

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

FINANCIAL REPORT

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Hospital Service District No. 2 of St. Landry Parish, Louisiana (the "District"), a component unit of the St. Landry Parish Government and Opelousas General Hospital Authority (the "Hospital"), a public instrumentality of the State of Louisiana and a component unit of the District, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District and Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District and the Hospital, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the District and Hospital's financial statements. The accompanying supplementary information on pages 40 through 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 57 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards on page 57 and the accompanying supplementary information on pages 40 through 51 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, on our consideration of the District and Hospital's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District and Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District and Hospital's internal control over financial reporting and compliance.



Lafayette, Louisiana
December 9, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(In Thousands)

This section of Opelousas General Health System's (the "Hospital") annual financial report presents background information and management's analysis of the Hospital's financial performance during the fiscal year that ended June 30, 2021. Please read it in conjunction with the financial statements in this report.

Financial Highlights

The Hospital showed a positive change in excess of expenses of approximately \$26,937 from the prior year. Total increase in net position for 2021 amounted to \$9,747 as compared to a decrease of \$17,190 for 2020. The increase was due to the following:

- During 2021, the Hospital has experienced an increase in total operating revenues of \$27,704 or 17.76% offset by an increase in operating expenses of \$20,683 or 11.81%. The Hospital experienced a net operating loss from operations of \$12,126 in 2021 versus operating loss of \$19,147 in 2020. During 2020, operating revenues decreased \$7,178 or 4.40% in addition to an increase in operating expenses of \$14,223 or 8.84%.
- During the year, a positive change in net assets of \$9,747 was related to an increase in overall operating revenues partially offset by the increase in total operating expense. In addition, non-operating income (expenses) increased by a net of \$19,916 in 2021 primarily due to the CARES Act Provider Relief Funds recognized in income during the year.

During the fiscal year, the Hospital made capital investments for a total of approximately \$9,690 in 2021 and \$8,299 in 2020. The following is a list of significant items for 2021 followed by a list of significant items for 2020:

Defibrillators	\$ 1,052
Cerner Conversion	<u>5,851</u>
	<u>\$ 6,903</u>

The sources of the funding for these projects were derived from the operations of the Hospital, and approximately \$5,002 in new financing.

List of significant capital investments for 2020 are as follows:

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

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

Required Financial Statements

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

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

Financial Analysis of the Hospital

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

Net Position

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

TABLE 1
Condensed Statements of Net Position
(In Thousands)

			2020 to 2021 Dollar Change
ASSETS	2021	2020	
Total current assets	\$ 83,459	\$ 97,479	\$ (14,020)
Property, plant and equipment (less accumulated depreciation)	57,172	55,692	1,480
Other assets – including board designated funds	26,692	24,922	1,770
Deferred outflows of resources	<u>597</u>	<u>644</u>	<u>(47)</u>
Total assets and deferred outflows	<u>\$ 167,920</u>	<u>\$ 178,737</u>	<u>\$ (10,817)</u>
LIABILITIES			
Current liabilities	\$ 52,802	\$ 72,048	\$ (19,246)
Long-term debt outstanding	<u>14,027</u>	<u>15,345</u>	<u>(1,318)</u>
Total liabilities	<u>\$ 66,829</u>	<u>\$ 87,393</u>	<u>\$ (20,564)</u>
NET POSITION			
Net investment in capital assets	\$ 37,401	\$ 35,282	\$ 2,119
Restricted assets	4,861	4,833	28
Unrestricted assets	<u>58,829</u>	<u>51,229</u>	<u>7,600</u>
Total net position	<u>\$ 101,091</u>	<u>\$ 91,344</u>	<u>\$ 9,747</u>
Total liabilities and net position	<u>\$ 167,920</u>	<u>\$ 178,737</u>	<u>\$ (10,817)</u>

As shown in Table 1, total assets and deferred outflows decreased by \$10,817 to \$167,920 in fiscal year 2021, down from \$178,737 in fiscal year 2020. Total liabilities decreased by \$20,564 to \$66,829 in fiscal year 2021, down from \$87,393 in fiscal year 2020, primarily as a result of recognizing income of provider relief funds deferred in 2020.

Summary of Revenue, Expenses, and Changes in Net Position

A summary of the Hospital's historical revenues and expenses for the fiscal years ended June 30, 2021 and 2020 is presented in Table 2 below:

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

	<u>2021</u>	<u>2020</u>	2020 to 2021 Dollar Change
Revenue:			
Net patient service revenue	\$ 129,934	\$ 118,567	\$ 11,367
Other operating income	<u>53,745</u>	<u>37,408</u>	<u>16,337</u>
Total operating revenue	<u>\$ 183,679</u>	<u>\$ 155,975</u>	<u>\$ 27,704</u>
Expenses:			
Routine services	\$ 17,144	\$ 18,151	\$ (1,007)
Ancillary services	92,958	90,198	2,760
General services	12,688	11,931	757
Fiscal and administrative services	42,703	35,373	7,330
Intergovernmental transfer	22,054	11,402	10,652
Depreciation	<u>8,258</u>	<u>8,067</u>	<u>191</u>
Total operating expenses	<u>\$ 195,805</u>	<u>\$ 175,122</u>	<u>\$ 20,683</u>
Operating income (loss)	\$ (12,126)	\$ (19,147)	\$ 7,021
Non-operating income, net	<u>21,873</u>	<u>1,957</u>	<u>19,916</u>
Increase (decrease) in net position	\$ 9,747	\$ (17,190)	\$ 26,937
Net position, beginning of year	<u>91,344</u>	<u>108,534</u>	<u>(17,190)</u>
Net position, end of year	<u>\$ 101,091</u>	<u>\$ 91,344</u>	<u>\$ 9,747</u>

Sources of Revenue

Operating Revenue

The Hospital derived the majority of its revenues from inpatient and outpatient services, which translated to approximately 73% of total revenues in 2021 and 75% of total revenues in 2020. Patient service revenues include monies from the Medicare, Medicaid and commercial third-party payors. Reimbursement for Medicare and Medicaid programs and commercial third-party payors is based upon established contracts. The difference between the covered charges or gross revenue and reimbursement or net revenue is referred to as contractual allowance. Other revenue includes cafeteria sales, gift shop sales, rental income and other miscellaneous services. In 2021 and 2020, other revenue also included hospital physician rate enhancement UPL and service district hospital UPL payments.

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended June 30, 2021 and 2020.

TABLE 3
Payor Mix by Percentage
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Medicare	35.39%	40.02%
Medicaid	23.68%	23.30%
Medicare HMO	14.45%	11.46%
Commercial/PPO	24.62%	22.86%
Workers Comp	.58%	.75%
Self Pay	1.25%	1.47%
Other	<u>0.03%</u>	<u>0.14%</u>
	<u>100.00%</u>	<u>100.00%</u>

Other Revenue

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

TABLE 4
Other Operating Revenue
June 30, 2021 and 2020
(In Thousands)

	<u>2021</u>	<u>2020</u>
Other revenue:		
Cafeteria	\$ 1,024	\$ 1,137
Gift shop	113	201
Rental income	1,205	1,118
Outside housekeeping and laundry services	245	250
Miscellaneous	3,815	2,697
Hospital physician based UPL payment	33,701	22,738
Grant – Service District Hospital UPL	<u>13,642</u>	<u>9,267</u>
	<u>\$ 53,745</u>	<u>\$ 37,408</u>

Investment Revenue

The Hospital holds designated and restricted funds in its statements of net position that are invested primarily in money market funds and securities issued by the U.S. Treasury and other federal agencies. These investments earned \$334 in 2021 and \$1,001 in 2020.

Operating and Financial Performance

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

Overall activity at the Hospital, as measured by patient discharge, decreased by 20.82 % to 6,858 in 2021. The total patient days in 2021 were 25,679 as compared to 28,962 in 2020, for a difference of 3,283 (a decrease of 11.34%). The average length of stay for acute care patients, based on an admit basis (excluding newborn, psychiatric and rehabilitation) was 3.3 days in 2021 and 2.5 days in 2020.

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

TABLE 5
Patient and Hospital Statistical Data
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Discharges:		
Acute care	5,104	6,695
Psychiatric	681	914
Rehabilitation	153	146
Newborn	920	906
Patient days:		
Acute care	16,971	17,058
Psychiatric	4,886	8,161
Rehabilitation	1,891	1,761
Newborn	1,931	1,982
Operating room I/P visits	1,619	1,880
Outpatient surgeries	4,624	4,407
Emergency room visits	39,789	46,306
Outpatient registrations (including ER)	152,745	158,412
Deliveries	938	915
Procedures:		
Lab	524,671	534,307
Radiology	45,380	49,905
CT scan	13,858	14,119
Nuclear medicine	885	940
MRI	2,434	2,068
Radiation therapy	13,739	16,523
Heart Cath unit cases	1,518	1,659
Hyperbaric oxygen	11,380	12,166
Physical therapy	119,374	101,956
Average daily census:		
Acute care	46	47
Psychiatric	13	22
Rehabilitation	5	5
Newborn	5	5
Average length of stay (excluding newborns):		
Acute care	4.20	3.50
Psychiatric	7.20	9.50
Rehabilitation	12.00	11.20

Total net patient service revenue increased \$11,367 or 9.59% from 2020 to 2021 as compared to a decrease of \$13,039 or 9.91% from 2019 to 2020.

Gross patient revenue decreased by \$8,095 or 1.35% as compared to 2020 primarily related to the restrictions due to COVID pandemic. In 2020, gross patient revenue increased from 2019 by \$8,373 or 1.41%.

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

TABLE 6
Allowance Summary
June 30, 2021 and 2020
(In Thousands)

	<u>2021</u>	<u>2020</u>
Allowances:		
Administrative allowances	\$ (48)	\$ 50
Blue Cross discounts	54,006	53,898
Charity allowances	2,881	2,123
Contractual adjustments – Medicare and Medicaid	329,989	344,552
Managed care allowances	31,477	47,876
Physician discounts	23,785	13,163
Provision for uncollectible accounts	<u>20,709</u>	<u>20,599</u>
Total contractual allowances, discounts, and uncollectible accounts	<u>\$ 462,799</u>	<u>\$ 482,261</u>

Salary expenses increased by \$6,701 or 11.43% from 2020 to 2021 and increased by \$5,058 or 9.44% from 2019 to 2020. Total salaries were \$65,348 in 2021 and \$58,647 in 2020. As a percentage of net patient service revenue, salary expense was approximately 50.29% in 2021 and 49.46% in 2020.

Employee benefit expense increased in 2021 by \$2,696 or 25.60% from 2020 and increased in 2020 by \$1,406 or 15.41% from 2019. Employee benefit expense represented 20.24% of salary expense in 2021 and 17.96% of salary expenses in 2020.

Provision for bad debts increased in 2021 by \$110 or .53% from 2020 and increased in 2020 by \$2,268 or 12.37% from 2019.

Depreciation expense increased by \$191 or 2.4% from 2020 to 2021 and increased by \$464 or 6.1% from 2019 to 2020.

Interest expense decreased by \$154 or 14.8% from 2020 to 2021 and decreased by \$72 or 6.5% from 2019 to 2020.

Total operating expenses increased by \$20,683 or 11.8% from 2020 to 2021 and increased by \$14,223 or 8.8% from 2019 to 2020.

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

Capital Assets

During fiscal year 2021, the Hospital invested \$9,690 in the implementation of a broad range of capital assets as compared to \$8,299 in 2020. This information is included in Table 7 below.

TABLE 7
Capital Assets
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2020 to 2021 Dollar Change</u>
Non-depreciable capital assets:			
Land	\$ 6,186	\$ 6,021	\$ 165
Construction in progress	<u>6,690</u>	<u>454</u>	<u>6,236</u>
Total non-depreciable capital assets	<u>\$ 12,876</u>	<u>\$ 6,475</u>	<u>\$ 6,401</u>
Depreciable assets:			
Land improvements	\$ 1,593	\$ 1,593	\$ -
Automobiles	207	180	27
Buildings	93,369	93,404	(35)
Equipment	<u>107,258</u>	<u>103,975</u>	<u>3,283</u>
Total depreciable capital assets	\$ 202,427	\$ 199,152	\$ 3,275
Less: accumulated depreciation	<u>(158,131)</u>	<u>(149,935)</u>	<u>(8,196)</u>
Total depreciable capital assets	<u>\$ 44,296</u>	<u>\$ 49,217</u>	<u>\$ (4,921)</u>

Net property, plant, and equipment decreased over the prior year, which is due to purchases in 2021, which are offset by the recognition of depreciation expense during the year.

Long-Term Debt

At year-end for 2021, the Hospital had \$12,782 (net of unamortized bond discounts) in short-term and long-term bonds payable, as compared to \$14,810 in 2020. The bonds payable amount is shown net, in the statements of net position, of the unamortized bond discount of \$28 in 2021 and of \$40 in 2020. Notes payable at the end of 2021 totaled \$66 and \$425 in 2020, which are included in current liabilities. Capital leases at the end of 2021 totaled \$6,923 and in 2020 totaled \$5,175, which were included in current and long-term liabilities. More detailed information about the Hospital's long-term liabilities is presented in the notes to financial statements. Total debt outstanding, excluding other long-term liabilities, represented approximately 11.77% in 2021 and 11.42% in 2020 of total assets.

Contacting the Hospital's Financial Manager

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

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BASIC FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

June 30, 2021
(In Thousands)

ASSETS	<u>Hospital and District</u>	<u>OGH Foundation</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 18,841	\$ 1,246
Short-term investments	4,150	-
Patient accounts receivable, net of contractual allowance of \$22,317 and estimated uncollectible accounts of \$14,548	32,254	-
Other receivables	18,121	99
Estimated third party payor receivable	1,096	-
Inventories	6,340	-
Prepaid expenses	2,551	-
Other current assets	<u>106</u>	<u>-</u>
Total current assets	<u>\$ 83,459</u>	<u>\$ 1,345</u>
OTHER ASSETS		
Held by trustee for debt service:		
Cash and cash equivalents	\$ 4,861	\$ -
Restricted for cooperative endeavor agreements	1,411	-
Other long-term investments	17,608	-
Joint venture investments	2,705	-
Deposits	<u>107</u>	<u>-</u>
Total other assets	<u>\$ 26,692</u>	<u>\$ -</u>
CAPITAL ASSETS		
Non-depreciable capital assets	\$ 12,876	\$ -
Depreciable capital assets, net of accumulated depreciation	<u>44,296</u>	<u>-</u>
Total capital assets, net of accumulated depreciation	<u>\$ 57,172</u>	<u>\$ -</u>
DEFERRED OUTFLOWS		
Excess acquisition price over net assets acquired	<u>\$ 597</u>	<u>\$ -</u>
Total assets and deferred outflows	<u>\$ 167,920</u>	<u>\$ 1,345</u>

See Notes to Financial Statements.

LIABILITIES AND NET POSITION	Hospital and District	OGH Foundation
CURRENT LIABILITIES		
Accounts payable	\$ 9,078	\$ 23
Current maturities of note payable	66	-
Current maturities of bonds payable	2,113	-
Current maturities of capital leases	3,565	-
Accrued payroll and benefits	740	-
Accelerated and advance payments	24,864	-
Due to other governmental agencies	4,328	-
Other accrued expenses	<u>8,048</u>	<u>-</u>
Total current liabilities	<u>\$ 52,802</u>	<u>\$ 23</u>
LONG-TERM LIABILITIES		
Bonds payable, net of current maturities	\$ 10,669	\$ -
Capital lease, net of current maturities	<u>3,358</u>	<u>-</u>
Total long-term liabilities	<u>\$ 14,027</u>	<u>\$ -</u>
Total liabilities	<u>\$ 66,829</u>	<u>\$ 23</u>
NET POSITION		
Net investment in capital assets	\$ 37,401	\$ -
Restricted:		
For debt service	4,861	-
For donor restrictions	-	1,072
Unrestricted	<u>58,829</u>	<u>250</u>
Total net position	<u>\$ 101,091</u>	<u>\$ 1,322</u>
Total liabilities and net position	<u>\$ 167,920</u>	<u>\$ 1,345</u>

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2021

(In Thousands)

	<u>Hospital and District</u>	<u>OGH Foundation</u>
Operating revenues:		
Net patient service revenues (net of contractual adjustments of \$442,090 and provision for bad debts of \$20,709)	\$ 129,934	\$ -
Gifts and contributions	-	360
Other operating revenues	<u>53,745</u>	<u>-</u>
Total operating revenues	<u>\$ 183,679</u>	<u>\$ 360</u>
Operating expenses:		
Routine services	\$ 17,144	\$ -
Ancillary services	92,958	-
General services	12,688	-
Fiscal and administrative services	42,703	160
Intergovernmental transfer – physicians’ UPL	22,054	-
Scholarships, affiliate payments and other	-	355
Depreciation and amortization	<u>8,258</u>	<u>-</u>
Total operating expenses	<u>\$ 195,805</u>	<u>\$ 515</u>
Operating loss	<u>\$ (12,126)</u>	<u>\$ (155)</u>
Non-operating revenues (expenses):		
Gain on disposal of capital assets	\$ 9	\$ -
Investment income, realized and unrealized gains and losses	334	-
Non-capital grants and donations	2	-
CARES Act Provider Relief Funds	21,353	-
Interest expense	(887)	-
Income from joint ventures	<u>1,062</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>\$ 21,873</u>	<u>\$ -</u>
Increase (decrease) in net position	\$ 9,747	\$ (155)
Net position, beginning	<u>\$ 91,344</u>	<u>\$ 1,477</u>
Net position, ending	<u>\$ 101,091</u>	<u>\$ 1,322</u>

See Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS
Year Ended June 30, 2021
(In Thousands)

	Hospital and District	OGH Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients and donors	\$ 171,740	\$ 281
Payments to suppliers and contractors	(122,502)	-
Payments for grants and program expenses	-	(746)
Payments to employees	<u>(65,354)</u>	<u>179</u>
Net cash used in operating activities	<u>\$ (16,116)</u>	<u>\$ (286)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Non-capital donations and grants	\$ 2	\$ -
CARES Act Provider Relief Funding	<u>-</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>\$ 2</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for the purchase of capital assets	\$ (4,689)	\$ -
Principal payments on long-term debt	(358)	-
Principal payments on bonds payable	(2,028)	-
Interest paid on debt	(887)	-
Principal payments on capital leases	<u>(3,255)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>\$ (11,217)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	\$ 591	\$ -
Principal payments received on notes receivable	844	-
Joint venture income	838	-
Purchase of investments	(8,986)	-
Maturities of investments	<u>8,792</u>	<u>-</u>
Net cash provided by investing activities	<u>\$ 2,079</u>	<u>\$ -</u>
Net decrease in cash and cash equivalents	<u>\$ (25,252)</u>	<u>\$ (286)</u>
Cash and cash equivalents at beginning of year	<u>50,365</u>	<u>1,532</u>
Cash and cash equivalents at end of year	<u>\$ 25,113</u>	<u>\$ 1,246</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents in current assets	\$ 18,841	\$ 1,246
Restricted cash and cash equivalents –		
Held by trustee for debt service	4,861	-
Restricted for cooperative endeavor agreements	<u>1,411</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 25,113</u>	<u>\$ 1,246</u>

(continued)

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

STATEMENTS OF CASH FLOWS (CONTINUED)

Year Ended June 30, 2021

(In Thousands)

	<u>Hospital and District</u>	<u>OGH Foundation</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (12,126)	\$ (155)
Adjustments to reconcile operating loss to net cash flows provided by operating activities:		
Depreciation and amortization	8,258	-
Provision for bad debts	20,709	-
(Increase) decrease in assets –		
Patient accounts receivable	(27,908)	-
Inventories	679	-
Prepaid expenses	(226)	-
Estimated third-party settlements	(2,628)	-
Other receivables	(5,854)	(79)
Other current assets	11	-
Increase (decrease) in liabilities –		
Accounts payable	119	(52)
Accrued expenses	640	-
Accelerated and advance payments	(2,112)	-
Due to other governmental agencies	4,328	-
Accrued payroll and benefits	<u>(6)</u>	<u>-</u>
Net cash used in operating activities	<u>\$ (16,116)</u>	<u>\$ (286)</u>

See Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 1. Organization and Significant Accounting Policies

Reporting entity:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Basis of accounting:

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

These classifications are defined as follows:

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

Other significant accounting policies:

Enterprise fund accounting -

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

Use of estimates -

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

Cash and cash equivalents -

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Fair value measurement -

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

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

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

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

Patient receivables and allowance for uncollectible accounts -

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

Inventories -

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

Net patient service revenues -

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

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

Income taxes -

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Capital assets -

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

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

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

Investments -

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

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

Classification of revenues and expenses -

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

Grants and donations -

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Restricted resources -

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

Compensated absences -

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

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

Environmental matters -

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

Deferred outflows of resources -

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

Risk management -

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

Charity care -

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Recent accounting pronouncements -

The Governmental Accounting Standards Board (GASB) issued *GASB Statement No. 90 – Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61* as amended by *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018, however, on May 8, 2020 the GASB extended the required implementation period to reporting periods beginning after December 15, 2019. The objective of this statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The statement requires that a government holding a majority of the equity interest in a legally separate entity should report that holding, if it meets the definition of an investment, as an investment and measured using the equity method. If the investment criteria is not met, it should be reported as a component unit. Any changes related to the adoption of this statement will be applied retroactively by restating any prior periods presented unless not practicable in which case a cumulative effect of application will be reported as a restatement of beginning net position for the earliest period restated. The District adopted this statement effective July 1, 2020. The District considers its holdings in majority equity interest in legally separate entities to meet the criteria to be handled as an investment accounted for under the equity method of accounting, which is consistent with prior treatment. As such, there was no material impact on the financial statements as a result of the adoption of this standard.

Note 2. Net Patient Service Revenues

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

- Medicare – Inpatient acute care services (and related capital costs) rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Acute care service rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries are reimbursed either on a prospective determined rate or a fee schedule. The Hospital is reimbursed for cost reimbursable items and Medicare bad debts at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2018.
- Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2018.

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

During the year ended June 30, 2021, approximately 74% of the Hospital's gross patient service revenues were furnished to Medicare and Medicaid beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. The Hospital is not aware of any allegations of noncompliance that could have a material adverse effect on the financial statements and believes that it is in compliance with all applicable laws and regulations.

Note 3. Deposits and Investments

The District investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in direct obligations of the United States Government and its agencies pledged by its full faith and credit and certificates of deposit accounts which are secured by Federal Deposit Insurance Corporation (FDIC) or a pledge of securities. At June 30, 2021, all of the District's demand deposits or certificates of deposit were secured by FDIC coverage.

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

Investments are reported at fair value, as discussed in Note 1. At June 30, 2021, the District, Hospital and the Foundation's investments consisted of the following, all of which were held in the District, Hospital, and Foundation's name by a custodial agent of the District, Hospital and Foundation:

	Hospital and <u>District</u>	OGH <u>Foundation</u>
Certificates of deposit	\$ 886	\$ -
U.S. Treasury and U.S. Government Agency	7,816	-
Municipal bonds	<u>13,056</u>	<u>-</u>
	<u>\$ 21,758</u>	<u>\$ -</u>

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

	Hospital and <u>District</u>	OGH <u>Foundation</u>
Carrying amount:		
Deposits	\$ 23,702	\$ 1,246
Investments	<u>21,758</u>	<u>-</u>
	<u>\$ 45,460</u>	<u>\$ 1,246</u>

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

	Hospital and <u>District</u>	OGH <u>Foundation</u>
Included in the following balance sheets captions:		
Cash and cash equivalents	\$ 18,841	\$ 1,246
Short-term investments	4,150	-
Held by trustee for debt service –		
Cash and cash equivalents	4,861	-
Other long-term investments	<u>17,608</u>	<u>-</u>
	<u>\$ 45,460</u>	<u>\$ 1,246</u>

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

Interest Rate Risk. The Hospital's investment policy limits its exposure to fair value losses arising from rising interest rates by placing limits on investment maturities and investing in securities with varying maturities. The policy requires the Hospital to structure the investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds are placed in short-term investments including money market funds or similar investment pools as well as limiting the average maturity of the overall portfolio. Municipal securities mature between 0 to 5 years. U.S. Treasury and Government Obligations mature over varying maturities up to January of 2050, however the vast majority of these investments are mortgage pools which pay down on a monthly basis.

Note 4. Accounts Receivable

Patient accounts receivable reported as current assets by the Hospital at June 30, 2021 consisted of these amounts:

Receivable from patients and their insurance carriers	\$ 29,587
Receivable from Medicare	13,768
Receivable from Medicaid	<u>3,447</u>
Total patient accounts receivable	\$ 46,802
Less: allowance for uncollectible accounts	<u>(14,548)</u>
 Patient accounts receivable, net	 <u>\$ 32,254</u>

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 5. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2021 was as follows:

Medicare	29%
Medicaid	7%
Other third-party payers	26%
Patients	<u>38%</u>
	<u>100%</u>

Note 6. Capital Assets

Capital assets, additions, retirements, and balances for the year ended June 30, 2021 was as follows:

	Balance 6/30/2020	Additions	Reductions	Transfers	Balance 6/30/2021
Non-depreciable capital assets:					
Land	\$ 6,186	\$ -	\$ -	\$ -	\$ 6,186
Construction in progress	<u>454</u>	<u>6,364</u>	<u>-</u>	<u>(128)</u>	<u>6,690</u>
Total non-depreciable capital assets	<u>\$ 6,640</u>	<u>\$ 6,364</u>	<u>\$ -</u>	<u>\$ (128)</u>	<u>\$ 12,876</u>
Depreciable assets:					
Land improvements	\$ 1,593	\$ -	\$ -	\$ -	\$ 1,593
Automobiles	180	27	-	-	207
Buildings	93,239	2	-	128	93,369
Equipment	<u>103,975</u>	<u>3,298</u>	<u>(15)</u>	<u>-</u>	<u>107,258</u>
Total depreciable capital assets	<u>\$ 198,987</u>	<u>\$ 3,327</u>	<u>\$ (15)</u>	<u>\$ 128</u>	<u>\$ 202,427</u>
Less accumulated depreciation for depreciable assets	<u>\$ (149,935)</u>	<u>\$ (8,211)</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ (158,131)</u>
Total depreciable capital assets, net	<u>\$ 49,052</u>	<u>\$ (4,884)</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ 44,296</u>

Depreciation expense for the year ended June 30, 2021 amounted to \$8,211.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 7. Long-Term Debt

A schedule of changes in the Hospital's long-term debt for 2021 are as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021	Amount Due Within One Year
Bonds payable:					
Revenue bonds series – 2003	\$ 6,450	\$ -	\$ (1,480)	\$ 4,970	\$ 1,565
Revenue bonds series – 2009	8,400	-	(560)	7,840	560
Unamortized bond discounts	(40)	-	12	(28)	(12)
Total bonds payable	\$ 14,810	\$ -	\$ (2,028)	\$ 12,782	\$ 2,113
Notes payable:					
St. Landry Bank Note	\$ 425	\$ -	\$ (359)	\$ 66	\$ 66
Capital lease payable:					
Wells Fargo	\$ 788	\$ -	\$ (788)	\$ -	\$ -
Cerner Corporation	864	5,002	(1,461)	4,405	2,466
GE HFS, LLC	965	-	(260)	705	272
Stryker	813	-	(313)	500	329
Stryker	792	-	(236)	556	294
GE HFS, LLC	953	-	(196)	757	204
Total capital lease payable	\$ 5,175	\$ 5,002	\$ (3,254)	\$ 6,923	\$ 3,565
Total long-term debt	\$ 20,410	\$ 5,002	\$ (5,641)	\$ 19,771	\$ 5,744

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

Hospital revenue bonds – Series 2003

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

Under the terms of the revenue bonds, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included as restricted cash in the statements of net position. The revenue bond indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding. At June 30, 2021, the Hospital was in compliance with certain debt service coverage requirements related to these bonds.

Hospital revenue bonds – Series 2009

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

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

Note payable obligation

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

Capital lease obligations

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

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

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

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

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

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

During 2021, the Hospital entered into a lease agreement for the purchase of software and equipment upgrades for the Cerner billing system. Total costs associated with this upgrade was \$5,002, which is included in construction in progress. The new billing system is expected to be operational next year. Total quarterly payments for this obligation are \$664, with an imputed interest rate of 5.50% and a final installment due January 1, 2023.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

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

Years Ending June 30,	Bonds payable			Note Payable Obligation		Capital Lease Obligation	
	Principal	Discount	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,125	\$ (12)	\$ 581	\$ 66	\$ -	\$ 3,565	\$ 292
2023	2,215	(12)	463	-	-	2,871	99
2024	2,310	(4)	340	-	-	371	13
2025	560	-	265	-	-	116	1
2026	560	-	239	-	-	-	-
2027 – 2031	2,800	-	706	-	-	-	-
2032 – 2035	<u>2,240</u>	<u>-</u>	<u>315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,810</u>	<u>\$ (28)</u>	<u>\$ 2,909</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ 6,923</u>	<u>\$ 405</u>

Note 8. Accelerated and Advance Payment Program

In order to provide necessary funds for disruptions in claims submissions and or processing due to the impact of the Coronavirus (COVID-19) pandemic, the Centers for Medicare & Medicaid Services (CMS) accelerated Medicare payments to hospitals and providers to help minimize the effect of revenue shortfalls. The Medicare Accelerated and Advance Payments Program, which existed prior to the pandemic, is designed to help hospitals and other providers facing cash flow disruptions during and emergency. As a response to the pandemic The CARES Act and CMS expanded the current Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers. The Hospital received \$26,976 under this program and initially included in current liabilities on the statement of net position. Under the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment will begin one year from the issuance date of the advance payment. As such, Medicare will automatically recoup 25% of Medicare payments otherwise owed to the provider or supplier for eleven months. At the end of the eleven-month period, recoupment will increase to 50 percent for another six months. If at the end of that period all advance payments are not repaid, the balance will become due upon demand and subject to an interest rate of 4%. Recoupments began April 1, 2021 and at June 30, 2021, the Hospital showed a balance remaining of \$24,864 to be repaid.

Note 9. CARES Act Provider Relief Funds

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

As of June 30, 2020, \$1,069 in eligible expenses was incurred under the provisions of the funding and was recognized as revenue in fiscal year 2020. As of June 30, 2021, an additional \$3,851 of eligible expenses was incurred and the remaining balance of Provider Relief Funds was applied again lost revenues attributable to coronavirus. The Hospital recognized \$21,353 as revenue in the fiscal year ending June 30, 2021.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 10. Employee Retirement Plan

The Hospital maintains a Social Security Replacement Plan and a 401(a) Money Purchase Plan (defined contribution plans) for which employees become immediately eligible to participate. Employees are required to make non-elective contributions in the amount of 7.65% of compensation to the Social Security Replacement Plan, of which the employees are 100% vested. The 401(a) Money Purchase Plan requires the Hospital to make employer contributions ranging from 5 to 13% of the employee's compensation based on credited years of service. The Hospital's contributions vest with employees based on years of service with employees becoming 100% vested after six years of service. Forfeitures are used to reduce future employer contributions under the 401(a) Money Purchase Plan. The Hospital's contributions to the plan for the year ended June 30, 2021 was \$4,479.

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

Note 11. Operating Leases

Hospital as Lessee

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

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

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

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

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

On May 11, 2018, the Hospital entered into an operating lease agreement with Leasing Associates of Barrington, Inc. for lab equipment. The lease is for a period of 36 months with a monthly payment of \$3. The lease ended in April 2021.

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

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

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

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

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

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

2022	\$ 1,428
2023	522
2024	307
2025	<u>62</u>
	<u>\$ 2,319</u>

Total rental expense associated with these leases and paid for the year ended June 30, 2021 was \$1,602. In addition, the Hospital has various office facility leases with doctors for various rental amounts.

Note 12. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than their established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care so they are not reported as net patient service revenue. In accordance with the ASU "Measuring Charity Care for Disclosure" which requires all entities to disclose the amount of charity care provided using a cost-based measurement basis; the amounts of direct and indirect costs foregone for services and supplies furnished under the Hospital's charity care policy totaled approximately \$952 for the year ended June 30, 2021. The estimated costs of providing charity care are based on a calculation, which applies a ratio of costs to charges to the gross amount of charges foregone for charity patients. The ratio of costs to charges is calculated based on the Hospital's total expense (excluding provisions for bad debts) divided by gross patient service revenue. The Hospital did not receive any reimbursement for support of charity care in 2021.

Note 13. Joint Ventures

The Hospital is a participant in a joint venture with Acadian Homecare, L.L.C., d/b/a St. Landry Home Care, in order to provide home health services to the patients of the Hospital service area. The Hospital has a 33% participation in the joint venture. The Hospital's equity interest in the joint venture was \$9 at June 30, 2021. The Hospital recognized revenue related to the joint venture in the amount of \$318 in 2021. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in St. Landry Sleep Medicine Real Estate Venture, L.L.C. The Hospital has a 36% participation in the joint venture. The Hospital's equity interest in the joint venture was

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

\$246 at June 30, 2021. The Hospital recognized income related to the joint venture of \$11 in 2021. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in Sunset Healthcare Realty, L.L.C., in order to own and lease a building for an outpatient imaging center in Sunset, Louisiana. The Hospital invested \$382 for 51 units of the 100 units available in the joint venture. Sunset Healthcare Realty, L.L.C. leases land from the Hospital, on which a building was constructed, for \$2 per month. The total lease income reported was \$23 in 2021. The building is leased to OGH Imaging, L.L.C., a joint venture in which the Hospital also participates. The Hospital's equity interest in the joint venture was \$708 at June 30, 2021. The Hospital recognized revenue related to the joint venture of \$117 in 2021. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in OGH Imaging, L.L.C., in order to operate an outpatient-imaging center in Sunset, Louisiana to provide imaging services to the patients of the Hospital service area. The Hospital invested \$494 for 52 units of the 100 units available in the joint venture. OGH Imaging, L.L.C. is leasing a building from Sunset Healthcare Realty, L.L.C., a joint venture in which the Hospital also participates. The Hospital's equity interest in the joint venture was \$558 at June 30, 2021. The Hospital recognized income related to the joint venture of \$129 in 2021. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in SharePort Sub I, L.L.C., in order to obtain local area medical waste services. The Hospital invested \$99 for 13 units of the 400 units available in the joint venture. The Hospital's equity interest in the joint venture was \$45 at June 30, 2021. The Hospital recognized a loss related to the joint venture of \$8 in 2021. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in Opelousas Radiation Therapy, LLC. The Hospital also has a service agreement with Opelousas Radiation Therapy to provide certain administrative and support services to the Cancer Center. The Hospital invested \$50 for 50% share in the joint venture. The Hospital's equity interest in the joint venture was \$553 at June 30, 2021. The Hospital recognized income related to the joint venture of \$417 in 2021. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

The Hospital is a participant in a joint venture with private investors in Louisiana Hospice Group, LLC, in order to provide hospice services to patients of the Hospital service area. The Hospital has a 15% membership interest in the joint venture. The Hospital's equity interest in the joint venture was \$585 at June 30, 2021. The Hospital recognized income related to the joint venture of \$79 in 2021. Complete financial statements for the joint venture can be obtained from the Hospital upon request.

Note 14. Self Funded Insurance

Health Insurance

The Hospital provides health insurance coverage to its employees under a self-funded plan. The Hospital pays the health insurance claims as they are incurred by the employee. The Hospital records a liability for claims incurred but not reported or paid, which is included in other accrued expenses on the statements of net position. Stop-loss insurance is retained to limit the Hospital's liability to \$250 in 2021, of paid claims per individual on an annual basis. The Hospital purchases commercial insurance for claims in excess of the coverage provided by the Hospital. At June 30, 2021, included in other receivables on the statements of net position is \$13 of settled claims that exceeded the stop-loss

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

insurance limit. Included in accrued expenses is \$493 for claims estimates related to charges incurred before year-end but not yet paid.

Worker's Compensation

The Hospital is also partially self-insured for worker's compensation. The Hospital pays worker's compensation claims as they are incurred. Estimates for claims payable, which includes both reported and unreported claims, are recorded in other accrued expenses, at which time claim expense is also recorded. Stop-loss insurance is retained to limit the Hospital's liability to \$350 per claim for 2021. The Hospital purchases commercial insurance for claims in excess of the coverage provided by the Hospital. Settled claims have not exceeded this commercial coverage in the past year. Included in accrued expenses is \$903 for claims estimates related to cases incurred before year end but not yet paid.

Changes in the Hospital's claim liabilities for these coverages for the year ending June 30, 2021 were as follows:

Liability <u>July 1,</u>	Claims Accrued/ Changes in <u>Estimates</u>	Claim <u>Payments</u>	Liability <u>June 30,</u>
\$ 914	\$ 7,610	\$ 7,128	\$ 1,396

Note 15. Professional and General Liability Risk

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

The District and Hospital has acquired additional coverage for professional medical malpractice and general liability through the Louisiana Hospital Association Trust Fund by purchasing a claims-made policy. Losses on medical malpractice and general liability claims are estimated based on deductibles and claims in excess of per-claim or aggregate coverage and incurred but not reported during the claim year. These estimates reflect the District and Hospital's best estimates of the ultimate costs of reported and unreported claims, using the District and Hospital's past experience, industry experience and identified asserted claims and reported incidents. No provision for losses in excess of the deductible amount of the insurance policy has been recorded in the accompanying basic financial statements. Estimated provision for losses on medical malpractice and general liability claims recorded in other accrued expenses amounted to \$1,163 at June 30, 2021.

Note 16. Contingencies

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

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

The principle contingencies are described below:

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

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

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

Note 17. Deferred Outflows of Resources

In April 2009, the Hospital purchased a 171 bed acute care facility located in Opelousas, Louisiana (Doctor's Hospital) for a total of \$15,090. As a result total purchase price paid exceeded net assets acquired by \$1,163 at acquisition. This excess (net of amortization) is reflected in the statement of net position as a deferred outflow and is being taken as an expense systematically over 25 years. Total deferred outflow remaining at June 30, 2021 was \$597, expense in 2021 amounted to \$47.

Note 18. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements

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

In July 2020, the service district and hospital entered into certain agreements to establish a funding program by contributing a portion of the Upper Payment Limit (UPL) payments that it receives to the other participating hospital service districts, including the Hospital. The purpose of these UPL payments is to help ensure adequate and essential healthcare services are accessible and available to low income and/or indigent citizens as well as medically underserved non-rural populations in Louisiana. Funding for each participating hospital service district is based on a formula utilizing each district's reported Medicaid patient days. During 2021, the hospital collected and distributed \$61,410 of UPL payments received from certain Medicaid healthcare providers to other hospital service districts participating in the plan. As of June 30, 2021, the hospital had a liability of \$1,411 for funds received that had not yet been distributed.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

The Hospital made intergovernmental payments in conjunction with this agreement totaling \$5,213 in 2021 all of which is recognized as operating expense in the statements of revenues, expenses and changes in net position. The Hospital has accrued a receivable for expected amounts due under this program totaling \$5,168 in 2021, which is recognized as other operating revenue in the statements of revenues, expenses and changes in net position. Total revenue recognized under this program during 2021 amounted to \$13,642.

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

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

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

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

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

The Hospital made payments in conjunction with this agreement totaling \$16,841 in 2021 all of which is recognized as an operating expense in the statements of revenues, expenses and changes in net position. The Hospital has accrued a receivable for expected amounts due under this program totaling \$11,348 as of June 30, 2021, which is recognized as other operating revenue in the statements of revenues, expenses and changes in net position. Total revenue recognized under this program during 2021 amounted to \$33,701.

Note 19. Fair Value Measurement

The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Hospital has the following fair value measurements as of June 30, 2021:

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

	Fair Value Measurements Using			
	Fair Value	Quoted Prices In Active Market for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Certificates of deposit	\$ 886	\$ -	\$ -	\$ 886
U.S. Treasury and U.S. Government Agency	7,816	7,816	-	-
Municipal bonds	<u>13,056</u>	<u>-</u>	<u>13,056</u>	<u>-</u>
Investments	<u>\$ 21,758</u>	<u>\$ 7,816</u>	<u>\$ 13,056</u>	<u>\$ 886</u>

Note 20. Coronavirus Pandemic

The World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and business. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Hospital operates. It is unknown how long these conditions will last and what the complete financial effect will be on the Hospital. In response to the COVID-19 pandemic, Congress passed multiple bills that included funding and operational relief for affected health care organizations, including the CARES Act, as further explained in Note 9 and the Medicare Accelerated and Advance Payment Program, which is further explained in Note 8. The extent to which COVID-19 may affect the Hospital’s future results will depend on upcoming developments, which are highly uncertain and cannot be predicted.

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Note 21. Condensed Combining Information

The following is the condensed combining information for blended component units as of June 30, 2021 and for the year then ended:

Condensed Statements of Net Position
June 30, 2021
(In Thousands)

ASSETS	<u>District</u>	<u>Hospital</u>	<u>Physician Practices</u>	<u>Total</u>
Current assets	\$ 321	\$ 79,410	\$ 3,728	\$ 83,459
Other assets	-	26,692	-	26,692
Capital assets	-	56,709	463	57,172
Deferred outflows	<u>-</u>	<u>597</u>	<u>-</u>	<u>597</u>
Total assets	<u>\$ 321</u>	<u>\$163,408</u>	<u>\$ 4,191</u>	<u>\$167,920</u>
 LIABILITIES AND NET POSITION				
Current liabilities	\$ -	\$ 52,017	\$ 785	\$ 52,802
Long-term liabilities	<u>-</u>	<u>14,027</u>	<u>-</u>	<u>14,027</u>
Total liabilities	<u>\$ -</u>	<u>\$ 66,044</u>	<u>\$ 785</u>	<u>\$ 66,829</u>
Net investment in capital assets	\$ -	\$ 36,938	\$ 463	\$ 37,401
Restricted for debt service	-	4,861	-	4,861
Unrestricted	<u>321</u>	<u>55,565</u>	<u>2,943</u>	<u>58,829</u>
Total net position	<u>\$ 321</u>	<u>\$ 97,364</u>	<u>\$ 3,406</u>	<u>\$101,091</u>
Total liabilities and net position	<u>\$ 321</u>	<u>\$163,408</u>	<u>\$ 4,191</u>	<u>\$167,920</u>

NOTES TO FINANCIAL STATEMENTS
(In Thousands)

Condensed Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021
(In Thousands)

	<u>District</u>	<u>Hospital</u>	<u>Physician Practices</u>	<u>Total</u>
Net patient service revenues	\$ -	\$ 120,361	\$ 9,573	\$129,934
Other operating revenues	-	<u>53,745</u>	-	<u>53,745</u>
Total operating revenues	<u>\$ -</u>	<u>\$ 174,106</u>	<u>\$ 9,573</u>	<u>\$183,679</u>
Depreciation and amortization	\$ -	\$ 8,175	\$ 83	\$ 8,258
Other operating expenses	-	<u>172,033</u>	<u>15,514</u>	<u>187,547</u>
Total operating expense	<u>\$ -</u>	<u>\$ 180,208</u>	<u>\$ 15,597</u>	<u>\$195,805</u>
Operating loss	\$ -	\$ (6,102)	\$ (6,024)	\$ (12,126)
Non-operating revenues (expenses)	<u>2</u>	<u>21,871</u>	-	<u>21,873</u>
Increase (decrease) in net position	\$ 2	\$ 15,769	\$ (6,024)	\$ 9,747
Net position, beginning	319	90,146	879	91,344
Contributions (distributions)	-	<u>(8,551)</u>	<u>8,551</u>	-
Net position, ending	<u>\$ 321</u>	<u>\$ 97,364</u>	<u>\$ 3,406</u>	<u>\$101,091</u>

Condensed Statements of Cash Flows
Year Ended June 30, 2021
(In Thousands)

	<u>District</u>	<u>Hospital</u>	<u>Physician Practices</u>	<u>Total</u>
Net cash provided (used) by operating activities	\$ -	\$ (10,434)	\$ (5,682)	\$ (16,116)
Net cash provided (used) by non-capital financing activities	-	(7,127)	7,129	2
Net cash provided (used) by capital and related financing activities	-	(11,057)	(161)	(11,218)
Net cash provided (used) by investing activities	-	<u>2,079</u>	-	<u>2,079</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ (26,539)	\$ 1,286	\$ (25,253)
Cash and cash equivalents at beginning of year	<u>15</u>	<u>49,887</u>	<u>463</u>	<u>50,365</u>
Cash and cash equivalents at end of year	<u>\$ 15</u>	<u>\$ 23,348</u>	<u>\$ 1,749</u>	<u>\$ 25,112</u>

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SUPPLEMENTARY INFORMATION

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

SCHEDULE OF GROSS PATIENT SERVICE REVENUES

Year Ended June 30, 2021

(In Thousands)

	<u>Inpatient</u>	<u>Outpatient</u>	<u>Totals</u>
Routine services:			
Medical and surgical	\$ 5,304	\$ 3,725	\$ 9,029
Intensive care unit	2,883	27	2,910
Nursery	496	-	496
CV short stay	71	168	239
Psychiatric unit	5,507	-	5,507
Rehab unit	<u>1,141</u>	<u>-</u>	<u>1,141</u>
Total routine services	<u>\$ 15,402</u>	<u>\$ 3,920</u>	<u>\$ 19,322</u>
Ancillary services:			
Anesthesiology	\$ 2,770	\$ 4,819	\$ 7,589
Cancer treatment center	10	16,885	16,895
Cardiac catheterization	17,395	50,915	68,310
Cardiopulmonary diagnostic lab and rehab	4,861	9,569	14,430
Central supply	4,004	2,686	6,690
Communication disorders	237	397	634
Contract dialysis	933	195	1,128
CT scan	5,624	23,999	29,623
Delivery room	1,073	543	1,616
Dietary	159	36	195
Emergency room	6,037	42,179	48,216
Hyperbaric medicine	1,426	6,076	7,502
Inhalation therapy	15,017	5,080	20,097
Intravenous therapy	196	379	575
Laboratory	20,558	53,776	74,334
Medical imaging	1,645	10,005	11,650
Medical home	-	28	28
MRI	1,058	5,797	6,855
Nuclear CT	8	3,174	3,182
Nuclear medicine	188	1,508	1,696
Outpatient clinic	-	83,847	83,847
Outpatient psychiatric unit	3	4,856	4,859
Operating room	30,467	37,181	67,648
PICC line	112	28	140
Pharmacy	25,397	11,618	37,015
Physical therapy	1,833	11,663	13,496
Physician practices	-	34,774	34,774
Pulmonary function	1	273	274
Recovery room	1,623	3,638	5,261
Sleep lab	<u>505</u>	<u>4,347</u>	<u>4,852</u>
Total ancillary services	<u>\$ 143,140</u>	<u>\$ 430,271</u>	<u>\$573,411</u>
Total gross patient service revenue	<u>\$ 158,542</u>	<u>\$ 434,191</u>	<u>\$592,733</u>

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

SCHEDULE OF DEPARTMENTAL DIRECT OPERATING REVENUES AND EXPENSES

Year Ended June 30, 2021

(In Thousands)

	Gross <u>Revenues</u>	Direct Operating <u>Expenses</u>	Revenue Over (Under) Direct Operating <u>Expenses</u>
Routine services:			
Medical and surgical	\$ 9,029	\$ 9,135	\$ (106)
Intensive care unit	2,910	3,413	(503)
Nursery	496	730	(234)
CV short stay	239	383	(144)
Psychiatric unit	5,507	1,925	3,582
Rehab unit	<u>1,141</u>	<u>1,558</u>	<u>(417)</u>
Total routine services	<u>\$ 19,322</u>	<u>\$ 17,144</u>	<u>\$ 2,178</u>
Ancillary services:			
Anesthesiology	\$ 7,589	\$ 2,596	\$ 4,993
Cancer treatment center	16,895	2,748	14,147
Cafeteria	195	-	195
Cardiac catheterization	68,310	7,059	61,251
Cardiopulmonary diagnostic lab and rehab	14,430	756	13,674
Central supply	6,690	985	5,705
Communication disorders	634	222	412
Contract dialysis	1,128	508	620
CT scan	29,623	1,180	28,443
Delivery room	1,616	2,068	(452)
Emergency room	48,216	8,237	39,979
Hyperbaric medicine	7,502	2,140	5,362
Inhalation therapy	20,097	2,058	18,039
Intravenous therapy	575	-	575
Laboratory	74,334	7,364	66,970
Lactation	-	92	(92)
Medical imaging	11,650	1,796	9,854
Medical home	28	185	(157)
MRI	6,855	553	6,302
Nuclear CT	3,182	159	3,023
Nuclear medicine	1,696	567	1,129
Outpatient clinic	83,847	9,689	74,158
Outpatient psychiatric unit	4,859	767	4,092
Operating room	67,648	12,171	55,477
PICC line	140	-	140

(continued)

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

SCHEDULE OF DEPARTMENTAL DIRECT OPERATING REVENUES AND EXPENSES (CONTINUED)

Year Ended June 30, 2021

(In Thousands)

	Gross <u>Revenues</u>	Direct Operating <u>Expenses</u>	Revenue Over (Under) Direct Operating <u>Expenses</u>
Ancillary services (continued):			
Pharmacy	37,015	7,691	29,324
Physical therapy	13,496	2,774	10,722
Physician clinics	-	676	(676)
Physician services	-	665	(665)
Physician practices	34,774	15,513	19,261
Pulmonary function	274	207	67
Recovery room	5,261	519	4,742
Vein clinic	-	15	(15)
Sleep lab	4,852	813	4,039
Social service	-	154	(154)
Telehealth clinic	-	31	(31)
Total ancillary services	<u>\$ 573,411</u>	<u>\$ 92,958</u>	<u>\$ 480,453</u>
Revenue over direct operating expenses	<u>\$ 592,733</u>	<u>\$ 110,102</u>	\$ 482,631
Contractual allowances, discounts, and uncollectible accounts			(462,799)
Other operating revenues			<u>53,745</u>
			<u>\$ 73,577</u>
Operating expenses:			
General services			\$ 12,688
Fiscal and administrative services			42,703
Intergovernmental transfer – physicians' UPL			22,054
Depreciation and amortization			<u>8,258</u>
			<u>\$ 85,703</u>
Excess of hospital operating expenses over operating revenues			<u>\$ (12,126)</u>

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

SCHEDULE OF NET PATIENT SERVICE REVENUES

Year Ended June 30, 2021

(In Thousands)

Gross patient service revenues	<u>\$ 592,733</u>
Less:	
Administrative allowances	\$ (48)
Blue Cross discounts	54,006
Charity allowances	2,881
Contractual adjustments – Medicare and Medicaid	329,989
Managed care allowances	31,477
Physician discounts	23,785
Provision for uncollectible accounts	<u>20,709</u>
Total contractual allowances, discounts, and uncollectible accounts	<u>\$ 462,799</u>
Net patient service revenues	<u>\$ 129,934</u>

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

SCHEDULE OF OTHER OPERATING REVENUES

Year Ended June 30, 2021

(In Thousands)

Other operating revenues:

Cafeteria	\$ 1,024
Gift shop	113
Rental income	1,205
Outside housekeeping and laundry services	245
Miscellaneous	3,815
UPL supplemental payments	33,701
Grant - Service Direct Hospital UPL	<u>13,642</u>

Total other operating revenues \$ 53,745

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

SCHEDULE OF DEPARTMENTAL OPERATING EXPENSES

Year Ended June 30, 2021

(In Thousands)

	<u>Salaries</u>	<u>Professional Fees</u>	<u>Employee Benefits</u>	<u>Other Expenses</u>	<u>Totals</u>
Routine services:					
Medical and surgical	\$ 8,429	\$ -	\$ 100	\$ 606	\$ 9,135
Intensive care unit	2,649	48	27	689	3,413
Nursery	678	-	16	36	730
CV short stay	341	-	5	37	383
Psychiatric unit	-	-	-	1,925	1,925
Rehab unit	849	-	10	699	1,558
Total routine services	<u>\$ 12,946</u>	<u>\$ 48</u>	<u>\$ 158</u>	<u>\$ 3,992</u>	<u>\$ 17,144</u>
Ancillary services:					
Anesthesiology	\$ 1,949	\$ 60	\$ 25	\$ 562	\$ 2,596
Cancer treatment center	241	8	3	2,496	2,748
Cardiac catheterization	639	69	10	6,341	7,059
Cardiopulmonary diagnostic lab and rehab	581	126	7	42	756
Central supply	482	-	8	495	985
Communication disorders	215	-	1	6	222
Contract dialysis	-	4	-	504	508
CT scan	626	6	5	543	1,180
Delivery room	1,911	-	29	128	2,068
Emergency room	5,211	2,411	75	540	8,237
Hyperbaric medicine	-	-	-	2,140	2,140
Inhalation therapy	1,751	37	24	246	2,058
Laboratory	2,344	175	19	4,826	7,364
Lactation	90	-	1	1	92
Medical imaging	1,198	12	7	579	1,796
Medical home	167	4	3	11	185
MRI	188	2	11	352	553
Nuclear CT	76	6	3	74	159
Nuclear medicine	138	7	4	418	567
Outpatient clinic	550	-	4	9,135	9,689
Outpatient psychiatric unit	-	-	-	767	767
Operating room	2,179	-	43	9,949	12,171
Pharmacy	2,255	(7)	25	5,418	7,691
Physical therapy	-	-	-	2,774	2,774
Physician clinics	-	676	-	-	676
Physician services	-	665	-	-	665
Physician practices	11,448	950	68	3,047	15,513
Pulmonary function	200	1	-	6	207
Recovery room	471	-	7	41	519
Vein Clinic	3	12	-	-	15
Sleep lab	612	9	6	186	813
Social services	135	-	18	1	154
Telehealth Clinic	24	-	2	5	31
Total ancillary services	<u>\$ 35,684</u>	<u>\$ 5,233</u>	<u>\$ 408</u>	<u>\$ 51,633</u>	<u>\$ 92,958</u>

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

SCHEDULE OF DEPARTMENTAL OPERATING EXPENSES (CONTINUED)

Year Ended June 30, 2021

(In Thousands)

	<u>Salaries</u>	<u>Professional Fees</u>	<u>Employee Benefits</u>	<u>Other Expenses</u>	<u>Totals</u>
General services:					
Biomedical services	\$ 428	\$ -	\$ 3	\$ 77	\$ 508
Dietary	1,384	-	18	1,537	2,939
Housekeeping	1,765	-	19	702	2,486
Laundry and linen	-	-	-	452	452
Performance improvement	263	-	2	4	269
Plant engineering	664	-	8	4,376	5,048
Security	974	-	-	12	986
Total general services	<u>\$ 5,478</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 7,160</u>	<u>\$ 12,688</u>
Fiscal and administrative services:					
Accounting	\$ 340	\$ -	\$ 4	\$ 138	\$ 482
Administration	4,342	242	12,504	7,362	24,450
Admitting	1,160	-	25	71	1,256
Business office	614	-	29	820	1,463
Centralized scheduling	175	-	6	5	186
Clinic documents	303	12	-	37	352
Communications	121	-	1	195	317
Compliance management	160	-	1	2	163
Courier	109	-	1	22	132
Gift shop	73	-	2	77	152
Health information services	902	-	11	567	1,480
Human resources	340	-	1	599	940
Industrial medicine	90	-	2	226	318
Infection control	111	15	-	91	217
Information technology	1,681	-	16	6,111	7,808
Insurance	-	-	-	1,328	1,328
J2E functions	-	-	-	15	15
Marketing/public relations	438	-	6	707	1,151
Medical and staff relations	275	12	-	192	479
Pain management	4	-	3	5	12
Volunteer/nurse interns	-	-	-	-	-
Health and wellness	2	-	-	-	2
OGH Foundation	-	-	-	-	-
Total fiscal and administrative services	<u>\$ 11,240</u>	<u>\$ 281</u>	<u>\$ 12,612</u>	<u>\$ 18,570</u>	<u>\$ 42,703</u>
Total departmental operating expenses	<u>\$ 65,348</u>	<u>\$ 5,562</u>	<u>\$ 13,228</u>	<u>\$ 81,355</u>	<u>\$ 165,493</u>

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

SCHEDULE OF DEPARTMENTAL STATISTICS
Year Ended June 30, 2021

Beds licensed:	
Acute care	151
Psychiatric	30
Rehabilitation facility	<u>16</u>
Total	<u>197</u>
Percentage of occupancy for staff beds in service:	
Acute care	52.00%
Psychiatric	44.60%
Rehabilitation facility	32.40%
Percentage of gross patient service revenues:	
Medicare	50%
Medicaid	24%
All other	<u>26%</u>
Total	<u>100%</u>
Discharges:	
Acute care	5,190
Psychiatric	681
Rehabilitation facility	<u>153</u>
Total	<u>6,024</u>
Patient days in care:	
Medical and surgical	14,015
Intensive care	<u>2,956</u>
Acute care subtotal	16,971
Nursery	1,931
Psychiatric	4,886
Rehabilitation facility	<u>1,891</u>
Total	<u>25,679</u>
Surgeries:	
Inpatient	1,619
Outpatient	<u>4,624</u>
Total surgeries	<u>6,243</u>

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

SCHEDULE OF DEPARTMENTAL STATISTICS (CONTINUED)
Year Ended June 30, 2021

Deliveries	938
Procedures:	
Laboratory	524,671
Radiology	45,380
CT scan	13,858
Nuclear medicine	885
MRI	2,434
Cancer treatments	13,739
Heart catheterization unit cases	1,518
Hyperbaric oxygen	11,380
Physical therapy	119,374
Emergency room visits	39,789
Outpatient registrations (including emergency room visits)	152,745

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

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
Year Ended June 30, 2021

Opelousas General Hospital Authority:

Robert Wolfe	\$ 12,000
Alton Broussard	12,000
Albert Simien	12,000
Richard Tate	12,000
Gina Tuttle	12,000
Kerry Thibodeaux	12,000
Mary Doucet	12,000
Charles Going	12,000
James Donerty, Jr.	5,000
	<u>\$ 101,000</u>

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

Garrett Duplechain	\$ 200
Alton Broussard	40
Albert Simien	40
Patrick Morrow	40
Robert Wolfe	<u>40</u>
	<u>\$ 360</u>

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

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD

Year Ended June 30, 2021

Agency Head: Kenneth Cochran

<u>Purpose</u>	<u>Amount</u>
Salary/Severance/PTO	\$ 517,584
Benefits:	
Insurance	4,030
Retirement	21,891
Car allowance	8,400
Conference travel	419
HSA Savings	900
VALIC – employer contribution	<u>24,615</u>
	<u>\$ 577,839</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the business-type activities and discretely presented component unit of the Hospital Service District No. 2 of St. Landry Parish, Louisiana (the "District") and Opelousas General Hospital Authority (the "Hospital"), as of and for the year ended June 30, 2021 and the related notes to financial statements, which collectively comprise the District and Hospital's basic financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. This report is intended for the information and use of management, the Board of Commissioners, Board of Trustees, others within the entity and federal awarding agencies and pass-through entities and the Legislative Auditor, is not intended to be, and should not be used by anyone other than those specified parties. Accordingly, this communication is not suitable for any other purpose; however, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Bernard P. Lach", followed by a stylized monogram or set of initials.

Lafayette, Louisiana
December 9, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Hospital Service District No. 2 of St. Landry Parish, Louisiana (the "District") and Opelousas General Hospital Authority's (the "Hospital") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District and the Hospital's major federal program for the year ended June 30, 2021. The District and Hospital's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Managements' Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District and Hospital'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 District and Hospital'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 District and Hospital's compliance.

Opinion on Each Major Federal Program

In our opinion, the District and Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The District and Hospital's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District and Hospital's response was not subjected to the auditing procedures applied in the audit of noncompliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District and Hospital 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 District and Hospital's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District and Hospital'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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and were not designed to identify all deficiencies in internal control over compliance that might be material weakness 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 has not been identified.

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



Lafayette, Louisiana
December 9, 2021

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures/ Loss Revenues</u>
U. S. Department of Health and Human Services Health Resources and Services Administration COVID-19-CARES Act Provider Relief Fund*	93.498	-	\$ <u>22,422,017</u>

* Denotes major program

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District and Hospital under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is present in accordance with the requirement 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 District and Hospital, it is not intended to and does not present the financial position of the District and Hospital.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the District and Hospital's basic financial statements for the year ended June 30, 2021. Such expenditures are recognized following the cost principles in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The District and Hospital has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 4. Reconciliation of Schedule of Expenditures of Federal Awards to the Financial Statements

Federal Expenditures and Loss Revenue per Schedule of Expenditures of Federal Awards	\$ 22,422,017
Expenditures incurred in fiscal year ended June 30, 2020	<u>1,068,518</u>
Federal expenditures and loss revenue incurred in fiscal year ended June 30, 2021	<u>\$ 21,353,499</u>

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

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2021

We have audited the basic financial statements of Hospital Service District No 2 of St. Landry Parish, in the State of Louisiana, and Opelousas General Hospital Authority, as of and for the year ended June 30, 2021, and have issued our report thereon dated December 9, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of and for the year ended June 30, 2021 resulted in an unmodified opinion.

Section I. Summary of Auditors' Results

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weakness ☐ Yes ☒ No

Control deficiencies identified that are not considered to be a material weakness ☐ Yes ☒ No

Compliance

Compliance material to financial statements ☐ Yes ☒ No

b. Federal Awards

Internal Control

Material weakness ☐ Yes ☒ No

Control deficiencies identified that are not considered to be a material weakness ☐ Yes ☒ No

Type of Opinion on Compliance for Major Programs Unmodified ☒ Modified ☐ Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with the provisions of the Uniform Guidance?
☒ Yes ☐ No

c. Identification of Major Programs:

CFDA Numbers
93.498

Name of Federal Program
CARES Act Providers Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? ☐ Yes ☒ No

Section II. Financial Statement Findings

No matters are reported.

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

SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
Year Ended June 30, 2021

Section III. Federal Award Finding and Questioned Costs

U.S. Department of Health and Human Services
Health Resources and Services Administration
CFDA No. 93.498 COVID-19 CARES Act Provider Relief Fund
Program Year Ending June 30, 2021

Finding: 2021-001 - Reporting

Criteria: Recipients of Provider Relief Funds are required to report as part of the post-payment reporting process if they received one or more payments exceeding \$10,000 in the aggregate during a payment received period. Information that is required to be reported include net unreimbursed expenses attributable to Coronavirus and patient care lost revenues and certain other items. Patient care is defined as "health care, services and support as provided in a medical setting, at home/telehealth, or in the community. It should not include non-patient care revenue such as insurance, retail or real estate revenues; prescription sales revenues (except when derived through 340B program); grants or tuition; contractual adjustments from all third party payers; charity care adjustments; bad debt and any gains and/or losses on investments."

Condition: The Hospital included upper payment limit payments received in net patient revenue for 2019 and 2020 thus including them in the lost revenue calculation. The upper payment limit payments should have been treated as "other source of revenue" for purposes of the lost revenue calculation. The inclusion of these payments in the lost revenue calculation resulted in a reported understatement of lost revenue of approximately \$7 million.

Questioned Costs: None

Context: Inclusion of the upper payment limit payments in the calculation of lost patient revenue did not result in any change as it relates to unused provider relief funds as reported to the Health Resources and Services Administration.

Cause: Hospital incorrectly interpreted the reporting instructions as it relates to the calculation of lost revenue for purposes of satisfying the requirements of the provider relief fund program.

Recommendation: Contact Health Resources and Services Administration to determine if further action is required.

Views of responsible officials and planned corrective action:

The hospital will reach out to HRSA to inquire as to the appropriate course of action. If an amendment of the reporting is required, the Hospital will submit an amended report.

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

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2021

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

Not applicable.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended June 30, 2021

The Hospital Service District No. 2 of St. Landry Parish, Louisiana and Opelousas General Hospital Authority respectfully submits the following corrective action plan for the year ended June 30, 2021.

Independent Public Accounting Firm: Broussard Poche, LLP
4112 West Congress
Lafayette, Louisiana 70506

The findings from the June 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Section II. Financial Statement Findings

None

Section III. Federal Award Finding and Questioned Costs

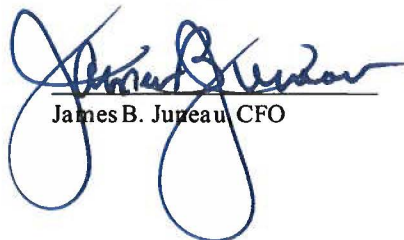
Finding: 2021-001 – Reporting

Name of contact person: James B. Juneau, CFO

Recommendation: Contact Health Resources and Services Administration to determine if further action is required regarding correction of net loss reporting for provider relief funds.

Corrective action: The hospital will reach out to HRSA to inquire as to the appropriate course of action. If an amendment of the reporting is required, the Hospital will submit an amended report.

Sincerely yours,



James B. Juneau CFO