ST. TAMMANY PARISH HOSPITAL SERVICE DISTRICT NO. 2

d/b/a SLIDELL MEMORIAL HOSPITAL

Financial Statements
December 31, 2020 and 2019

Contents

Management's Discussion and Analysis

This section of St. Tammany Parish Hospital Service District No. 2's (Slidell Memorial Hospital, or SMH, or the Hospital) annual financial report presents background information and management's analysis of the Hospital's financial performance during the fiscal year that ended on December 31, 2020. This should be read in conjunction with the financial statements in this report.

Executive Summary

In 2020, Slidell Memorial Hospital continued to make strategic investments in physician alignment, service growth, and quality improvement to position the facility for the future. The SMH Physician Network has grown to a complement of 47 practitioners. Management and the Board of Commissioners are committed to a strategy of improving quality and cost through reducing variation in medical practice patterns and increasing access to primary care in the marketplace. Fiscal year 2020 proved to be difficult dealing with the COVID-19 pandemic. Despite these challenges and with a negative 3.9% EBIDA in 2020, these strategies are in keeping with the Mission: To Improve the Quality of Life in Our Community.

SMH signed a 20-year Joint Operating Agreement (JOA) with Ochsner Health System (OHS), effective January 1, 2016. The JOA creates collaboration between SMH and OHS to achieve more effective and efficient operations by maximizing the utility of our combined assets. The two organizations retain ownership and ultimate control of their assets, but contractual, clinical, and financial integration align incentives to become dispassionate about the location of services. The JOA is managed by a consolidated management team in order to establish a single culture and an enterprise mindset in decision making. The JOA creates a Strategy and Oversight Committee (SOC) with equal representation from SMH's Board of Commissioners and from OHS. The SOC represents the group through which the two organizations will collaborate on things like what services are delivered in the division, where those services are delivered, physician recruitment, and other strategic objectives. The JOA not only creates opportunity for significant cost reduction, but with critical mass in some services, the JOA becomes a quality improvement and growth strategy as well.

SMH Regional Cancer Center provides a comprehensive, disciplinary coordinated care model with services ranging from an appearance center, library, laboratory, pharmacy, outpatient chemotherapy and infusion service, and radiation oncology. The board-certified medical oncologists are providing care to the region. The provision of services allows patients to remain close to home with the support of family and the community. SMH's cancer program has been accredited by the American College of Surgeons Commission on Cancer since 1992. The Radiation Oncology Department has been accredited by the American College of Radiation Oncology since 2012.

Slidell Memorial Hospital is no different than most other community hospitals in the United States in struggling with the transformation of the healthcare delivery system from fee-for-service to fee-for-value. Without significant capital on the balance sheet, it is precarious to under-shoot or over-shoot the unknown glide-path of change. Moving too fast will erode revenues while increasing expenses associated with infrastructure to manage for value. Moving too slow will expose the organization on the backside of the conversion to risk of massive market share loss to early adopters of the transition to managing population utilization and cost. Here again, the JOA with OHS provides a partner with existing infrastructure and scale to be much more effective in this area as we align around the commitment to improving quality, improving access, lowering costs, and growing local services.

Financial Highlights

Net patient service revenue decreased by 1.5% from the prior year. Acute admissions were up 5.6% over prior year and observation admits were down 33.2%. Cardiac catheterization patients decreased 26.8% over prior year. Compared to prior year, emergency room visits declined 18.8%, surgeries were down 11.1%, infusion therapy visits were up 4.2%, and physician clinic visits were up 4.2%. Payor mix stayed relatively the same as prior year.

In 2020, operating expenses before depreciation and amortization increased 10.6% from the prior year. This increase is primarily due to adjustments related to the JOA allocation, Inter-governmental Transfers (IGT) that were trued up in 2020, and new purchased services for Emergency Room coverage.

The Hospital's total net position increased by $10.6 million in 2020. The assets of the Hospital exceeded liabilities at the close of the 2020 fiscal year by $133.2 million. Of this amount, $80 million (unrestricted net position) may be used to meet ongoing obligations to the Hospital's patients and creditors, and $44.3 million is net investment in capital assets.

Overview of the Financial Statements

This annual report consists of four components - management's discussion and analysis (this section), the independent auditor's report, the financial statements, and supplementary information.

The financial statements of Slidell Memorial Hospital report the financial position of the Hospital and the results of its operations and its cash flows. The financial statements are prepared on the accrual basis of accounting. These statements offer short-term and long-term financial information about the Hospital's activities.

The *statements of net position* include all the Hospital's assets, deferred outflows, and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Hospital's creditors (liabilities) for both the current year and the prior year. They also provide the basis for evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the Hospital.

The current year's revenues and expenses are accounted for in the *statements of revenues, expenses, and changes in net position*. This statement measures the performance of the Hospital's operations over the past two years and can be used to determine whether the Hospital has been able to recover all its costs through its patient service revenue and other revenue sources.

The primary purpose of the *statements of cash flows* is to provide information about the Hospital's cash from operations, investing, and financing activities. The cash flow statement outlines where the cash comes from, what the cash is used for, and the change in the cash balance during the reporting period.

The annual report also includes notes to financial statements that are essential to gain a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Financial Analysis of the Hospital

The *statements of net position* and the *statements of revenue, expenses, and changes in net position* report information about the Hospital's activities. These two statements report the net position of the Hospital and changes in them. Increases or improvements, as well as decreases or declines in net position, are one indicator of the financial state of the Hospital. Other non-financial factors that should also be considered include changes in economic conditions (including uninsured and working poor) and population growth.

Net Position

A summary of the Hospital's statements of net position is presented in the following table:

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
		(In Thousands)	
Current and Other Assets	**$ 141,158**	$ 102,246	$ 103,771
Capital Assets, Net	**91,081**	99,088	96,834
Deferred Outflows of Resources	**401**	465	240
Total Assets and Deferred Outflows of Resources	**$ 232,640**	$ 201,799	$ 200,845
Long-Term Debt Outstanding	**$ 41,755**	$ 47,130	$ 51,830
Other Liabilities	**57,672**	32,021	29,015
Total Liabilities	**$ 99,427**	$ 79,151	$ 80,845
Net Investment in Capital Assets	**$ 44,352**	$ 47,941	$ 46,639
Restricted	**8,814**	8,568	8,463
Unrestricted	**80,047**	66,139	64,898
Total Net Position	**$ 133,213**	$ 122,648	$ 120,000

December 31, 2020
Long-term debt decreased $5.3 million in 2020 reflecting the effect of scheduled payments.

December 31, 2019
Long-term debt decreased $4.7 million in 2019 reflecting the effect of scheduled payments.

December 31, 2018
Long-term debt increased $6.0 million in 2018 reflecting the effect of issuance of a new hospital indebtedness and scheduled payments.

Summary of Revenues, Expenses, and Changes in Net Position

The following table presents a summary of the Hospital's historical revenues and expenses for each of the fiscal years ended December 31, 2020, 2019, and 2018:

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
		(In Thousands)	
Net Patient Service Revenue	**$ 188,357**	$ 191,197	$ 193,787
Other Operating Revenue Excluding Interest Income	**11,346**	6,685	3,389
Total Operating Revenues	**199,703**	197,882	197,176
Operating Expenses before Depreciation/Amortization	**207,617**	187,714	184,281
Earnings before Interest, Depreciation, and Amortization and Non-Operating Revenues (Expenses) (EBIDA)	**(7,914)**	10,168	12,895
Depreciation and Amortization Expense	**10,644**	10,457	9,486
Operating Net (Loss) Income	**(18,558)**	(289)	3,409
Non-Operating Revenues (Expenses)			
Interest Income	**445**	1,719	1,492
Interest Expense	**(1,520)**	(1,739)	(1,780)
Bond Issuance Costs	**(45)**	(259)	-
Property Tax Revenue	**4,696**	4,505	4,636
CARES Act Funding	**26,060**	-	-
Other Expenses, Net	**(513)**	(1,289)	-
Change in Net Position	**10,565**	2,648	7,757
Total Net Position - Beginning of Year	**122,648**	120,000	112,243
Total Net Position - End of Year	**$ 133,213**	$ 122,648	$ 120,000

The following table represents the relative percentage of gross charges billed for patient services by payer for the fiscal years ended December 31, 2020, 2019, and 2018:

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Medicare and Medicare HMO	**57%**	56%	55%
Medicaid	**15%**	15%	16%
Managed Care and Commercial Insurance	**26%**	27%	27%
Uninsured Patients	**2%**	2%	2%
Total Gross Charges	**100%**	100%	100%

Operating and Financial Performance

The following summarizes the Hospital's statements of revenues, expenses, and changes in net position between 2020, 2019, and 2018:

- In 2020, the Hospital had 7,996 acute inpatient admissions. This is an increase of 5.6% from fiscal year 2019. During 2019, the Hospital had 7,570 acute inpatient admissions. This is a decrease of 11.2% from fiscal year 2018.
- Emergency Room visits were 31,922 and 39,323 in 2020 and 2019, respectively, representing a decrease of 18.8% in 2020 over 2019. There was a decrease of 1.2% in 2019 compared to fiscal year 2018.
- Cardiac catheterization patient volume decreased 26.8% from fiscal year 2019. There was a decrease of 8.9% from 2018 to 2019.
- During 2020, net patient service revenue decreased $2.8 million, or 1.5%, from 2019. This decrease is a result of a decrease in inpatient volumes from prior year. During 2019, net patient service revenue decreased $2.6 million, or 1.3%, from 2018.
- In 2020, salaries, wages, and benefits decreased 2.5% from prior year. During 2019, salaries, wages, and benefits increased 0.7% from prior year reflecting a change in the SMH benefit plan.
- In 2020, supplies and materials increased 2.1%, primarily due to Covid related supply expenses. During 2019, supplies and materials decreased approximately 4.79% compared to 2018, primarily due to inpatient and outpatient volume decreases.
- In 2020, purchased services increased 77.8% from the prior year, as a result of Covid related testing costs and a new contract for emergency room coverage.
- In 2020, other direct expenses increased 45.1% from prior year, as a result of adjustments related to the JOA allocation and Inter-governmental Transfers (IGT) that were trued up in 2020.

Performance Against Budget

	FY 2020 Budget	FY 2020 Actual	Favorable (Unfavorable) Variance
		(In Thousands)	
Revenues			
Net Patient Service Revenue	$ 197,627	$ 188,357	$ (9,270)
Other Operating Revenue	6,604	11,346	4,742
Total Revenues	204,231	199,703	(4,528)
Operating Expenses			
Salaries, Wages, and Benefits	98,801	96,671	2,130
Supplies and Other	81,391	95,093	(13,702)
Professional and Contractual Services	11,881	15,853	(3,972)
Total Operating Expenses before Depreciation/Amortization and Non-Operating Revenues (Expenses)	192,073	207,617	(15,544)
EBIDA	12,158	(7,914)	(20,072)
Interest Income	1,892	445	(1,447)
Interest Expense	(1,687)	(1,520)	167
Bond Issuance Costs	-	(45)	(45)
Depreciation and Amortization	(10,626)	(10,644)	(18)
Property Tax Revenue	4,634	4,696	62
CARES Act Funding	-	26,060	26,060
Other Expenses, Net	-	(513)	(513)
Excess of Revenues Over Expenses	6,371	10,565	4,194
Increase in Net Position	$ 6,371	$ 10,565	$ 4,194

- Net patient service revenue was under budget for 2020 by 4.7%, as a result of volume declines due to Covid-19
- Salaries, wages, and benefits were under budget for 2020 by 2.2%, also as a result of the decline in volumes

Capital Assets

	Fiscal Year 2020	Fiscal Year 2019	Dollar Change	Percent Change
		(In Thousands)		
Land and Land Improvements	**$ 9,081**	$ 9,081	$ -	0%
Building and Leasehold Improvements	**137,796**	136,575	1,221	1%
Equipment	**99,678**	100,307	(629)	-1%
Construction in Progress	**47**	360	(313)	100%
Subtotal	**246,602**	246,323	279	0%
Less: Accumulated Depreciation	**(155,522)**	(147,235)	(8,287)	6%
Net Capital Assets	**$ 91,080**	$ 99,088	$ (8,008)	-8%

Economic Factors and Next Year's Budget

The Hospital's Board and Management considered many factors when setting the fiscal year 2021 budget. Management will continue to focus on recruiting employed physicians in the primary care and specialty areas. In addition, the broad economy is significantly important in setting the 2021 budget, which takes into account market forces and environmental factors such as:

- The effect of general weakness in the broad economy signaling changes in employment, employment-related benefits, and ultimately managed care tightness on utilization and rates.
- Continuing federal budget deficit related cuts threatening critical programs that ensure services in the local community such as the 340B drug program.
- The State of Louisiana continues to face deficits that place Medicaid rates and other reimbursement methods at risk.
- SMH will continue investment in physician alignment and information systems that will be a key part of long-term success, if not survivability of hospitals, in an era of pay for performance, bundled payment, and/or accountable care organizations.
- The industry will continue to face growing utilization of costly technology without adequate reimbursement.
- The industry will continue to face the growing number of high cost drugs, such as chemotherapy agents and new genetic custom specialty drugs, without adequate reimbursement.
- The industry will continue to face increased compliance costs due to pay for performance, HIPAA, and other regulations.

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. If you have any questions about this report or need additional financial information, please contact the Chief Financial Officer, Slidell Memorial Hospital, 1001 Gause Blvd., Slidell, LA 70458.

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Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Hospital Service District No. 2
d/b/a Slidell Memorial Hospital
Slidell, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the St. Tammany Parish Hospital Service District No. 2 d/b/a Slidell Memorial Hospital (the Organization), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Organization'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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from 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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Hospital Service District No. 2 d/b/a Slidell Memorial Hospital, as of December 31, 2020 and 2019, and the changes in financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i - ix 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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The schedule of compensation paid to board of commissioners is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 Organization'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 Organization's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
June 25, 2021

ST. TAMMANY PARISH HOSPITAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and Cash Equivalents	**$ 87,027,959**	$ 64,407,021
Patient Accounts Receivable, Net of Allowances for Uncollectible Accounts of $7,376,199 and $8,408,320 in 2020 and 2019, Respectively	**14,615,805**	16,531,488
Assets Whose Use is Limited, Required for Current Liabilities	**5,036,747**	4,986,534
Inventories	**4,253,073**	4,326,406
Prepaid Expenses and Other Receivables	**10,967,193**	6,713,842
Total Current Assets	**121,900,777**	96,965,291
Assets Whose Use is Limited or Restricted		
Under Agreements for Capital Improvements and Debt Service	**3,077,723**	3,690,096
By Board for Master Facility Project	**14,000,000**	-
By State Department of Workers' Compensation	**700,000**	700,000
By Board Direction	**135,413**	143,300
Total Assets Whose Use is Limited or Restricted	**17,913,136**	4,533,396
Capital Assets		
Land and Improvements	**9,081,292**	9,081,292
Buildings and Improvements	**137,795,750**	136,575,373
Equipment	**99,678,458**	100,306,816
Construction in Progress	**47,454**	359,789
	246,602,954	246,323,270
Less: Accumulated Depreciation	**(155,522,142)**	(147,235,463)
Capital Assets, Net	**91,080,812**	99,087,807
Other Assets, Net	**1,344,594**	747,904
Total Assets	**232,239,319**	201,334,398
Deferred Outflows of Resources	**401,086**	465,206
Total Assets and Deferred Outflows of Resources	**$ 232,640,405**	$ 201,799,604

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH HOSPITAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Statements of Net Position (Continued)
December 31, 2020 and 2019

	2020	2019
Liabilities and Net Position		
Current Liabilities		
Trade Accounts Payable	$ 3,308,685	$ 2,845,197
Salaries, Wages, and Benefits Payable	5,740,568	5,108,350
Accrued Paid Time Off Payable	3,594,337	3,628,803
Accrued Interest and Other Expenses	22,850,707	15,148,910
Medicare Advanced Payments	16,802,597	-
Amounts Due Within One Year on Bonds Payable	3,585,000	3,545,000
Amounts Due Within One Year on Hospital Indebtedness	1,790,000	1,745,000
Total Current Liabilities	57,671,894	32,021,260
Hospital Indebtedness, Less Amounts Due Within One Year	12,230,000	14,020,000
Bonds Payable, Less Amounts Due Within One Year	29,525,000	33,110,000
Total Liabilities	99,426,894	79,151,260
Net Position		
Net Investment in Capital Assets	44,351,898	47,941,532
Restricted for:		
Debt Service	8,114,470	7,868,109
Workers' Compensation	700,000	700,000
Unrestricted	80,047,143	66,138,703
Total Net Position	133,213,511	122,648,344
Total Liabilities and Net Position	$ 232,640,405	$ 201,799,604

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH HOSPITAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenues		
Net Patient Service Revenue	$ 188,356,796	$ 191,197,318
Other Revenue	11,346,325	6,684,944
Total Revenues	199,703,121	197,882,262
Operating Expenses		
Salaries and Wages	83,275,177	85,416,388
Employee Benefits	13,395,764	13,803,722
Supplies and Materials	44,726,376	43,815,695
Other Direct Expenses	50,366,379	34,244,813
Professional Fees	3,313,138	3,379,914
Purchased Services	12,540,485	7,053,731
Depreciation and Amortization	10,643,841	10,456,862
Total Operating Expenses	218,261,160	198,171,125
Operating Loss	(18,558,039)	(288,863)
Non-Operating Revenues (Expenses)		
Interest Income	445,253	1,718,867
Interest Expense	(1,519,751)	(1,738,538)
Bond Issuance Costs	(45,107)	(259,365)
Property Tax Revenue	4,695,973	4,504,597
CARES Act Funding	26,059,922	-
Other Expenses, Net	(513,084)	(1,288,571)
Total Non-Operating Revenues, Net	29,123,206	2,936,990
Change in Net Position	10,565,167	2,648,127
Net Position, Beginning of Year	122,648,344	120,000,217
Net Position, End of Year	$ 133,213,511	$ 122,648,344

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH HOSPITAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash Received from Patient Services	$ 199,229,412	$ 179,245,175
Cash Paid to or On Behalf of Employees	(88,439,019)	(96,576,953)
Cash Paid for Supplies and Services	(110,636,494)	(88,360,258)
Cash Received from Federal and State Programs	15,005,987	12,556,682
Net Cash Provided by Operating Activities	15,159,886	6,864,646
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(2,636,846)	(12,709,824)
Proceeds from Issuance of Bonds	-	16,895,000
Principal Payments on Long-Term Debt	(5,290,000)	(5,170,000)
Payments to Refund Bonds	-	(16,150,000)
Costs of Bond Issuance	(45,107)	(259,365)
Dedicated Property Tax Revenue Received	4,579,189	4,396,478
CARES Act Proceeds	26,059,922	-
Interest Payments	(1,467,918)	(1,964,089)
Net Cash Provided by (Used in) Capital and Related Financing Activities	21,199,240	(14,961,800)
Cash Flows from Investing Activities		
Investment in Joint Venture	(870,272)	(1,799,475)
Interest Earned on Investments	445,253	1,718,867
Net Cash Used in Investing Activities	(425,019)	(80,608)
Increase (Decrease) in Cash and Cash Equivalents	35,934,107	(8,177,762)
Cash and Cash Equivalents, Beginning of Year	68,709,335	76,887,097
Cash and Cash Equivalents, End of Year	$ 104,643,442	$ 68,709,335
Reconciliation to Statement of Net Position		
Cash and Cash Equivalents	$ 87,027,959	$ 64,407,021
Cash and Cash Equivalents included in Assets Whose Use is Limited, Required for Current Liabilities	3,480,070	3,350,493
Cash and Cash Equivalents included in Assets Whose Whose Use is Limited or Restricted	14,135,413	951,821
Total Cash and Cash Equivalents	$ 104,643,442	$ 68,709,335

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH HOSPITAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	**$ (18,558,039)**	$ (288,863)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**10,643,841**	10,456,862
Provisions for Bad Debts	**12,691,917**	20,689,594
Changes in Operating Assets and Liabilities		
Patient Accounts Receivable	**(10,776,234)**	(23,611,972)
Inventories and Other Operating Assets	**(4,180,018)**	(3,112,400)
Accounts Payable and Accrued Expenses	**8,535,822**	2,731,425
Medicare Advanced Payments	**16,802,597**	-
Net Cash Provided by Operating Activities	**$ 15,159,886**	$ 6,864,646

The accompanying notes are an integral part of these financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

Organization and Nature of Operations

Slidell Memorial Hospital (the Hospital) is a non-profit corporation organized as St. Tammany Parish Hospital Service District No. 2 (the District), a political subdivision of the State of Louisiana as established in Act 180 of the 1984 Regular Session of the Legislature, as amended, and is exempt from federal and state income taxes. The governing authority of the District is the St. Tammany Parish Hospital Service District No. 2 Board of Commissioners (the Board), which are appointed by a cross-section of representatives of city, parish, and state government bodies. The Board is authorized to oversee the assets and govern the operations of the District. The Hospital operates a full service acute care community hospital located in Slidell, Louisiana.

Reporting Entity

The basic financial statements present the Hospital and its component units, entities for which the Hospital is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Units:

Slidell Memorial Hospital Foundation, Inc. (the Foundation) is a Louisiana non-profit corporation exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Foundation's sole member is the District. The Foundation is operated by the District.

The Hospital and the Foundation are collectively referred to as the Organization. There are no other organizations or agencies whose financial statements should be included and presented with these financial statements.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally, government grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific, investment income, and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Organization first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available. All significant inter-entity accounts have been eliminated in the accompanying financial statements.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

The determination of the allowance for uncollectible accounts receivable and amounts estimated to be recovered from third-party payors are particularly sensitive estimates and are subject to change.

Cash and Cash Equivalents

Cash and cash equivalents are recorded at fair value. The Organization reports short-term, highly liquid investments whose use is not limited (that are both readily convertible to known amounts of cash and mature within three months or less from date of purchase) as cash equivalents.

Inventories

Inventories, which consist primarily of drugs and supplies, are valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Land, buildings, and equipment acquisitions are recorded at historical cost except for assets donated to the Organization. Donated assets are recorded at fair value on the date of donation. Depreciation of buildings and equipment is computed using the straight-line method in amounts sufficient to amortize the cost of these assets over their estimated useful lives.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted consist of cash and investments reported at fair value with gains and losses included in the statements of revenues, expenses, and changes in net position.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, consisting of property and equipment and cost in excess of net assets acquired, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The Organization determines recoverability of the assets by comparing the carrying value of the asset to net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded during 2020 and 2019.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Joint Venture Agreement

During August of 2018, the Organization entered into a joint venture agreement with St. Tammany Parish Hospital, Ochsner Clinic Foundation, and Hospital Holdings Corporation to join a newly established entity, NSR Louisiana, LLC, that will provide inpatient rehabilitation services at a facility located in Lacombe, Louisiana. Under the terms of the agreement, the Organization will have a 30% ownership interest in NSR Louisiana, LLC. The initial cash contribution to capital of the Organization was $237,000. The Organization's ownership interest of $1,344,594 and $724,883 as of December 31, 2020 and 2019, respectively, is included in other assets, net on the statements of net position.

During July of 2019, the Organization entered into a joint venture agreement with St. Tammany Parish Hospital, Ochsner Clinic Foundation, and Louisiana Health Care Group, LLC to establish a new entity, Northshore Extended Care Hospital, LLC, that will provide skilled nursing services at a facility in Lacombe, Louisiana. The Organization was required to fund an initial capital contribution of $317,400 which resulted in a 16% ownership interest. The Organization's ownership interest of $-0- and $23,021 as of December 31, 2020 and 2019, respectively, is included in other assets, net on the statements of net position.

Net Patient Service Revenue and Related Receivables

Net patient service revenue and the related accounts receivable are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. The Organization provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the Organization is exposed to certain credit risks. The Organization manages such risk by regularly reviewing its accounts and contracts, and by providing appropriate allowances. Provisions for bad debts are reported as offsets to net patient service revenues consistent with reporting practices for governmental entities.

Medicare and Medicaid Reimbursement Programs

The Hospital is reimbursed under the Medicare Prospective Payment System for acute care inpatient services provided to Medicare beneficiaries and is paid a predetermined amount for these services based, for the most part, on the Diagnosis Related Group (DRG) assigned to the patient. In addition, the Hospital is paid prospectively for Medicare inpatient capital costs based on the federal specific rate. The Hospital qualifies as a disproportionate share provider under the Medicare regulations. As such, the Hospital receives an additional payment for Medicare inpatients served. Except for Medicare disproportionate share reimbursement and Medicare bad debts, there is no retroactive settlement for inpatient costs under the Medicare inpatient prospective payment methodology.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Medicare and Medicaid Reimbursement Programs (Continued)
The Hospital is paid a prospective per diem rate for Medicaid inpatients. The per diem rate is based on a peer grouping methodology, which assigns a per diem rate to each hospital in the peer group.

Medicare outpatient services (excluding clinical lab and outpatient therapy) are reimbursed by the Outpatient Prospective Payment System (OPPS), which establishes a number of Ambulatory Payment Classifications (APC) for outpatient procedures in which the Hospital is paid a predetermined amount per procedure. Medicaid outpatient services (excluding ambulatory surgery, therapy, and clinical lab) were reimbursed at 85.84% and 83.18% of the lower of cost or charges as of December 31, 2020 and 2019, respectively. Medicare and Medicaid outpatient clinical lab and Medicaid ambulatory surgery and outpatient therapy services are reimbursed based upon the respective fee schedules.

Effective January 1, 2019, the Organization entered in an agreement with the Quality and Outcome Improvement Network (QOIN) to facilitate payments to these entities under the State of Louisiana's Medicaid Managed Care Quality Incentive Program (Program). The Louisiana Department of Health (LDH) amended its agreements with its contracted Managed Care Organizations (MCOs) to include quality-based performance measures and quality-based outcomes. With the expected achievement of the defined quality measures, LDH will fund the MCOs, who in turn will fund the network that the hospitals contract with for this Managed Care Incentive Payment (MCIP). For each measurement year, LDH will evaluate the performance relative to the specific quality measures. In the event LDH finds a deficiency in the accomplishment of those performance measures, there is the potential for recoupment of the MCIPs. Under the terms of the agreement with the QOIN, the Organization recognized approximately $3.7 million and $2.7 million of estimated incentive payments for the years ended December 31, 2020 and 2019, respectively, which is included within other revenue.

Retroactive cost settlements, based upon annual cost reports, are estimated for those programs subject to retroactive settlement and recorded in the financial statements. Final determination of retroactive cost settlements to be received under the Medicare and Medicaid regulations is subject to review by program representatives. The difference between a final settlement and an estimated settlement in any year is reported as an adjustment of net patient service revenue in the year the final settlement is made. Adjustments to estimated settlements resulted in an increase to net patient service revenue of approximately $138,000 in 2020, and a decrease to net patient service revenue of approximately $94,000 in 2019. See Note 3 for further information.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Grants and Contributions

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

Coronavirus Aid, Relief, and Economic Security Act

In response to the economic impact of COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted by Congress and was subsequently signed into law on March 27, 2020. The CARES Act included a variety of economic assistance provisions for businesses and individuals. The District suspended non-emergent or non-critical surgeries, procedures and appointments beginning in mid-March through early-May in 2020 due to COVID-19. The CARES Act established a Provider Relief Fund to be used for economic support of healthcare entities in connection with health care-related expenses or lost revenues attributable to COVID-19 and treatment of uninsured COVID-19 patients. Health care entities such as the District would recognize these funds as subsidies that are subject to eligibility requirements. For the year ended December 31, 2020, the District received approximately $17.3 million through the Provider Relief Fund program. Based on the terms of the Provider Relief Fund program and the guidance provided by the United States Department of Health and Human Services (HHS), the District recognized this funding as revenue for the year ended December 31, 2020. In accordance with Governmental Accounting Standards Board (GASB) Technical Bulletin 2020-1, this amount is recognized as non-operating revenue in the statement of revenues, expenses, and changes in net position. HHS continues to issue new reporting requirements for the Provider Relief Fund program, which may impact the recognition of these funds in future periods.

The District also received funds through the Coronavirus Relief Fund program, which was funded through United States Department of Treasury to states and eligible local governments. These funds are considered voluntary nonexchange transactions that are subject to eligibility requirements and recognized when expended for its intended purpose. For the year ended December 31, 2020, the District received approximately $8.7 million through the Coronavirus Relief Fund program, which is recognized as non-operating revenue in the statement of revenues, expenses, and changes in net position.

Under the CARES Act, the District also received $16,802,597 in advances under the Medicare Accelerated and Advance Payments Program (AAPP) in April 2020. Through the Continuing Appropriations Act, 2021 and Other Extensions Act (the CA Act) that was enacted October 1, 2020, the District will not be subject to recoupment of their Medicare payments for a period of one year from the date they received their AAPP payments. Starting on the date that is one year from their receipt of the AAPP payments, repayment will be made out of the District's future Medicare payments.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Restricted Resources

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

Net Position

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, net position is classified 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 the historical cost of capital assets, including any 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, plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted

This component of net position consists of assets that have constraints that are externally imposed by 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

All other net position is reported in this category.

Employee Health and Workers' Compensation Insurance

The Organization is self-insured for hospitalization and workers' compensation claims. Estimated amounts for claims incurred but not reported are calculated based on claims experience and, together with unpaid claims, are included in accrued interest and other expenses on the statements of net position.

Statements of Revenues, Expenses, and Changes in Net Position

All revenues and expenses directly related to the delivery of health care services are included in operating revenues and expenses in the statements of revenues, expenses, and changes in net position. Non-operating revenues and expenses consist of revenues and expenses related to financing and investing type activities and result from non-exchange transactions or investment income.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Property Tax Revenues

The Hospital receives dedicated property tax revenues in amounts sufficient to fund annual debt maturities of the general obligation bonds and related interest costs (see Note 7). Such revenues are considered non-operating in the accompanying statements of revenues, expenses, and changes in net position. Unexpended property tax revenues are accumulated in a restricted fund held in trust and are exclusive of governmental debt service.

Compensated Absences

The Organization's employees earn paid time off at varying rates depending on years of service. The estimated amount of paid time off as termination payments is reported as a component of the current liability for salaries, wages, and benefits payable in both 2020 and 2019.

Recently Issued Accounting Principles - Adopted

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to enhance the consistency and comparability of fiduciary activity reporting in state and local governments. The Statement establishes standards of accounting and financial reporting for fiduciary activities. The District implemented GASB 84, effective January 1, 2020, with no impact on the financial statements.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The objective of GASB 88 is to improve consistency in information that is disclosed in notes to government financial statements related to debt and to provide financial statement users with additional essential information about debt. The District implemented GASB 88, effective January 1, 2020 and has adjusted the presentation of these financial statements accordingly.

Recently Issued Accounting Principles - Not Yet Adopted

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB 95 extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods after June 15, 2018. Statements which are relevant to the Organization which have had effective dates postponed are: GASB 87, GASB 88, and GASB 89. The new effective dates are reflected in the descriptions of the statements below.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Principles - Not Yet Adopted (Continued)
In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is evaluating the potential impact of adoption on the Organization's financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Note 2. Cash and Assets Whose Use is Limited or Restricted

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objective of GASB 89 is to establish accounting requirements for interest cost incurred before the end of a construction period. Management is evaluating the potential impact of adoption on the Organization's financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Custodial Credit Risk - Deposits: Statutes authorize the Organization to invest in direct obligations of the U.S. Government, certificates of deposit of state banks and national banks having their principal office in the State of Louisiana, and any other federally insured investments, guaranteed investment contracts issued by a financial institution having one of the two highest rating categories published by Standard & Poor's or Moody's, and mutual or trust fund institutions registered with the Securities and Exchange Commission (provided the underlying investments of these funds meet certain restrictions). The Organization's cash, cash equivalents, and certificates of deposit included in cash and cash equivalents and assets whose use is limited on its statements of net position, as of December 31, 2020 and 2019, were entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Note 2. Cash and Assets Whose Use is Limited or Restricted (Continued)

Concentration of Credit Risk: As required under GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an Amendment of GASB Statement No. 3, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the fair value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2020 and 2019, the Organization had no investments requiring concentration of credit risk disclosure.

Assets Whose Use is Limited or Restricted: The terms of the Organization's bond issues require certain funds to be maintained on deposit with the trustee. The funds on deposit with the trustee, funds designated by the Board for capital improvements, and donated funds restricted by donor stipulations, as of December 31, 2020 and 2019, were as follows:

	2020	2019
Current Assets		
Dedicated Property Tax Revenue, Under Bond Indenture	**$ 5,036,747**	$ 4,986,534
Total	**$ 5,036,747**	$ 4,986,534
Non-Current Assets		
Dedicated Property Tax Revenue and Amounts Under Bond Indenture	**$ 3,077,723**	$ 2,881,575
Under Agreement for Capital Improvements	**-**	808,521
By Board for Master Facility Project	**14,000,000**	-
By State Department of Workers' Compensation	**700,000**	700,000
By Board Direction	**135,413**	143,300
Total	**$ 17,913,136**	$ 4,533,396

Note 3. Third-Party Payor Arrangements

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. During the years ended December 31, 2020 and 2019, approximately 72% and 70%, respectively, of the Hospital's gross patient service charges were derived from services provided to Medicare and Medicaid program beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Revenue derived from the Medicare program is subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services before settlement amounts become final. Revenue derived from the Medicaid program is subject to audit and adjustment and must be accepted by the State of Louisiana, Department of Health before the settlement amount becomes final. The fiscal intermediary has completed its review of estimated Medicare settlements for fiscal years ended through December 31, 2017. The fiscal intermediary has completed its review of estimated Medicaid settlements for fiscal years ended through December 31, 2014. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the intermediary's audit of filed cost reports and additional information becoming available. Although the fiscal intermediary has not completed its audits (or reopened the review) of the estimated settlements for the years ended December 31, 2018 through December 31, 2020 for Medicare and for the years ended December 31, 2015 through December 31, 2020 for Medicaid, the Hospital does not anticipate significant adverse adjustments to the recorded settlements for those years.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and managed care organizations. The basis for payment to the Hospital under these arrangements includes prospectively determined daily rates and discounts from established charges.

Estimated settlements due to third-party payors are approximately $2,400,000 and $2,200,000 for the years ended December 31, 2020 and 2019, respectively, and are included in accrued interest and other expenses on the statements of net position.

Note 4. Net Patient Service Revenue

Net patient service revenue for the years ended December 31, 2020 and 2019 was as follows:

	2020	2019
Gross Patient Service Revenue		
Medicare	**$ 363,701,199**	$ 363,712,224
Medicaid	**197,611,882**	193,942,148
Medicare HMO	**368,537,074**	347,780,165
Managed Care/Commercial	**339,357,461**	348,707,121
Self Pay/Uninsured	**18,676,730**	29,553,795
Total	**1,287,884,346**	1,283,695,453
Contractual Adjustments	**(1,079,015,001)**	(1,060,414,544)
Charity Care	**(7,820,632)**	(11,393,997)
Provisions for Bad Debts	**(12,691,917)**	(20,689,594)
Total	**$ 188,356,796**	$ 191,197,318

Note 5. Community Benefits

As a community health care provider, the Hospital's stated mission is "To Improve the Quality of Life in our Community". As such, total revenue includes that revenue generated from direct patient care, rentals from various medical office buildings, and sundry revenue related to the operation of the Hospital and its member organizations.

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. As shown in Note 4, charity care provided during the years ended December 31, 2020 and 2019 measured at established rates totaled $7,820,632 and $11,393,997, respectively.

The Hospital has also entered into a series of agreements related to funding healthcare for low income populations which are detailed in Note 12.

The Hospital also sponsors or participates in numerous activities to benefit the community. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Annually, the Hospital sponsors several health fairs and programs regarding such issues as diabetes, breast cancer, smoking cessation, nutrition, exercise, cardiology, women's health, parenting skills, development topics, etc., to provide the community access to health-related information. Also, the Hospital provides health screenings at no cost, or a reduced cost, to the community. These include prostate cancer, cholesterol, colorectal, skin cancer, glucose, and thyroid screenings.

Note 5. Community Benefits (Continued)

During 2020, the SMH Community Outreach Center held 32 free or low cost health education programs with 515 attendees. Also, during 2020, SMH performed free or low cost health screens for 3,401 people. The total lives touched through community outreach programs, classes, and events was 23,563. The Hospital encourages its employees to volunteer for charitable organizations and to participate in fundraising activities and, in some cases, pays employees to perform public services such as health screenings and health works educational events. During the Covid-19 Pandemic, the Community Outreach team assisted with temperature checks at local schools and community events, as needed.

During 2019, the SMH Community Outreach Center held 130 free or low cost health education programs with 3,450 attendees. Also, during 2019, SMH performed free or low cost health screens for 2,006 people. The total lives touched through community outreach programs, classes, and events was 70,875.

The Hospital encourages its employees to volunteer for charitable organizations and to participate in fundraising activities and, in some cases, pays employees to perform public services such as health screenings.

Note 6. Leases

Operating Commitments

The future minimum lease payments at December 31, 2020 for noncancelable operating leases are as follows:

Year Ending December 31,	Operating Leases
2021	$ 403,101
2022	207,030
2023	175,021
2024	143,784
Total	$ 928,936

The Hospital also leases medical and administrative equipment under operating leases with terms that vary from month-to-month to five years. Total rental expense included in other direct expenses on the statements of revenues, expenses, and changes in net position was $886,588 and $902,526 for the years ended December 31, 2020 and 2019, respectively.

Note 6. Leases (Continued)

Rental Income

The Hospital leases space to physicians through a combination of cancelable and noncancelable lease agreements accounted for as operating leases. Rental income earned under these agreements was $1,480,144 and $1,365,294 for the years ended December 31, 2020 and 2019, respectively.

The future minimum lease payments to be received on noncancelable leases are summarized as follows:

Year Ending December 31,	Amount
2021	$ 1,353,625
2022	1,124,860
2023	725,638
2024	456,982
2025	173,783
Total	$ 3,834,888

Note 7. Long-Term Debt

A summary of the Hospital's long-term debt outstanding is as follows:

	2020	2019
General Obligation Bonds	**$ 33,110,000**	$ 36,655,000
Hospital Indebtedness	**14,020,000**	15,765,000
Total Long-Term Debt	**$ 47,130,000**	$ 52,420,000

The following table, for the years ended December 31, 2020 and 2019, summarizes the changes in long-term debt:

	2020	2019
Balance of Long-Term Debt at January 1,	**$ 52,420,000**	$ 56,845,000
Less: Refunding of Bonds	**-**	(16,150,000)
Less: Repayment of Bonds and Notes Payable	**(5,290,000)**	(5,170,000)
Plus: General Obligation Refunding Bonds, Series 2019	**-**	16,895,000
Balance of Long-Term Debt at December 31,	**$ 47,130,000**	$ 52,420,000

Note 7. Long-Term Debt (Continued)

The details and balances of long-term debt at December 31, 2020 and 2019 are presented in the following table:

	2020	2019
General Obligation Bonds, Series 2011	**$ 325,000**	$ 630,000
General Obligation Bonds, Series 2012	**11,265,000**	11,985,000
General Obligation Refunding Bonds, Series 2012	**2,520,000**	3,115,000
Hospital Indebtedness, Series 2013	**4,020,000**	5,265,000
Refunding Taxable Bonds, Series 2014	**355,000**	435,000
Refunding Tax Exempt Bonds, Series 2014	**2,920,000**	3,750,000
Hospital Indebtedness, Series 2018	**10,000,000**	10,500,000
General Obligation Refunding Bonds, Series 2019 #1	**7,925,000**	8,830,000
General Obligation Refunding Bonds, Series 2019 #2	**7,800,000**	7,910,000
Total Long-Term Debt	**47,130,000**	52,420,000
Less: Amounts Due Within One Year	**5,375,000**	5,290,000
Total, Net of Amounts Due Within One Year	**$ 41,755,000**	$ 47,130,000

General Obligation Bonds

The Hospital's general obligation bonds are payable from the annual levy and collection of unlimited ad valorem taxes on all the taxable property located within the boundaries of St. Tammany Hospital Service District No. 2 sufficient to pay such bonds in principal and interest as they mature.

Series 2011 and 2012

On April 30, 2011, the voters of St. Tammany Parish approved a referendum authorizing the Hospital to issue up to $25 million of general obligation bonds for the purpose of constructing, improving, and expanding its facilities, including new emergency room services, cardiology services, and the conversion of existing semi-private rooms into private rooms.

The Hospital issued the first of this series of general obligation bonds on August 4, 2011, in the amount of $9.8 million. Scheduled interest rates over the term of the 2011 bonds range from 2% to 4.75%.

The Hospital issued Series 2012 general obligation bonds in the amount of $15.2 million on March 1, 2012. Scheduled interest rates over the term of the 2012 bonds range from 2% to 3.125%.

All of the Hospital's general obligation bonds are secured by a pledge of dedicated property tax millages described in Note 1.

Note 7. Long-Term Debt (Continued)

General Obligation Bonds

Series 2011 and 2012 (Continued)

Interest on the general obligation bonds is payable semi-annually on March 1st and September 1st each year. The Series 2004 bonds mature in annual installments on March 1st each year until 2024 and can be called for early redemption after March 1, 2014. The Series 2009 bonds mature in annual installments on March 1st each year until 2029 and can be called for early redemption after March 1, 2019. The Series 2011 bonds also mature in annual installments due on March 1st each year from 2013 until 2036 and can be called for redemption in full or in part on or after March 1, 2021. The Series 2012 bonds mature in annual installments due on March 1st each year from 2015 until 2032 and can be called for redemption in full or in part on or after March 1, 2022.

General Obligation Refunding Bonds

Series 2012

On May 30, 2012, the Hospital issued $5,980,000 of general obligation refunding bonds, Series 2012. The bonds were issued for the purpose of refunding a portion of the Hospital's outstanding Series 2004B general obligation bonds. The refunding bonds bear interest at a rate of 2.20%. Interest is payable semi-annually on March 1st and September 1st each year. The bonds mature in annual installments on March 1st of each year until 2024. The bonds are not callable for early redemption.

The loss incurred in connection with the advanced refunding of the Hospital's Series 2004B general obligation bonds has been deferred and is being amortized over the life of the refunding bond issue. Amortization of this deferred loss was $41,815 at December 31, 2020 and 2019. Amortization is included in interest expense.

Series 2014

In January 2014, the Hospital issued $815,000 of general obligation refunding taxable bonds, Series 2014. The bonds were issued for the purpose of refunding the Hospital's outstanding Series 2004C taxable general obligation bonds. The refunding taxable bonds bear interest at a rate of 3.06%. Interest is payable semi-annually on March 1st and September 1st each year. The bonds mature in annual installments on March 1st of each year until 2024. The bonds are not callable for early redemption.

In January 2014, the Hospital issued $7,650,000 of general obligation refunding tax-exempt bonds, Series 2014. The bonds were issued for the purpose of refunding the Hospital's outstanding Series 2004A and 2004B general obligation bonds. The refunding tax-exempt bonds bear interest at a rate of 1.86%. Interest is payable semi-annually on March 1st and September 1st each year. The bonds mature in annual installments on March 1st of each year until 2024. The bonds are not callable for early redemption.

The loss incurred in connection with the advanced refunding of the Hospital's Series 2004A, 2004B, and 2004C general obligation bonds has been deferred and is being amortized over the life of the refunding bond issue. Amortization of this deferred loss was $4,570 at December 31, 2020 and 2019. Amortization is included in interest expense.

Note 7. Long-Term Debt (Continued)

General Obligation Refunding Bonds (Continued)

Series 2019

In January 2019, the Hospital issued $8,985,000 of general obligation refunding bonds, Series 2019. The bonds were issued for the purpose of advance refunding $8,750,000 of the Hospital's outstanding Series 2009 general obligation bonds with maturities from 2020 through 2029. The refunding tax-exempt bonds bear interest at a rate of 3.05%. Interest is payable semi-annually on March 1st and September 1st each year. The bonds mature in annual installments on March 1st of each year until 2029. The bonds are not callable for early redemption.

The resources provided by the issuance of the bonds were placed in escrow and the bonds were called for redemption effective March 1, 2019, at which time the refunded bonds were considered defeased and the liability removed from long-term debt. The advanced refunding was undertaken to reduce total debt service payments over 10 years by approximately $580,000 with an economic gain of approximately $500,000.

The loss incurred in connection with the advanced refunding of the Series 2009 general obligation bonds has been deferred and is being amortized over the life of the refunding bond issue. Amortization of this deferred loss was $2,085 at December 31, 2020 and 2019. Amortization is included in interest expense.

Series 2019, Taxable

In October 2019, the Hospital issued $7,910,000 of taxable general obligation refunding bonds, Series 2019. The bonds were issued for the purpose of advance refunding $7,400,000 of the Hospital's outstanding Series 2011 general obligation bonds with maturities from 2022 through 2036. The refunding bonds bear interest at a rate between 2.00% and 3.44%. Interest is payable semi-annually on March 1st and September 1st each year. The bonds mature in annual installments on March 1st of each year until 2036. The bonds maturing in March 2030 and after are callable for early redemption.

The resources provided by the issuance of the bonds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are considered defeased and the liability removed from long-term debt. The advanced refunding was undertaken to reduce total debt service payments over 16 years by approximately $480,000 with an economic gain of approximately $370,000.

The loss incurred in connection with the advanced refunding of the Series 2011 general obligation bonds has been deferred and is being amortized over the life of the refunding bond issue. Amortization of this deferred loss was $15,649 and $1,304 at December 31, 2020 and 2019, respectively. Amortization is included in interest expense.

Note 7. Long-Term Debt (Continued)

Hospital Indebtedness Obligations

On November 1, 2013, the Hospital issued $10 million of hospital indebtedness obligations to finance the cost of constructing, acquiring, and/or improving hospital facilities and equipment for the Hospital. The obligations bear interest at a rate of 2.99% and are payable in annual installments through July 1, 2023. The obligations are not callable for redemption prior to their stated maturity dates. The obligations are secured by a pledge of the net income, revenues, and receipts of the Hospital.

On August 9, 2018, the Hospital issued $11 million of hospital indebtedness obligations to finance the cost of constructing, acquiring, and/or improving hospital facilities, equipment, and furnishings, including, but not limited to, computer hardware and software upgrades for the Hospital. The obligations bear interest at a rate of 3.7% and are payable in annual installments through July 1, 2028. The obligations are secured by a pledge of the net income, revenues, and receipts of the Hospital.

Combined Existing Debt Service Commitments

Principal and interest payments due on general obligation bonds and notes payable outstanding as of December 31, 2020 are as follows:

Year Ending December 31,	Principal	Interest
2021	$ 5,375,000	$ 1,409,893
2022	5,505,000	1,270,264
2023	5,630,000	1,120,012
2024	4,860,000	971,778
2025	4,057,000	794,217
2026 - 2030	15,818,000	2,058,473
2031 - 2035	5,225,000	436,405
2036	660,000	11,352
Total	$ 47,130,000	$ 8,072,394

Note 8. Employee Benefits

The Hospital and its member organizations maintain qualified defined contribution retirement and deferred compensation plans which provide benefits for eligible employees. Beginning in April 2002, the Hospital initiated a combined deferred compensation and contributory employee savings plan for full-time employees. Each employee's interest in a previous plan was fully vested and was transferred over to the new plan.

Note 8. Employee Benefits (Continued)

The retirement plan provides a discretionary employer match of participant elective deferrals up to 4%, beginning January 1, 2006, rather than contributions based on salaries. Plan participants who attained age 50 as of September 26, 2005, and were contributing 8% at that time, continue to receive the employer match up to 8% of their elective deferral. Employees are eligible to participate at their date of hire. Participants are immediately vested in their contributions plus actual earnings thereon.

Vesting in the Hospital's contribution is based on years of service. After three years of eligible service, the employee is 100% vested. Prior to that time, the employee is 0.0% vested.

The total eligible payroll for the years ended December 31, 2020 and 2019 was $79,289,041 and $80,833,936, respectively. During the years ended December 31, 2020 and 2019, the Hospital and member organizations made required contributions to the plan of $1,974,155 and $2,145,237, respectively.

Note 9. Risk Management and Regulatory Matters

Risk Management

The Hospital participates in the Louisiana Patients' Compensation Trust Fund (PCF) for insurance coverage on professional liability (medical malpractice) claims. As a participant, the Hospital has a statutory limitation of liability which provides that no award can be rendered against it in excess of $500,000, plus interest and costs. The PCF provides coverage on a claims occurrence basis for claims over $100,000 and up to the $500,000 statutory limitation. The Hospital is self-insured with respect to the first $100,000 of each claim.

The Hospital also participates in the Louisiana Hospital Association Trust Fund (LHA Trust Fund), which provides general liability coverage up to $1,000,000 per claim. The LHA Trust Fund also insures excess general liability claims in excess of $1,000,000, but limited to $9,500,000 per claim. The Hospital's insurance coverage under the LHA Trust Fund is subject to a deductible of $100,000 on a claims-made basis.

The Hospital is involved in litigation arising in the ordinary course of business. Claims alleging malpractice have been asserted against the Hospital and are currently in various stages of litigation. As of December 31, 2020 and 2019, the Hospital has recorded professional and general liability accruals totaling $1,590,797 and $1,285,437, respectively, as an estimated provision for both asserted claims and for claims incurred but not reported.

These provisions are included as a component of accrued interest and other expenses on its statements of net position. Additional claims may be asserted against the Hospital arising from services provided to patients through December 31, 2020, exceeding these coverage limits; however, management believes it has adequately provided for them.

Note 9. Risk Management and Regulatory Matters (Continued)

Risk Management (Continued)

The Hospital is self-insured for workers' compensation up to $750,000 per claim, and employee health up to $300,000 per claim. A liability is recorded when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities for claims incurred are re-evaluated periodically to take into consideration claims incurred but not reported, recently settled claims, frequency of claims, and other economic and social factors. The Hospital carries commercial insurance which provides coverage for workers' compensation and employee health claims in excess of the self-insured limits.

As of December 31, 2020, the Hospital has recorded workers' compensation and employee health accruals totaling $1,352,167 and $640,836, respectively, as an estimated provision for both asserted claims and for claims incurred but not reported. These provisions are included as a component of accrued interest and other expenses on its statements of net position.

As of December 31, 2019, the Hospital has recorded workers' compensation and employee health accruals totaling $1,091,437 and $594,000, respectively, as an estimated provision for both asserted claims and for claims incurred but not reported. These provisions are included as a component of accrued interest and other expenses on its statements of net position.

Changes in the Hospital's aggregate claims liability for professional, general liability, workers' compensation, and employee health, which are included in accrued interest and other expenses on the accompanying statements of net position, were as follows for the years ended December 31, 2020 and 2019:

Year Ended December 31,	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2020	$ 2,970,874	$ 8,883,325	$ 8,270,399	$ 3,583,800
2019	$ 2,899,263	$ 7,367,511	$ 7,295,900	$ 2,970,874

Regulatory Matters

The health care 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 health care program participation requirements, and reimbursement for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Note 9. Risk Management and Regulatory Matters (Continued)

Regulatory Matters (Continued)

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Organization is in compliance with fraud and abuse, as well as other applicable government 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.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a so-called Recovery Audit Contractor (RAC) program on a permanent and nationwide basis. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment.

A five-state pilot program concluded in March 2008, with a nationwide rollout of the RAC effort done in phases beginning in 2009. The experiences during the pilot found far more overpayments than underpayments.

Similarly, the CMS created new entities titled Audit Medicaid Integrity Contractors (MIC) in order to continue its efforts to ensure the highest integrity of its healthcare programs. The goal of the provider audits is to identify overpayments and to ultimately decrease the payment of inappropriate Medicaid claims. The MIC is to review claims submitted by all types of Medicaid providers, including all settings of care and types of services, with most audits taking place at staff headquarters and on occasion on-site at a provider's place of business.

The Organization was the subject of ongoing RAC and MIC audits during 2020 and 2019, and deducts from revenue amounts assessed under the RAC audits at the time a notice is received, until such time that estimates of net amounts due can be reasonably estimated. Annual net assessments against the Organization have not been significant through December 31, 2020.

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. The PPACA has created sweeping changes across the healthcare industry, including how care is provided and paid for. A primary goal of this comprehensive reform legislation is to extend health coverage to uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. Management of the Hospital is studying and evaluating the anticipated effects and developing strategies needed to prepare for implementation and is preparing to work cooperatively with other consultants to optimize available reimbursement.

Note 10. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of who are local residents and are often insured under third-party payor agreements. The mix of receivables from patients and third-party payors, net of contractual allowances and discounts, at December 31, 2020 and 2019, was as follows:

	2020	2019
Medicare	**11%**	11%
Medicaid	**12%**	7%
Medicare HMO	**17%**	16%
Managed Care and Other Payors	**43%**	33%
Patients	**17%**	33%
Total	**100%**	100%

Note 11. Changes in Capital Assets

Capital asset activity for the fiscal year ended December 31, 2020 was as follows:

	Balance December 31, 2019	Additions	Transfers/ Deletions	Balance December 31, 2020
Capital Assets Not Being Depreciated				
Land	$ 6,504,181	$ -	$ -	$ 6,504,181
Construction in Process	359,789	47,454	(359,789)	47,454
Total Capital Assets Not Being Depreciated	6,863,970	47,454	(359,789)	6,551,635
Capital Assets Being Depreciated				
Land Improvements	2,577,111	-	-	2,577,111
Buildings	136,575,373	1,220,377	-	137,795,750
Equipment	100,306,816	2,096,755	(2,725,113)	99,678,458
Total Capital Assets Being Depreciated	239,459,300	3,317,132	(2,725,113)	240,051,319
Less Accumulated Depreciation for:				
Land Improvements	1,825,794	80,695	-	1,906,489
Buildings	78,394,321	3,768,004	-	82,162,325
Equipment	67,015,348	6,795,142	(2,357,162)	71,453,328
Total Accumulated Depreciation	147,235,463	10,643,841	(2,357,162)	155,522,142
Capital Assets Being Depreciated, Net	92,223,837	(7,326,709)	(367,951)	84,529,177
Total Capital Assets, Net	$ 99,087,807	$ (7,279,255)	$ (727,740)	$ 91,080,812

Note 11. Changes in Capital Assets (Continued)

Capital asset activity for the fiscal year ended December 31, 2019 was as follows:

	Balance December 31, 2018	Additions	Transfers/ Deletions	Balance December 31, 2019
Capital Assets Not Being Depreciated				
Land	$ 6,504,181	$ -	$ -	$ 6,504,181
Construction in Process	-	359,789	-	359,789
Total Capital Assets Not Being Depreciated	6,504,181	359,789	-	6,863,970
Capital Assets Being Depreciated				
Land Improvements	2,577,111	-	-	2,577,111
Buildings	136,593,293	-	(17,920)	136,575,373
Equipment	88,277,215	12,371,825	(342,224)	100,306,816
Total Capital Assets Being Depreciated	227,447,619	12,371,825	(360,144)	239,459,300
Less Accumulated Depreciation for:				
Land Improvements	1,736,806	88,988	-	1,825,794
Buildings	74,638,201	3,756,120	-	78,394,321
Equipment	60,741,948	6,611,754	(338,354)	67,015,348
Total Accumulated Depreciation	137,116,955	10,456,862	(338,354)	147,235,463
Capital Assets Being Depreciated, Net	90,330,664	1,914,963	(21,790)	92,223,837
Total Capital Assets, Net	$ 96,834,845	$ 2,274,752	$ (21,790)	$ 99,087,807

Note 12. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements

The Organization routinely provides a substantial amount of uncompensated care to patients in its service area. For the years ended December 31, 2020 and 2019, management estimated that the total costs associated with providing uncompensated care were in excess of $7.8 and $11.3 million, respectively.

To improve or expand allowable healthcare services for Medicaid beneficiaries or low income, uninsured patients, during 2020 and 2019, the Organization entered into a series of collaborative agreements and cooperative endeavors designed to allow additional Medicaid funds for providing these services in the community.

Note 12. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements (Continued)

These agreements are detailed below:

East Jefferson General Hospital Cooperative Endeavor Agreement. The Organization entered into a cooperative endeavor agreement, which became effective January 12, 2016, with East Jefferson General Hospital (EJGH) (a Louisiana hospital service district) and other participating hospital service districts (HSDs). The Centers for Medicare & Medicaid Services (CMS) have previously approved Medicaid State Plan Amendments (SPAs), submitted by the Louisiana Department of Health (LDH), 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 HSDs, including Slidell Memorial Hospital, for the purpose of ensuring that adequate and essential healthcare services are accessible and available to low income and/or indigent citizens and medically underserved non-rural populations in Louisiana in a manner defined in the agreement. Funding for each participating hospital service district is based upon a formula utilizing each districts' reported Medicaid patient days. This agreement was terminated effective October 1, 2020, when EJGH underwent a change in ownership.

Physicians' UPL Agreement with the Louisiana Department of Health (LDH). On December 8, 2011, the Organization entered into an agreement with LDH which was approved by CMS. Under the program, LDH began making payments under the Physician's Supplemental Payment Program for non-state owned public hospitals for dates of service effective July 1, 2010. The purpose of this program is to enhance payments to physicians employed or contracted by the public hospitals. Slidell Memorial Hospital agreed to transfer funds to LDH to be used as Medicaid matching funds for the purpose of making physician supplemental payments and providing the state with additional resources to assist in the medical costs to the state.

Note 12. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements (Continued)

Physicians' UPL Agreement with the Louisiana Department of Health (LDH) (Continued). 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 22.5%, effective September 2016, of the "Non-Federal share", for the state to utilize in delivering healthcare services. In turn, LDH 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 payments is intended to represent the difference between the Medicaid payments otherwise made to these qualifying providers and the Average Community Rate for these services.

Summary. During 2020, in accordance with the funding provisions of the above agreements, the Organization recognized $15,473,586 as an offset to Medicaid contractual adjustments resulting in a corresponding increase in net patient service revenue. Payments to LDH in conjunction with the Low Income and Needy Care Collaboration Agreement totaled $12,300,000, which is being amortized monthly over the effective term of the agreement. A total of $12,300,000 was recognized as other direct expenses during 2020. The Organization also recognized $4,370,534 as other direct expenses, funds paid or payable to LDH under the terms of the Physicians' UPL agreement during 2020 as income was recognized from the Medicaid Supplemental Payments.

During 2019, in accordance with the funding provisions of the above agreements, the Organization recognized $12,919,036 as an offset to Medicaid contractual adjustments resulting in a corresponding increase in net patient service revenue. Payments to LDH in conjunction with the Low Income and Needy Care Collaboration Agreement totaled $7,000,000, which is being amortized monthly over the effective term of the agreement. A total of $7,000,000 was recognized as other direct expenses during 2019. The Organization also recognized $3,440,741 as other direct expenses, funds paid or payable to LDH under the terms of the Physicians' UPL agreement during 2019 as income was recognized from the Medicaid Supplemental Payments.

Note 12. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements (Continued)

Physician Rate Enhancement Program

LDH has implemented a supplemental payment program for non-state owned public hospitals, such as the Organization, to enhance Medicaid fee for service payments to physicians employed by or contracted to provide services at such hospitals. LDH contracts with the Healthy Louisiana Program (formerly known as Bayou Health Program) managed care organizations, including those currently under contract with LDH, specifically, Aetna Better Health of Louisiana, Community Care Health Plan of Louisiana, Inc. (Healthy Blue), AmeriHealth Caritas Louisiana, Inc., Louisiana Healthcare Connections, Inc., and UnitedHealthcare of Louisiana, Inc., to provide core benefits and services for individuals enrolled in the Healthy Louisiana Program (Medicaid enrollees) that are compensated by specified monthly capitation rates on a per member per month (PMPM) basis.

To ensure uniform reimbursement in the Medicaid program for physician services, provide greater opportunity and incentives for managed care organizations contracted with LDH to provide services to Medicaid beneficiaries to improve recipient health outcomes, add benefits for Medicaid enrollees, and support the health care safety-net for low income and needy patients, LDH increased the PMPM rate for reimbursement of physician services to include the full Medicaid pricing (FMP) component of the Mercer Rate Methodology (enhanced PMPM rate) for safety-net physicians to receive rates more consistent with their fee-for-service payments (referred to herein as Physician Rate Enhancement Funds and the Physician Rate Enhancement Program).

Physician Rate Enhancement Funds can be paid to a hospital political subdivision, such as the Organization, that elects to provide the state match for the federal funding associated with these Physician Rate Enhancement Funds, if an assignment agreement is in place between the hospital and a physician group that has contracted with the hospital to provide inpatient and outpatient physician services and is eligible to receive Physician Rate Enhancement Funds as a result of such services. The Organization obtained assignments from several physician groups that have contracted with the Organization to provide inpatient and outpatient services to the Organization's patients. As a result of these assignments, the Organization received Physician Rate Enhancement Funds from the five managed care organizations participating in the Healthy Louisiana Program, totaling $10,051,501 and $8,018,425, which is included in other revenue for the years ended December 31, 2020 and 2019, respectively.

Note 13. Combining Blended Component Unit Information

The following tables include condensed combining statements of net position information for the Hospital and its component units as of December 31, 2020 and 2019:

	December 31, 2020			
	Slidell Memorial Hospital	Slidell Memorial Hospital Foundation, Inc.	Eliminations	Total
Current Assets	$ 121,900,777	$ -	$ -	$ 121,900,777
Assets Whose Use is Limited	17,913,136	-	-	17,913,136
Capital Assets, Net	91,080,812	-	-	91,080,812
Other Assets, Net	1,344,594	-	-	1,344,594
Deferred Outflows of Resources	401,086	-	-	401,086
Total Assets and Deferred Outflows of Resources	$ 232,640,405	$ -	$ -	$ 232,640,405
Liabilities and Net Position				
Current Liabilities	$ 57,671,894	$ -	$ -	$ 57,671,894
Long-Term Debt - Less Amounts Due Within One Year	41,755,000	-	-	41,755,000
Net Position	133,213,511	-	-	133,213,511
Total Liabilities and Net Position	$ 232,640,405	$ -	$ -	$ 232,640,405

	December 31, 2019			
	Slidell Memorial Hospital	Slidell Memorial Hospital Foundation, Inc.	Eliminations	Total
Current Assets	$ 96,911,444	$ 55,786	$ (1,939)	$ 96,965,291
Assets Whose Use is Limited	4,505,610	27,786	-	4,533,396
Capital Assets, Net	99,087,807	-	-	99,087,807
Other Assets, Net	747,904	-	-	747,904
Deferred Outflows of Resources	465,206	-	-	465,206
Total Assets and Deferred Outflows of Resources	$ 201,717,971	$ 83,572	$ (1,939)	$ 201,799,604
Liabilities and Net Position				
Current Liabilities	$ 32,023,199	$ -	$ (1,939)	$ 32,021,260
Long-Term Debt - Less Amounts Due Within One Year	47,130,000	-	-	47,130,000
Net Position	122,564,772	83,572	-	122,648,344
Total Liabilities and Net Position	$ 201,717,971	$ 83,572	$ (1,939)	$ 201,799,604

Note 13. Combining Blended Component Unit Information (Continued)

The following table includes condensed combining statement of revenues, expenses, and changes in net position information for the Hospital and its component units for the year ended December 31, 2020:

	Year Ended December 31, 2020			
	Slidell Memorial Hospital	Slidell Memorial Hospital Foundation, Inc.	Eliminations	Total
Revenues				
Net Patient Service Revenue	$ 188,356,796	$ -	$ -	$ 188,356,796
Other Revenue	11,413,970	-	(67,645)	11,346,325
Total Revenues	199,770,766	-	(67,645)	199,703,121
Operating Expenses				
Salaries and Wages	83,275,177	-	-	83,275,177
Employee Benefits	13,395,764	-	-	13,395,764
Supplies and Materials	44,723,761	-	2,615	44,726,376
Other Direct Expenses	50,352,720	83,919	(70,260)	50,366,379
Professional Fees	3,313,138	-	-	3,313,138
Purchased Services	12,540,485	-	-	12,540,485
Depreciation and Amortization	10,643,841	-	-	10,643,841
Total Operating Expenses	218,244,886	83,919	(67,645)	218,261,160
Operating Loss	(18,474,120)	(83,919)	-	(18,558,039)
Non-Operating Revenues (Expenses)				
Interest Income	444,906	347	-	445,253
Interest Expense	(1,519,751)	-	-	(1,519,751)
Bond Issuance Costs	(45,107)	-	-	(45,107)
Property Tax Revenue	4,695,973	-	-	4,695,973
CARES Act Funding	26,059,922	-	-	26,059,922
Other Income (Expense)	(513,084)	-	-	(513,084)
Total Non-Operating Revenues, Net	29,122,859	347	-	29,123,206
Change in Net Position	10,648,739	(83,572)	-	10,565,167
Net Position, Beginning of Year	122,564,772	83,572	-	122,648,344
Net Position, End of Year	$ 133,213,511	$ -	$ -	$ 133,213,511

Note 13. Combining Blended Component Unit Information (Continued)

The following table includes condensed combining statement of revenues, expenses, and changes in net position information for the Hospital and its component units for the year ended December 31, 2019:

	Year Ended December 31, 2019			
	Slidell Memorial Hospital	Slidell Memorial Hospital Foundation, Inc.	Eliminations	Total
Revenues				
Net Patient Service Revenue	$ 191,197,318	$ -	$ -	$ 191,197,318
Other Revenue	6,831,802	-	(146,858)	6,684,944
Total Revenues	198,029,120	-	(146,858)	197,882,262
Operating Expenses				
Salaries and Wages	85,416,388	-	-	85,416,388
Employee Benefits	13,803,722	-	-	13,803,722
Supplies and Materials	43,814,548	-	1,147	43,815,695
Other Direct Expenses	34,182,851	209,967	(148,005)	34,244,813
Professional Fees	3,379,914	-	-	3,379,914
Purchased Services	7,053,731	-	-	7,053,731
Depreciation and Amortization	10,456,862	-	-	10,456,862
Total Operating Expenses	198,108,016	209,967	(146,858)	198,171,125
Operating Loss	(78,896)	(209,967)	-	(288,863)
Non-Operating Revenues (Expenses)				
Interest Income	1,715,473	3,394	-	1,718,867
Interest Expense	(1,738,538)	-	-	(1,738,538)
Bond Issuance Costs	(259,365)	-	-	(259,365)
Property Tax Revenue	4,504,597	-	-	4,504,597
Other Expense, Net	(1,288,571)	-	-	(1,288,571)
Total Non-Operating Revenues, Net	2,933,596	3,394	-	2,936,990
Change in Net Position	2,854,700	(206,573)	-	2,648,127
Net Position, Beginning of Year	119,710,072	290,145	-	120,000,217
Net Position, End of Year	$ 122,564,772	$ 83,572	$ -	$ 122,648,344

Cash flows generated by the aggregate blended components separately from the Hospital have not been material and are not presented.

Note 14. Deferred Outflows of Resources

The Hospital has recorded deferred outflows of resources of $401,086 and $465,206 at December 31, 2020 and 2019, respectively, related to deferred bond losses resulting from refunding bond issuances.

Note 15. Current Economic Conditions

Management continues to monitor the potential impact of COVID-19 and the coronavirus on its operations and financial results. Actions taken by local, state, and federal governments have helped to mitigate the spread of the coronavirus. However, potential surges in COVID-19 cases could negatively impact future financial results of the District.

The current economic conditions continue to present hospitals with difficult circumstances and challenges, which in some cases have resulted in large declines and unanticipated declines in the fair value of investments and other assets, constraints on liquidity, and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Hospital.

Unemployment rates have made it difficult for certain patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, including allowances for accounts receivable that could negatively impact the Hospital's ability to meet debt covenants or maintain sufficient liquidity.

Note 16. Joint Operating Agreement

On July 2, 2015, the Organization signed a Joint Operating Agreement (JOA) with Ochsner Clinic Foundation (owners and operators of Ochsner Medical Center - Northshore) and Ochsner Health Systems (collectively, OHS) in order to accomplish over time the following clinical integration and healthcare delivery goals: continuing the charitable and public service missions; optimizing delivery of healthcare beyond what any of the parties can do alone so that community based primary and secondary services can be efficiently performed; reducing costs and improving quality and operational efficiencies beyond what any of the parties can do alone by integrating SMH and OHS clinical and administrative systems; pooling complementary clinical resources to improve quality outcomes and keeping care local and reducing outmigration of care from the community beyond what any of the parties can do alone; and accessing and efficiently utilizing capital.

Note 16. Joint Operating Agreement (Continued)

The parties intend to operate the JOA coordinated operations as a coordinated delivery system, a clinically integrated system, and a financially integrated collaboration. The parties will integrate financially by sharing all financial risk as well as the rewards of their collaboration in accordance with the JOA.

Financial consideration as a result of this agreement is based on a pre-established and pre-defined combined adjusted operating income (SMH and OHS) for the area of service as defined by the agreement.

Beginning January 1, 2016 and for each year thereafter during the term of the agreement, the parties will share all combined adjusted operating income or loss based on pre-established percentages. For the years ended December 31, 2020 and 2019, the Organization recognized expenses of approximately $12.8 million and $4.5 million, respectively, as a result of the JOA, which is included in other direct expenses on the statements of revenues, expenses, and changes in net position.

The agreement will continue for a term of twenty years, and will automatically renew for one-year terms thereafter.

Note 17. Subsequent Events

During April 2021, the District issued $10,155,000 of Taxable General Obligation Refunding Bonds, Series 2021 for the purpose of refunding a portion of the District's outstanding General Obligation Bonds Series 2012 and paying the cost of issuance of the bonds.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH HOSPITAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Schedule of Compensation Paid to Board of Commissioners
For the Year Ended December 31, 2020

Commissioner		**Current Term**	**Compensation**
Bruce R. Anzalone		7/1/18 - 6/30/22	$ 4,800
Joseph DiGiovanni, Jr., CPA	Secretary/Treasurer	7/1/19 - 6/30/23	7,200
Larry P. Englande, Sr.	Vice-Chairman	12/19/18 - 6/30/21	7,200
Daniel J. Ferrari, Sr.	Chairman	7/1/17 - 6/30/21	7,800
Georgia M. Johnson, RN		7/1/18 - 6/30/22	5,200
Walter J. Lane, PhD	*Comisioner Emeritus*	7/1/20 - 6/30/21	1,700
Robert C. Mercadel, MD		12/14/18 - 6/30/22	1,600
Shawn M. Paretti, CPCU		7/31/19 - 6/30/23	2,800
Kirsten R. Stanley-Wallace, JD		7/31/19 - 6/30/23	4,100
Vasanth K. Bethala, MD		1/1/20 - 12/31/20	3,400
Total			$ 45,800

See independent auditor’s report

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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*

Independent Auditor's Report

To the Board of Commissioners
d/b/a Slidell Memorial Hospital
St. Tammany Parish Hospital Service District No. 2
Slidell, 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 *Governmental Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of St. Tammany Parish Hospital Service District No. 2 d/b/a Slidell Memorial Hospital (the Organization) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 matters that are 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 *Governmental Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
June 25, 2021

LaPorte, APAC
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LaPorte.com

Independent Auditor's Report on Supplementary Information

To the Board of Commissioners
St. Tammany Parish Hospital Service District No. 2
Slidell, Louisiana

We have audited the financial statements of the St. Tammany Parish Hospital Service District No. 2 (d/b/a Slidell Memorial Hospital) as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated, June 25, 2021, which expressed an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to June 25, 2021.

The accompanying supplementary information is presented for the purpose of additional analysis, as required by Louisiana Revised Statutes, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

LaPorte

A Professional Accounting Corporation

Covington, LA
June 25, 2021

ST. TAMMANY PARISH HOSPITAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2020

Agency Head
Sandy Badinger, CEO

Purpose	Amount
Salary	$444,273
Benefits - Insurance	$23,155
Benefits - Retirement	$43,848
Benefits - Other	$26,527
Car Allowance	$0
Vehicle Provided by Government	$0
Cell Phone Stipend	$0
Reimbursements	$867
Travel	$0
Registration Fees - Conference	$189
Conference Travel	$0
Continuing Professional Education Fees	$0
Housing	$0
Relocation Expense	$0
Other	$0

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

ST. TAMMANY PARISH HOSPITAL
SERVICE DISTRICT NO. 2

d/b/a SLIDELL MEMORIAL HOSPITAL

Single Audit Report

For the Year Ended December 31, 2020

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LAPORTE
CPAs & BUSINESS ADVISORS

LaPorte, APAC
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Hospital Service District No. 2
d/b/a Slidell Memorial Hospital
Slidell, Louisiana

Report on Compliance for Each Major Federal Program

We have audited St. Tammany Parish Hospital Service District No. 2 d/b/a Slidell Memorial Hospital's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the Organization as of and for the year ended December 31, 2020, and have issued our report thereon dated June 25, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
September 15, 2021

ST. TAMMANY PARISH HOSPTIAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Revenue Recognized	Federal Expenditures
U.S. Department of the Treasury				
Passed through Louisiana Governor's Office of Homeland Security				
Coronavirus Relief Fund	21.019		$ 8,728,856	$ 8,728,856
Total U.S. Department of the Treasury			8,728,856	8,728,856
Total Expenditures of Federal Awards			$ 8,728,856	$ 8,728,856

See independent auditor's report and accompany notes to the schedule of expenditures of federal awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the net position, changes in net position, or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Note 3. Sub-Recipients

There were no payments to sub-recipients for the fiscal year ended December 31, 2020.

Note 4. Indirect Cost Rate

The Organization did not apply indirect costs to the program.

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness (es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

None.

ST. TAMMANY PARISH HOSPTIAL SERVICE DISTRICT NO. 2
d/b/a SLIDELL MEMORIAL HOSPITAL
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

None.