancillary services (continued):			
Pharmacy	35,851	6,551	29,300
Physical therapy	11,159	2,361	8,798
Physician clinics	-	581	(581)
Physician services	-	618	(618)
Physician practices	21,666	13,210	8,456
Pulmonary function	459	233	226
Recovery room	5,331	483	4,848
Vein clinic	-	13	(13)
Sleep lab	4,313	794	3,519
Social service	-	106	(106)
Telehealth clinic	-	30	(30)
Total ancillary services	<u>\$ 575,988</u>	<u>\$ 90,198</u>	<u>\$ 485,790</u>
Revenue over direct operating expenses	<u>\$ 600,828</u>	<u>\$ 108,349</u>	\$ 492,479
Contractual allowances, discounts, and uncollectible accounts			(482,261)
Other operating revenues			<u>37,408</u>
			<u>\$ 47,626</u>
Operating expenses:			
General services			\$ 11,931
Fiscal and administrative services			35,105
Intergovernmental transfer – physicians’ UPL			11,402
Depreciation and amortization			<u>8,335</u>
			<u>\$ 66,773</u>
Excess of hospital operating expenses over operating revenues			<u>\$ (19,147)</u>

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF NET PATIENT SERVICE REVENUES

Year Ended June 30, 2020

(In Thousands)

Gross patient service revenues	<u>\$ 600,828</u>
Less:	
Administrative allowances	\$ 50
Blue Cross discounts	53,898
Charity allowances	2,123
Contractual adjustments – Medicare and Medicaid	344,552
Managed care allowances	47,876
Physician discounts	13,163
Provision for uncollectible accounts	<u>20,599</u>
Total contractual allowances, discounts, and uncollectible accounts	<u>\$ 482,261</u>
Net patient service revenues	<u>\$ 118,567</u>

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF OTHER OPERATING REVENUES

Year Ended June 30, 2020

(In Thousands)

Other operating revenues:

Cafeteria	\$ 1,137
Gift shop	201
Rental income	1,118
Outside housekeeping and laundry services	250
Miscellaneous	2,697
UPL supplemental payments	22,738
Service Direct Hospital UPL	<u>9,267</u>
Total other operating revenues	<u>\$ 37,408</u>

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF DEPARTMENTAL OPERATING EXPENSES

Year Ended June 30, 2020

(In Thousands)

	<u>Salaries</u>	<u>Professional Fees</u>	<u>Employee Benefits</u>	<u>Other Expenses</u>	<u>Totals</u>
Routine services:					
Medical and surgical	\$ 8,631	\$ -	\$ 86	\$ 563	\$ 9,280
Intensive care unit	2,297	52	34	633	3,016
Nursery	680	-	2	32	714
CV short stay	406	-	3	40	449
Psychiatric unit	-	-	-	3,272	3,272
Rehab unit	714	-	33	673	1,420
Total routine services	<u>\$ 12,728</u>	<u>\$ 52</u>	<u>\$ 158</u>	<u>\$ 5,213</u>	<u>\$ 18,151</u>
Ancillary services:					
Anesthesiology	\$ 1,909	\$ 60	\$ 35	\$ 511	\$ 2,515
Cancer treatment center	192	20	-	2,465	2,677
Cardiac catheterization	614	81	7	6,151	6,853
Cardiopulmonary diagnostic lab and rehab	549	116	5	7	677
Central supply	474	-	1	607	1,082
Communication disorders	205	-	-	6	211
Contract dialysis	-	-	-	390	390
CT scan	574	4	-	461	1,039
Delivery room	1,822	-	10	124	1,956
Emergency room	4,868	1,234	67	411	6,580
Hyperbaric medicine	-	-	-	1,931	1,931
Inhalation therapy	1,705	37	3	164	1,909
Laboratory	2,314	174	11	5,125	7,624
Lactation	113	-	-	1	114
Medical imaging	1,219	7	2	615	1,843
Medical home	154	6	-	9	169
MRI	174	1	1	413	589
Nuclear CT	64	7	-	29	100
Nuclear medicine	175	7	-	430	612
Outpatient clinic	563	-	9	8,786	9,358
Outpatient psychiatric unit	-	-	-	1,475	1,475
Operating room	2,038	-	33	13,443	15,514
Pharmacy	2,247	29	28	4,247	6,551
Physical therapy	-	-	-	2,361	2,361
Physician clinics	-	581	-	-	581
Physician services	-	617	-	1	618
Physician practices	7,976	586	22	4,626	13,210
Pulmonary function	216	1	-	16	233

(continued)

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF DEPARTMENTAL OPERATING EXPENSES (CONTINUED)

Year Ended June 30, 2020

(In Thousands)

	<u>Salaries</u>	<u>Professional Fees</u>	<u>Employee Benefits</u>	<u>Other Expenses</u>	<u>Totals</u>
Ancillary services (continued):					
Recovery room	\$ 437	\$ -	\$ 3	\$ 43	\$ 483
Vein Clinic	4	9	-	-	13
Sleep lab	597	9	4	184	794
Social services	103	-	2	1	106
Telehealth Clinic	22	-	-	8	30
Total ancillary services	<u>\$ 31,328</u>	<u>\$ 3,586</u>	<u>\$ 243</u>	<u>\$ 55,041</u>	<u>\$ 90,198</u>
General services:					
Biomedical services	\$ 386	\$ -	\$ 1	\$ 56	\$ 443
Dietary	1,286	-	7	1,508	2,801
Housekeeping	1,757	-	7	648	2,412
Laundry and linen	-	-	-	464	464
Performance improvement	255	-	9	13	277
Plant engineering	665	-	5	3,866	4,536
Security	983	-	-	15	998
Total general services	<u>\$ 5,332</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 6,570</u>	<u>\$ 11,931</u>
Fiscal and administrative services:					
Accounting	\$ 347	\$ -	\$ -	\$ 158	\$ 505
Administration	2,390	82	10,026	4,362	16,860
Admitting	1,147	-	11	83	1,241
Business office	713	-	4	841	1,558
Centralized scheduling	144	-	5	10	159
Clinic documents	301	12	-	21	334
Communications	118	-	-	178	296
Compliance management	195	-	-	3	198
Courier	108	-	-	17	125
Gift shop	67	-	-	99	166
Health information services	927	-	30	709	1,666
Human resources	349	-	-	631	980
Industrial medicine	90	-	-	148	238
Infection control	108	3	13	167	291
Information technology	1,495	-	13	5,633	7,141
Insurance	-	-	-	1,941	1,941
J2E functions	-	-	-	17	17
Marketing/public relations	426	-	-	678	1,104
Medical and staff relations	291	12	-	198	501
Pain management	1	-	-	3	4
Volunteer/nurse interns	7	-	-	-	7
Health and wellness	2	-	-	-	2
OGH Foundation	33	-	-	6	39
Total fiscal and administrative services	<u>\$ 9,259</u>	<u>\$ 109</u>	<u>\$ 10,102</u>	<u>\$ 15,903</u>	<u>\$ 35,373</u>
Total departmental operating expenses	<u>\$ 58,647</u>	<u>\$ 3,747</u>	<u>\$ 10,532</u>	<u>\$ 82,727</u>	<u>\$155,653</u>

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF DEPARTMENTAL STATISTICS
Year Ended June 30, 2020

Beds licensed:		
Acute care		151
Psychiatric		30
Rehabilitation facility		<u>16</u>
Total		<u>197</u>
Percentage of occupancy for staff beds in service:		
Acute care		52.60%
Psychiatric		74.30%
Rehabilitation facility		30.10%
Percentage of gross patient service revenues:		
Medicare		52%
Medicaid		23%
All other		<u>25%</u>
Total		<u>100%</u>
Discharges:		
Acute care		5,635
Psychiatric		914
Rehabilitation facility		<u>146</u>
Total		<u>6,695</u>
Patient days in care:		
Medical and surgical		14,630
Intensive care		<u>2,428</u>
Acute care subtotal		17,058
Nursery		1,982
Psychiatric		8,161
Rehabilitation facility		<u>1,761</u>
Total		<u>28,962</u>
Surgeries:		
Inpatient		1,880
Outpatient		<u>4,407</u>
Total surgeries		<u>6,287</u>

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF DEPARTMENTAL STATISTICS (CONTINUED)

Year Ended June 30, 2020

Deliveries	915
Procedures:	
Laboratory	534,307
Radiology	49,905
CT scan	14,119
Nuclear medicine	940
MRI	2,068
Cancer treatments	16,523
Heart catheterization unit cases	1,659
Hyperbaric oxygen	12,166
Physical therapy	101,956
Emergency room visits	46,306
Outpatient registrations (including emergency room visits)	158,412

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
Year Ended June 30, 2020

Opelousas General Hospital Authority:

Robert Wolfe	\$ 12,000
Alton Broussard	12,000
Albert Simien	12,000
Richard Tate	12,000
Gina Tuttle	12,000
Patrick Morrow	12,000
Kerry Thibodeaux	11,000
Mary Doucet	12,000
Charles Going	<u>12,000</u>
	<u>\$ 107,000</u>

Hospital Service District No. 2 of St. Landry Parish:

Charles Going	\$ -
Alton Broussard	-
Albert Simien	-
Patrick Morrow	-
Robert Wolfe	-
Jackson Burson, Jr.	<u>-</u>
	<u>\$ -</u>

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD

Year Ended June 30, 2020

Agency Head: Kenneth Cochran

<u>Purpose</u>	<u>Amount</u>
Salary/Severance/PTO	\$ 553,951
Benefits:	
Insurance	4,030
Retirement	42,377
Car allowance	8,750
Conference travel	8,402
HSA Savings	900
VALIC – employer contribution	<u>15,268</u>
	<u>\$ 633,678</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Hospital Service District No. 2
and Board of Trustees
Opelousas General Hospital Authority
St. Landry Parish, Louisiana

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 business-type activities and discretely presented component unit of the Hospital Service District No. 2 of St. Landry Parish, Louisiana (the "District") and Opelousas General Hospital Authority (the "Hospital"), as of and for the year ended June 30, 2020 and the related notes to financial statements, which collectively comprise the District and Hospital's basic financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital and the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

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. This report is intended for the information and use of management, the Board of Commissioners, Board of Trustees, others within the entity and federal awarding agencies and pass-through entities and the Legislative Auditor, is not intended to be, and should not be used by anyone other than those specified parties. Accordingly, this communication is not suitable for any other purpose; however, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Brandon Parker" followed by a stylized set of initials.

Lafayette, Louisiana
December 23, 2020

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2020

We have audited the basic financial statements of Hospital Service District No 2 of St. Landry Parish, in the State of Louisiana, and Opelousas General Hospital Authority, as of and for the year ended June 30, 2020, and have issued our report thereon dated December 23, 2020. 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 audit of the basic financial statements as of and for the year ended June 30, 2020 resulted in an unmodified opinion.

Section I. Summary of Auditors' Results

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weakness

Yes

No

Control deficiencies
identified that are not
considered to be a material
weakness(es)

Yes

No

Compliance

Noncompliance material to financial statements

Yes

No

Section II. Financial Statement Findings

No matters are reported.

HOSPITAL SERVICE DISTRICT NO. 2 OF ST. LANDRY PARISH, LOUISIANA AND
OPELOUSAS GENERAL HOSPITAL AUTHORITY

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2020

Section I. Internal Control and Compliance Material to the Financial Statements

2019-001 Compliance – State Bond Commission Approval

Recommendation: We would recommend that the Hospital contact the State Bond Commission and inquire as to what action if any should be taken to resolve this matter.

Current Status: Resolved: During 2020, the Hospital received retroactive approval for debt incurred in a previous year which was not approved initially by the State Bond Commission.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2019.