

Greene County General Hospital
A Component Unit of Greene County, Indiana

Independent Auditor's Report and Financial Statements
December 31, 2021 and 2020

Greene County General Hospital
A Component Unit of Greene County, Indiana
December 31, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
Greene County General Hospital
Linton, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Greene County General Hospital (Hospital), a component unit of Greene County, Indiana, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Hospital, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the combining schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Hospital's internal control over financial reporting and compliance.

FORVIS,LLP

Indianapolis, Indiana
June 28, 2022

Greene County General Hospital

A Component Unit of Greene County, Indiana

Management's Discussion and Analysis

December 31, 2021 and 2020

Introduction

This management's discussion and analysis of the financial performance of Greene County General Hospital (Hospital) provides an overview of the Hospital's financial activities for the years ended December 31, 2021 **and 2020**. It should be read in conjunction with the accompanying financial statements of the Hospital.

Financial Highlights

- Cash, restricted cash and investments increased in 2021 by \$1,852,648 or 10.8% compared to an increase of \$10,056,633 or 142.9% in 2020.
- The Hospital's net position increased in 2021 by \$4,050,405 or 36.6% compared to an increase of \$3,465,070 or 45.5% in 2020.
- The Hospital reported an operating loss in 2021 of \$3,570,339. The operating loss reported in 2021 represents an improvement of \$1,499,711 or 29.6% compared to operating loss reported in 2020 of \$5,070,050.
- Net nonoperating revenues for 2021 were \$7,620,744, which represented a decline of \$914,376 or 10.7% compared to net nonoperating revenues of \$8,535,120 in 2020.

Using This Annual Report

The Hospital's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any hospital's finances is "Is the hospital as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses and changes in net position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes in them. The Hospital's total net position—the difference between assets and liabilities—is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the Hospital.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

The Hospital's Net Position

The Hospital's net position is equal to its assets, less liabilities and deferred inflows of resources reported in the balance sheets. The Hospital's net position increased by \$4,050,405 or 36.6% in 2021 over 2020 compared to an increase in net position of \$3,465,070 or 45.5% in 2020 over 2019 as shown in Table 1.

Table 1: Assets, Liabilities, Deferred Inflows of Resources and Net Position

	2021	2020	2019
Assets			
Patient accounts receivable, net	\$ 8,466,093	\$ 8,259,899	\$ 9,486,007
Other current assets	20,550,394	19,907,081	8,916,900
Capital assets, net	14,823,114	10,624,758	10,110,117
Other noncurrent assets	1,267,596	1,044,197	1,029,583
Total assets	<u>\$ 45,107,197</u>	<u>\$ 39,835,935</u>	<u>\$ 29,542,607</u>
Liabilities			
Long-term debt	\$ 15,412,428	\$ 7,250,952	\$ 8,067,032
Other current and noncurrent liabilities	14,433,105	21,504,278	13,859,940
Total liabilities	<u>29,845,533</u>	<u>28,755,230</u>	<u>21,926,972</u>
Deferred Inflows of Resources	<u>130,554</u>	<u>-</u>	<u>-</u>
Net Position			
Net investment in capital assets	3,317,313	2,731,990	1,308,141
Restricted for debt service	857,164	658,885	654,688
Unrestricted	10,956,633	7,689,830	5,652,806
Total net position	<u>15,131,110</u>	<u>11,080,705</u>	<u>7,615,635</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 45,107,197</u>	<u>\$ 39,835,935</u>	<u>\$ 29,542,607</u>

At December 31, 2021, the Hospital's reported assets of \$45,107,197 represent a \$5,271,262 or 13.2% increase over 2020. The largest contributing factor was an increase in capital assets of \$4,198,356 or 39.5%. This increase was attributable to capital improvements and renovations in process as part of the Hospital's overall master facility planning.

At December 31, 2020, the Hospital's reported assets of \$39,835,935 represent a \$10,293,328 or 34.8% increase over 2019. The largest contributing factor was an increase in cash and investments of \$10,056,633 or 142.9%. This increase was attributable to funds received from the U.S. Department of Health and Human Services Provider Relief Fund, proceeds from the Hospital's Paycheck Protection Program loan payable and Medicare Advance Payments. The cash received for the Paycheck Protection Program loan payable and Medicare Advance Payments are recorded liabilities and are the contributing factor to the increase in total liabilities of \$6,828,258 or 31.1%.

Operating Results and Changes in the Hospital's Net Position

In 2021, the Hospital's increase in net position was \$4,050,405 or 36.6% as shown in Table 2. This increase is made up of several different components including the receipt of additional stimulus funding, increased patient volumes and higher operating expenses. The increase in net position represents a change of \$585,335 or 16.9% from the increase in net position for 2020 of \$3,465,070. The decrease in net position for 2019 was \$634,921.

Table 2: Operating Results and Changes in Net Position

	2021	2020	2019
Operating Revenues			
Net patient service revenue	\$ 69,387,665	\$ 66,004,125	\$ 66,124,199
Other operating revenue	6,048,927	4,766,110	4,246,254
Total operating revenue	<u>75,436,592</u>	<u>70,770,235</u>	<u>70,370,453</u>
Operating Expenses			
Salaries and wages and employee benefits	27,607,565	26,025,152	24,333,883
Purchased services and professional fees	29,759,281	29,115,525	27,066,824
Depreciation and amortization	1,300,892	1,142,746	1,117,843
Other operating expenses	20,339,193	19,556,862	18,365,242
Total operating expenses	<u>79,006,931</u>	<u>75,840,285</u>	<u>70,883,792</u>
Operating Loss	<u>(3,570,339)</u>	<u>(5,070,050)</u>	<u>(513,339)</u>
Nonoperating Revenues (Expenses)			
Investment income	54,545	65,813	87,189
Interest expense	(267,821)	(419,462)	(388,409)
Noncapital grants and contributions	4,345,298	8,870,099	154,495
Paycheck Protection Program loan forgiveness	3,822,000	-	-
Other	(333,278)	18,670	25,143
Total nonoperating revenue (expense)	<u>7,620,744</u>	<u>8,535,120</u>	<u>(121,582)</u>
Excess (Deficiency) of Revenues Over Expenses and Increase (Decrease) in Net Position	4,050,405	3,465,070	(634,921)
Net Position, Beginning of Year	<u>11,080,705</u>	<u>7,615,635</u>	<u>8,250,556</u>
Net Position, End of Year	<u>\$ 15,131,110</u>	<u>\$ 11,080,705</u>	<u>\$ 7,615,635</u>

Operating Income

The first component of the overall change in the Hospital's net position is its operating income or loss - generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services.

The operating loss was \$3,570,339 for 2021 compared to an operating loss of \$5,070,050 for 2020, which equates to an increase of \$1,499,711 or 29.6%. The operating loss for 2020 equates to a decrease of \$4,556,711 or 887.7% from an operating loss of \$513,339 in 2019. The primary components of the change in operating loss for 2021 are:

- Net patient service revenue was \$69,387,665 in 2021 compared to \$66,004,125 in 2020, which is an increase of \$3,383,540 or 5.1%. Net patient service revenue in 2020 represented a decrease of \$120,074 or 0.2% compared to 2019.
- Salaries and wages and employee benefits were \$27,607,565 for 2021 compared to \$26,025,152 in 2020, which is an increase of \$1,582,413 or 6.1%. Salaries and wages and employee benefits in 2020 represented an increase of \$1,691,269 or 7.0% compared to 2019.
- Purchased services and professional fees were \$29,759,281 for 2021 compared to \$29,115,525 in 2020, which is an increase of \$643,756 or 2.2%. Purchased services and professional fees in 2020 represented an increase of \$2,048,701 or 7.6% compared to 2019.

The increase in net patient service revenue in 2021 was largely driven by the recovery of patient volumes from the declines seen in 2020 as a result of the ongoing COVID-19 pandemic that impacted hospital volumes across the United States. The economic recovery also increased costs for hospital staff and supplies with labor shortages among healthcare workers and increased inflation.

The decrease in net patient service revenue in 2020 was largely driven by the onset of the COVID-19 pandemic that impacted hospital volumes with declines in non-essential medical procedures. The pandemic increased costs for hospital staff and supplies while hospitals prepared for and worked to prevent the spread of COVID-19.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income, interest expense, and noncapital grants and contributions. In 2021 and 2020, nonoperating revenues and expenses includes revenue recognized from the Provider Relief Fund. These distributions from the Provider Relief Fund are not subject to repayment, provided the Hospital is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services. Amounts recognized as nonoperating revenues related to Provider Relief Funds and other stimulus and grant revenues totaled \$2,635,543 and \$8,870,099 in 2021 and 2020, respectively. The Hospital recognized interest expense in 2021 of \$267,821, which was a decrease of \$151,641 from \$419,462 in 2020. This was a result of lower interest rates with the Hospital's bond refinancing efforts.

The Hospital's Cash Flows

The Hospital's cash flows from operating activities decreased by \$7,140,725 or 300.6% from \$2,375,606 provided by operations in 2020 to \$4,765,119 used in operations during 2021. In 2020, the Hospital's cash flows from operating activities increased by \$4,284,886 or 224.4% from \$1,909,280 used in operations in 2019. These changes are a result of the receipt of Medicare advance payments in 2020 and subsequent repayment in 2021. Cash flows provided by noncapital financing activities were \$3,931,605 in 2021, representing a decrease of \$6,718,339 from cash flows provided in 2020 of \$10,649,944. Cash flows provided by noncapital financing activities increased \$7,958,662 in 2020 from the cash flows provided in 2019 of \$2,691,282. The increase amounts reported in both years are driven primarily the receipt of Provider Relief funding and proceeds from the Paycheck Protection Program loan payable.

The Hospital had cash flows provided by investing activities of \$7,796,431 in 2021 compared to amounts used in investing activities totaling \$6,736,611 in 2020. This increase of \$14,533,042 is the result of purchases and sales of short-term investments as the Hospital managed its cash needs. Remaining changes in the Hospital's cash flows are consistent with the financing of capital improvements, borrowings and repayments of long-term debt during the year.

Capital Asset and Debt Administration

Capital Assets

At the end of 2021, the Hospital had \$14,823,114 invested in capital assets, net of accumulated depreciation, as detailed in Note 5 to the financial statements. In 2020, the Hospital acquired new building and equipment totaling \$5,598,459, compared to \$1,718,836 during 2020.

Debt

At December 31, 2021, the Hospital had \$16,269,660 in revenue bonds (and unamortized premium), notes payable to banks, and capital lease obligations outstanding as compared to \$11,714,768 at December 31, 2020. During 2021, the Hospital refunded its 2013 bond issuance with borrowings of \$14,855,74. Borrowings during the year under capital lease obligations totaled \$670,037 in 2021 compared to \$567,950 in 2020. The Hospital also has a Paycheck Protection Program loan payable of \$3,822,000 outstanding at December 31, 2020, which was forgiven in 2021.

At December 31, 2021, the Hospital had outstanding balances under its line of credit agreement totaling \$1,443,647, compared to \$1,342,671 at December 31, 2020, representing an increase of \$100,976 or 7.5%.

Other Economic Factors

Management believes the health care industry's and Hospital's operating results will continue to be under pressure due to changes in payor mix and growth in operating expenses. The ongoing challenge facing the Hospital is to continue to provide quality patient care in a competitive environment, and to attain reasonable rates for services provided while managing costs.

Additionally, uncertainty and business disruption surrounding the continued onset of COVID-19 have and will continue to impact the operations of the Hospital. The economic impact, contingent on the overall impact of the outbreak, may negatively impact the Hospital's payor and service mix and overall operating expenses.

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Hospital's Business Administration by telephoning (812) 847-2281.

Greene County General Hospital
A Component Unit of Greene County, Indiana
Balance Sheets
December 31, 2021 and 2020

Assets

	2021	2020
Current Assets		
Cash	\$ 12,558,765	\$ 8,092,978
Restricted cash	5,128,747	-
Short-term investments	-	7,980,239
Patient accounts receivable, net of allowance: 2021 - \$1,671,117, 2020 - \$1,537,991	8,466,093	8,259,899
Other receivables	1,236,472	1,096,926
Estimated third-party settlements	712,124	1,983,230
Supplies	523,662	414,823
Prepaid expenses and other	390,624	338,885
Total current assets	29,016,487	28,166,980
Noncurrent Cash and Investments		
Internally designated	402,679	362,605
Held by trustee for debt service	857,164	658,885
Total noncurrent cash and investments	1,259,843	1,021,490
Capital Assets, net	14,823,114	10,624,758
Other Assets	7,753	22,707
Total assets	\$ 45,107,197	\$ 39,835,935

Greene County General Hospital
A Component Unit of Greene County, Indiana
Balance Sheets (Continued)
December 31, 2021 and 2020

Liabilities, Deferred Inflows of Resources and Net Position

	<u>2021</u>	<u>2020</u>
Current Liabilities		
Current maturities of long-term debt	\$ 857,232	\$ 4,463,816
Line of credit	-	1,342,671
Accounts payable and accrued expenses	10,718,674	12,703,547
Unearned grant revenue	-	514,669
Estimated third-party settlements	1,413,552	804,509
Total current liabilities	<u>12,989,458</u>	<u>19,829,212</u>
Noncurrent Liabilities		
Other noncurrent liabilities	-	1,675,066
Line of credit	1,443,647	-
Long-term debt	15,412,428	7,250,952
Total noncurrent liabilities	<u>16,856,075</u>	<u>8,926,018</u>
 Total liabilities	 <u>29,845,533</u>	 <u>28,755,230</u>
 Deferred Inflows of Resources - gain on bond refunding	 <u>130,554</u>	 <u>-</u>
 Net Position		
Net investment in capital assets	3,317,313	2,731,990
Restricted for debt service	857,164	658,885
Unrestricted	10,956,633	7,689,830
Total net position	<u>15,131,110</u>	<u>11,080,705</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 45,107,197</u>	 <u>\$ 39,835,935</u>

Greene County General Hospital
A Component Unit of Greene County, Indiana
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2021 - \$5,323,214, 2020 - \$4,882,612	\$ 69,387,665	\$ 66,004,125
Other	6,048,927	4,766,110
Total operating revenues	75,436,592	70,770,235
Operating Expenses		
Salaries and wages	23,050,787	21,444,122
Employee benefits	4,556,778	4,581,030
Purchased services and professional fees	29,759,281	29,115,525
Supplies and other	18,358,064	17,362,331
Depreciation and amortization	1,300,892	1,142,746
Provider hospital assessment fee	1,981,129	2,194,531
Total operating expenses	79,006,931	75,840,285
Operating Loss	(3,570,339)	(5,070,050)
Nonoperating Revenues (Expenses)		
Investment income	54,545	65,813
Interest expense	(267,821)	(419,462)
Noncapital grants and contributions	4,345,298	8,870,099
Paycheck Protection Program loan forgiveness	3,822,000	-
Other	(333,278)	18,670
Total nonoperating revenues (expenses)	7,620,744	8,535,120
Excess of Revenues Over Expenses and Increase in Net Position	4,050,405	3,465,070
Net Position, Beginning of Year	11,080,705	7,615,635
Net Position, End of Year	\$ 15,131,110	\$ 11,080,705

Greene County General Hospital
A Component Unit of Greene County, Indiana
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Receipts from and on behalf of patients	\$ 70,817,948	\$ 72,880,773
Payments to suppliers and contractors	(48,161,644)	(44,648,064)
Payments to employees	(28,017,235)	(25,760,405)
Other payments	595,812	(96,698)
Net cash provided by (used in) operating activities	<u>(4,765,119)</u>	<u>2,375,606</u>
Noncapital Financing Activities		
Borrowings on line of credit	1,443,647	1,342,671
Repayments on line of credit	(1,342,671)	(3,899,495)
Proceeds from Paycheck Protection Program loan payable	-	3,822,000
Noncapital grants, contributions and transfers	3,830,629	9,384,768
Net cash provided by noncapital financing activities	<u>3,931,605</u>	<u>10,649,944</u>
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(4,692,144)	(1,150,886)
Proceeds from disposal of capital assets	74,427	-
Proceeds from issuance of bonds	14,855,742	-
Bond issuance costs	(310,438)	-
Principal paid on bonds payable and long-term debt	(6,688,540)	(1,217,860)
Principal paid on capital leases	(311,132)	(259,298)
Interest paid on long-term debt and capital leases	(296,298)	(425,356)
Net cash provided by (used in) capital and related financing activities	<u>2,631,617</u>	<u>(3,053,400)</u>
Investing Activities		
Interest and dividends on investments	14,471	29,618
Proceeds from disposition of investments	8,635,294	-
Purchases of investments	(853,334)	(6,784,899)
Other investing activities	-	18,670
Net cash provided by (used in) investing activities	<u>7,796,431</u>	<u>(6,736,611)</u>
Increase in Cash and Restricted Cash	9,594,534	3,235,539
Cash, Beginning of Year	<u>8,092,978</u>	<u>4,857,439</u>
Cash and Restricted Cash, End of Year	<u>\$ 17,687,512</u>	<u>\$ 8,092,978</u>
Reconciliation of Cash and Restricted Cash to the Balance Sheets		
Cash	\$ 12,558,765	\$ 8,092,978
Restricted cash	<u>5,128,747</u>	<u>-</u>
Total cash and restricted cash	<u>\$ 17,687,512</u>	<u>\$ 8,092,978</u>

Greene County General Hospital
A Component Unit of Greene County, Indiana
Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Operating Loss to Net Cash Provided by		
(Used in) Operating Activities		
Operating loss	\$ (3,570,339)	\$ (5,070,050)
Depreciation and amortization	1,300,892	1,142,746
Provision for uncollectible accounts	5,323,214	4,882,612
Loss from disposal of capital assets	-	61,449
Changes in operating assets and liabilities:		
Patient accounts receivable	(5,529,408)	(3,656,504)
Estimated amounts due to/from third-party payors	1,880,149	(824,420)
Accounts payable and accrued expenses	(3,884,457)	5,803,948
Supplies and other assets	(285,170)	35,825
	\$ (4,765,119)	\$ 2,375,606
 Supplemental Cash Flow Information		
Capital assets acquired through capital lease	\$ 670,037	\$ 567,950
Capital assets included in accounts payable and accrued expenses	234,334	-

Greene County General Hospital
A Component Unit of Greene County, Indiana
Notes to the Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Greene County General Hospital (Hospital) is an acute care hospital located in Linton, Indiana. The Hospital is a component unit of Greene County (County) and the Board of County Commissioners appoints members to the Board of Governors of the Hospital, pursuant to the provisions of Indiana Code 16-22-2-2. The Hospital primarily earns revenues by providing inpatient, outpatient, emergency care and primary care services to patients in the Greene County area.

The Hospital operates long-term facilities (LTC) through various lease arrangements. These facilities provide inpatient and therapy services in their geographic area and supports the Hospital's mission to provide quality services to the facilities' residents. The facilities are managed by third parties under various management agreements. The revenues from operations are recognized by the Hospital and the Hospital is responsible for associated operating expenses and working capital requirements.

In accordance with Governmental Auditing Standards Board (GASB) Statement No. 61, the financial statements include the financial statements of the Greene County General Hospital, LLC (LLC), and Greene County General Hospital Foundation, Inc. (Foundation). The operations of LLC ceased during 2018 with plans to complete dissolution and full liquidation in the normal course of business. The Foundation's purpose is to provide philanthropic support through fundraising and other activities for the acquisition of equipment, facility development and support of programs at the Hospital. These entities are reported as blended component units.

Separate financial statements for each blended component unit are available by contacting their respective management teams at:

Foundation - 409 NE A Street, Linton, IN 47441
LLC - 1185 North County Rd 1000 W, Linton, IN 47441

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

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Operating Activities

The Hospital defines operating activities, as reported in the statements of revenues, expenses and changes in net position, as those that generally result from exchange transactions, such as payments received for providing goods and services and payments made for goods and services received, as well as program-specific, government-mandated nonexchange transactions. Nearly all of the Hospital's expenses are from exchange transactions. Certain revenues relied upon for operations, such as noncapital grants and contributions, including government-mandated nonexchange transactions that are not program specific, investment income and interest on capital asset-related debt, are recorded as nonoperating revenues in accordance with GASB Statement No. 35.

Use of Estimates

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

Cash Equivalents

The Hospital considers all liquid investments available for use in operations with original maturities of three months or less to be cash equivalents. Highly liquid investments with original maturities of three months or less which are designated as short-term investments under the Hospital's investment policy are excluded from cash equivalents. At December 31, 2021 and 2020, the Hospital had no highly liquid investments considered cash equivalents.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Hospital is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

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Investments and Investment Income

Investments in money market accounts and mutual funds are carried at fair value. Fair value is determined using quoted market prices. Investments in government obligations funds are carried at their net asset value, which approximates fair value.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments carried at fair value.

Patient Accounts Receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients and others. The Hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Notes Receivable

Notes receivable are stated at their outstanding principal amounts, net of allowance for uncollectible notes. The Hospital provides an allowance for uncollectible notes, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

Land improvements	10 - 25 years
Buildings and improvements	5 - 40 years
Equipment	5 - 20 years

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Capital Asset Impairment

The Hospital evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended December 31, 2021 and 2020.

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability is expected to be paid within one year of the balance sheet date, and is therefore included in current liabilities.

Unearned Grant Revenue

Unearned grant revenue represents funds received from the Provider Relief Fund as authorized through the *Coronavirus Aid, Relief and Economic Security* (“CARES”) Act, and other state and local grants where the Hospital has not met the applicable eligibility requirements, including the incurrence of eligible expenses or lost revenues.

Deferred Inflows of Resources

The Hospital reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet.

Net Position

Net position of the Hospital is classified in three components. Net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted components of net position are noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining net position that do not meet the definition of net investment in capital assets or restricted net position.

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Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectable accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

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

Income Taxes

As an essential government function of the County, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files federal tax returns in the U.S. federal jurisdiction.

Future Accounting Standards

In fiscal year 2022, the Hospital will implement GASB Statement No. 87, *Leases*. The statement provides a new framework for accounting for leases under the principal that leases are financings and lessees should recognize an intangible asset and a corresponding liability while the lessor will recognize a lease receivable and related deferred inflow of resources. The Hospital has not determined the impact of this new standard on its financial statements; however, it could have a material future impact.

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Note 2: Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

Medicare

The Hospital is designated by Medicare as a critical access hospital (CAH). Inpatient acute care and swing bed services, and most outpatient services, are reimbursed based on a cost reimbursement methodology. Interim per diem rates for inpatient services and percent of charges for outpatient services are reimbursed throughout the year, with final settlement determined after submission of the annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

Long-term care services rendered to Medicare program beneficiaries are paid under a prospectively determined payment system on a per diem basis based on each resident's health at admission. Medicare reimburses for 100 days of skilled nursing facility care are subject to certain eligibility requirements.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. These rates vary according to the service provided and the patient diagnosis.

Long-term care services rendered to Medicaid program beneficiaries are paid on a per diem basis.

Approximately 79% and 72% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2021 and 2020, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital qualifies as a Medicaid Disproportionate Share Hospital (DSH) provider under Indiana law and, as such, is eligible to receive supplemental Medicaid payments. The amounts of these supplemental payments are dependent on regulatory approval by agencies of the federal and state governments and is determined by level, extent and cost of uncompensated care and various other factors. Supplemental payments have been made by the State of Indiana, and the Hospital records such amounts as revenue when it has been reasonably determined that the funds will be received. The Hospital recognized approximately \$1,200,000 within net patient service revenue related to this supplemental payment program for each of the years ended December 31, 2021 and 2020. Amounts outstanding at December 31, 2021 and 2020 totaled \$599,000 and are accrued as a receivable in estimated third-party settlements. These amounts represent management's best estimate of DSH funds due to the Hospital, which are typically paid in arrears.

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The Hospital participates in a state-specific provider assessment program to increase Medicaid payments to hospitals. The Hospital incurred approximately \$1,981,000 and \$2,195,000 of assessed fees related to this Medicaid program in 2021 and 2020, respectively, which is recorded as an operating expense in the statements of revenues, expenses and changes in net position. Amounts outstanding under the assessment fee program at December 31, 2021 and 2020 approximated \$1,393,000 and \$805,000, respectively, and are included in estimated third-party settlements.

The Hospital's Medicaid Inpatient Utilization Rate (MIUR) is measured against state-wide thresholds, as defined by state regulation, during periodic measurement periods. A benefit of having a MIUR exceeding this threshold includes a 25% reduction in the provider assessment fee. The provider assessment fee program is subject to further retroactive rate setting by the state of Indiana and its Medicaid program.

The state measures MIUR percentages no less than every four years and no more than every two years. At each measurement period, the state-defined MIUR threshold changes, which affects the Hospital's eligibility status. The Hospital was notified its MIUR fell below initial state-wide thresholds for the 24-month period ending June 30, 2021. This change in MIUR eligibility will affect the Hospital's ability to receive the 25% provider assessment fee reduction when fees are finalized. As a result, the Hospital recognized additional fees representing the 25% benefit for the period July 1, 2019 through June 30, 2021. Any change in the amount of tax due as a result of future rate changes will be recorded in the period assessments are made. The Hospital has not received its assessment for the period from July 1, 2021 through December 31, 2021 and fees were estimated without the 25% benefit.

The long-term care operations of the Hospital qualify for supplemental Medicaid payments through the Upper Payment Limit (UPL) program. The UPL is established to pay qualifying providers the difference between what Medicare would have paid and what Medicaid actually paid. The UPL is distributed through an intergovernmental transfer (IGT) arrangement. The Hospital is responsible for funding the IGT for the long-term care operations. Revenue associated with the UPL program is recorded net of IGT payments made to the program. The Hospital recognized approximately \$3,789,000 and \$2,967,000 related to this supplemental payment program for the years ended December 31, 2021 and 2020, respectively, which is included in other operating revenue in the statements of revenues, expenses and changes in net position. At December 31, 2021 and 2020, \$684,000 and \$864,000, respectively, were accrued and included in other receivables.

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

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Note 3: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Deposits with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation (FDIC) or by the Indiana Public Deposit Insurance Fund (IPDIF). This includes any deposit accounts issued or offered by a qualifying financial institution. Accordingly, all deposits in excess of FDIC levels are covered by the IPDIF and are considered collateralized.

Investments

The Hospital may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest in certain deposit accounts, mutual funds, repurchase agreements and pooled investment funds as authorized by Indiana Code 16-22-3-20.

At December 31, 2021 and 2020, the Hospital's investments consisted of the following investments and maturities:

December 31, 2021					
Type	Fair Value	Maturities in Years			
		Less	1-5	6-10	More
		Than 1			
Government obligations funds	\$ 857,164	\$ 857,164	\$ -	\$ -	\$ -
Equity mutual funds	264,349	264,349	-	-	-
Fixed income mutual funds	138,330	138,330	-	-	-
	<u>\$ 1,259,843</u>	<u>\$ 1,259,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2020					
Type	Fair Value	Maturities in Years			
		Less	1-5	6-10	More
		Than 1			
Money market accounts	\$ 7,980,239	\$ 7,980,239	\$ -	\$ -	\$ -
Government obligations funds	658,885	658,885	-	-	-
Equity mutual funds	248,492	248,492	-	-	-
Fixed income mutual funds	114,113	114,113	-	-	-
	<u>\$ 9,001,729</u>	<u>\$ 9,001,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Hospital does not have a formal policy for interest rate risk.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Hospital does not have a formal investment policy for credit risk. At December 31, 2021, the Hospital's investments were not rated by Standard & Poor's or by Moody's Investors Service.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Hospital's investment policy does not address how securities underlying repurchase agreements are to be held.

Concentration of Credit Risk - The Hospital places no limit on the amount that may be invested in any one issuer.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	<u>2021</u>	<u>2020</u>
Carrying value:		
Deposits	\$ 17,687,512	\$ 8,092,978
Investments	1,259,843	9,001,729
	<u>\$ 18,947,355</u>	<u>\$ 17,094,707</u>
Included in the following balance sheet captions:		
Cash	\$ 12,558,765	\$ 8,092,978
Restricted cash	5,128,747	-
Short-term investments	-	7,980,239
Noncurrent cash and investments		
Internally designated	402,679	362,605
Held by trustee for debt service	857,164	658,885
	<u>\$ 18,947,355</u>	<u>\$ 17,094,707</u>

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Investment Income

Investment income for the years ended December 31, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 14,471	\$ 29,618
Net increase in fair value of investments	<u>40,074</u>	<u>36,195</u>
	<u>\$ 54,545</u>	<u>\$ 65,813</u>

Note 4: Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable at December 31, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Medicare	\$ 3,268,560	\$ 2,985,327
Medicaid	1,797,881	1,801,909
Other third-party payors	3,272,316	3,330,241
Patients	<u>1,798,453</u>	<u>1,680,413</u>
	10,137,210	9,797,890
Less allowance for uncollectible accounts	<u>1,671,117</u>	<u>1,537,991</u>
	<u>\$ 8,466,093</u>	<u>\$ 8,259,899</u>

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Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 7: Employee Health Claims

Substantially all of the Hospital's employees and their dependents are eligible to participate in the Hospital's employee health insurance plan. The Hospital is self-insured for health claims of participating employees and dependents. Commercial stop-loss insurance coverage is purchased for claims in excess of \$75,000 for years ended December 31, 2021 **and 2020**, with a maximum aggregate annual reimbursement of \$1,000,000. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term.

Activity in the Hospital's accrued employee health claims liability during 2021 and 2020 are summarized as follows:

	2021	2020
Balance, beginning of year	\$ 243,700	\$ 285,200
Current year claims incurred and changes in estimates for claims incurred in prior years	2,454,030	2,538,635
Claims and expenses paid	(2,537,730)	(2,580,135)
Balance, end of year	\$ 160,000	\$ 243,700

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Lease Rental Revenue Refunding Bonds, Series 2013

The Lease Rental Revenue Refunding Bonds, Series 2013 consist of bonds payable in the original amount of \$8,945,000 dated December 24, 2013, issued by the Greene County Hospital Association (Association). The Hospital entered into an agreement with the Association where the Hospital would be responsible for 100% of the principal and interest payments on these bonds. The bonds were refunded with the issuance of Series 2021 lease rental revenue refunding bonds, Series 2021, outlined below. The bonds were payable in semiannual installments through August 2034 with interest at 0.50% to 4.50%. The bonds were secured by the lease rental payments pledged by the Hospital to be paid from net operating revenues.

Lease Rental Revenue Refunding Bonds, Series 2021

The Lease Rental Revenue Refunding Bonds, Series 2021A and 2021B consist of bonds payable in the original amount of \$12,920,000 (nontaxable) and \$1,205,000 (taxable), respectively, dated September 8, 2021, issued by the Association. The net proceeds were used to refund the Series 2013 bonds with a reacquisition price of \$6,332,985 and for specific long-term capital projects. The Hospital entered into an agreement with the Association where the Hospital would be responsible for 100% of the principal and interest payments on these bonds. The Series 2021A bonds are payable in semiannual installments through August 2043 and bear interest at 2.38% to 3.00%. The Series 2021B bonds are payable in semiannual installments through August 2031 and bear interest at 0.50% to 2.35%. The bonds are secured by the lease rental payments pledged by the Hospital to be paid from net operating revenues. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$138,143. This resulting gain was included in gain on bond refunding, reported in the accompanying financial statements as a deferred inflow of resources, and is being charged to interest expense through the year 2043 using the effective interest method.

The debt service requirements as of December 31, 2021 are as follows:

Year Ending December 31	Total to be Paid	Principal	Interest
2022	\$ 875,026	\$ 515,000	\$ 360,026
2023	846,057	485,000	361,057
2024	848,473	500,000	348,473
2025	850,348	515,000	335,348
2026	846,623	525,000	321,623
2027 - 2031	4,244,971	2,865,000	1,379,971
2032 - 2036	4,217,063	3,285,000	932,063
2037 - 2041	4,216,388	3,785,000	431,388
2042 - 2043	1,686,219	1,650,000	36,219
	<u>\$ 18,631,168</u>	<u>\$ 14,125,000</u>	<u>\$ 4,506,168</u>

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Notes Payable to Banks

The notes payable to banks consist of multiple agreements with due dates ranging from January 2022 through June 2024. During 2021, the Hospital paid off all notes payable, except one note which totaled \$1,612 at the end of the year. Principal and interest on the remaining outstanding note is payable monthly with interest of 7.3% with remaining amounts due in 2021. The remaining note is secured by certain capital assets of the Hospital.

Capital Lease Obligations

The Hospital is obligated under lease for buildings and equipment that are accounted for as capital leases. The following is a schedule by year of future minimum lease payments under capital leases including interest at rates of 3.5% to 4.4% together with the present value of the future minimum lease payments at December 31, 2021:

2022	\$	343,454
2023		339,187
2024		263,444
2025		240,616
2026		195,660
2027		107,794
Total minimum lease payments		<u>1,490,155</u>
Less amount representing interest		<u>66,777</u>
Present value of future minimum lease payments	\$	<u><u>1,423,378</u></u>

The capital leases are secured by the related assets as collateral. Assets under capital leases at December 31, 2021 **and 2020** totaled:

	<u>2021</u>	<u>2020</u>
Buildings	\$ 315,000	\$ 315,000
Major moveable equipment	1,977,122	1,307,085
Accumulated depreciation	<u>(657,369)</u>	<u>(498,061)</u>
	<u>\$ 1,634,753</u>	<u>\$ 1,124,024</u>

Revolving Lines of Credit

At December 31, 2021, the Hospital has two lines of credit with a local bank in the amounts of \$1,750,000 and \$2,000,000, which mature January 2023. Previously, the Hospital had a \$4,000,000 line of credit which expired in 2021. Interest on outstanding draws of the respective lines accrues at the bank's prime rate, which was 3.25% at December 31, 2021. The lines of credit are secured by certain assets of the Hospital. At December 31, 2021 **and 2020**, \$1,443,647 and \$1,342,671, respectively, were drawn against the respective lines of credit. The balance at December 31, 2021 is classified as long-term given the maturity date in 2023.

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Paycheck Protection Program Loan Payable

During 2020, the Hospital borrowed \$3,822,000 through the Small Business Association (SBA) Paycheck Protection Program (PPP) as authorized by the *Coronavirus Aid, Relief, and Economic Security* (“CARES”) Act and other subsequent legislation. The loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan has an interest rate of 1 percent, with payments due monthly starting ten months after the end of the Hospital’s loan forgiveness covered period. The loan, if not forgiven, matures in April 2022, two years from the date proceeds were received.

As of December 31, 2020, the Hospital had not received formal approval for forgiveness of the loan. As such, the Hospital elected to account for the funding in accordance with GASB Statement 62, and for 2020, the PPP loan is included on the accompanying balance sheet as current maturities of long-term debt and is included on the accompanying statement of cash flows as cash provided by noncapital financing activities.

In June 2021, the Hospital received legal notice that the PPP loan was forgiven in its entirety and recognized the gain from extinguishment as other nonoperating revenue on the accompanying statements of revenues, expenses and changes in net position.

Note 9: Operating Leases

The Hospital and Foundation lease various buildings and equipment under operating leases, which expire in various years through 2030. These leases contain various renewal options and require the entities to pay all property taxes, maintenance utilities and insurance in addition to monthly rental amounts.

Future minimum lease payments at December 31, 2021 were:

2022		\$ 314,997
2023		284,450
2024		273,165
2025		238,515
2026		238,515
Thereafter		639,206
Future minimum lease payments		\$ 1,988,848

Rental expense for all operating leases, including short-term rentals and service agreements on leased equipment and excluding leases for nursing home operations included in Note 12, was \$747,000 and \$900,000 during the years ended December 31, 2021 **and 2020**, respectively.

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Note 10: Pension Plan

The Hospital contributes to a defined-contribution pension plan, as authorized by Indiana Code 16-22-3-11, covering substantially all employees of the Hospital. Pension expense is recorded for the amount of the Hospital's required contributions, determined in accordance with the terms of the plan. The plan is administered by a board of trustees appointed by the Hospital. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Hospital's governing body. Contribution rates for plan members and the Hospital expressed as a percentage of covered payroll was 5% of an employee's eligible compensation for both 2021 and 2020. Expense related to the employer contributions to the plan was \$519,000 and \$631,000 for 2021 and 2020, respectively.

Note 11: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Investments by fair value level				
Equity mutual funds	\$ 264,349	\$ 264,349	\$ -	\$ -
Fixed income mutual funds	138,330	138,330	-	-
Total investments measured by fair value level	402,679	\$ 402,679	\$ -	\$ -
Investments measured at net asset value (NAV)				
Government obligations funds	857,164			
Total investments measured at fair value	\$ 1,259,843			
December 31, 2020				
Investments by fair value level				
Money market accounts	\$ 7,980,239	\$ 7,980,239	\$ -	\$ -
Equity mutual funds	248,492	248,492	-	-
Fixed income mutual funds	114,113	114,113	-	-
Total investments measured by fair value level	8,342,844	\$ 8,342,844	\$ -	\$ -
Investments measured at net asset value (NAV)				
Government obligations funds	658,885			
Total investments measured at fair value	\$ 9,001,729			

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Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Hospital does not have any Level 2 or Level 3 assets at December 31, 2021 **and 2020**.

Note 12: Long-Term Care Operations

The Hospital entered into various agreements to lease the facilities and equipment for the operation of five nursing homes. Along with the lease agreements, the Hospital also entered into management agreements with the facilities' previous managers (Managers) to continue to operate the facilities. The agreements included original two year maturities with optional two-year extensions. The management and lease agreements include optional termination clauses by either party with 90 days' written notice.

The lease agreements call for monthly base rent payments during the initial term. Rental payments will increase by 1% during the extension period if not negotiated between the parties. The management agreements include management fees consisting of base management fees, subordinate management fees and incentive management fees. These amounts are based on the net patient service revenue of the individual facilities. Subordinate and incentive management fees are to be paid only if sufficient working capital exists as outlined in the agreements. The agreements also call for annual quality and monthly intangible licensing fees to be paid. Rental expense, management and other fees for 2021 and 2020 approximated \$1,354,000 and \$2,955,000, respectively, and include fee forgiveness amounts provided by managers based on available working capital to satisfy fees. In 2021, managers subsidized operations by forgiveness of other working capital amounts approximating \$871,000, which is included within noncapital grants and contributions within the statement of revenues, expenses and changes in net position.

Under the management agreements, the employees necessary to operate the facilities are contracted by the Hospital. The majority of all costs in the ordinary course of business are paid by the Managers who are then reimbursed by the Hospital from operations of the facilities. Similarly, the Hospital has entered into agreements with Managers to loan amounts for working capital needs in the form of revolving notes. Interest accrues on outstanding amounts at nominal rates. Consequently, the majority of accounts payable and accrued expenses of the long-term care operations approximating \$7,700,000 and \$6,300,000 at December 31, 2021 **and 2020**, respectively, reflect amounts due to the Managers and their vendors.

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Note 13: Agreements With Greene County Health, Inc.

The Hospital has a Support Funding and Loan Agreement with Greene County Health, Inc. (INC) which was entered into to fund working capital shortfalls of INC, an entity formed from Hospital primary care operations, as it pursued Federally Qualified Health Center status. In 2018, the Hospital and INC entered into a memorandum of agreement to terminate existing arrangements between the entities, which included facility and staff lease agreements. The Support Funding and Loan Agreement are to remain in full force without modification. With the termination, the Hospital assumed operations of four clinics, which are operated by the Hospital as licensed rural health clinics.

The Support Funding and Loan Agreement, as amended, requiring monthly repayments over a 10 year period beginning October 1, 2018 with final maturity on September 28, 2028. Total advances and accrued interest under the support and loan agreement approximate \$4,614,000 as of December 31, 2021 and 2020. No scheduled repayments under the agreement have occurred and the Hospital has deemed the entire balance to be uncollectible at December 31, 2021 and 2020. The Hospital has issued a formal notice of default and demand for payment and has stopped accruing interest given the likelihood of collection.

Other amounts due from INC under various agreements approximates \$961,000 at December 31, 2021 and 2020, which are fully reserved based on an assessment of collectability by Hospital management.

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Note 14: Condensed Combining Information

The following tables include condensed combining balance sheet information for the Hospital and its blended component units as of December 31, 2021 and 2020:

	December 31, 2021			
	Hospital	Foundation	Eliminations	Total
Assets				
Current assets	\$ 32,128,354	\$ 132,389	\$ (3,244,256)	\$ 29,016,487
Capital assets, net	14,605,435	217,679	-	14,823,114
Other assets	1,267,596	-	-	1,267,596
Total assets	\$ 48,001,385	\$ 350,068	\$ (3,244,256)	\$ 45,107,197
Liabilities				
Current liabilities	\$ 17,657,564	\$ 19,797	\$ (3,244,256)	\$ 14,433,105
Noncurrent liabilities	15,412,428	-	-	15,412,428
Total liabilities	33,069,992	19,797	(3,244,256)	29,845,533
Deferred Inflows of Resources	130,554			130,554
Net Position				
Net investment in capital assets	3,099,634	217,679	-	3,317,313
Restricted for debt service	857,164	-	-	857,164
Unrestricted net position	10,844,041	112,592	-	10,956,633
Total net position	14,800,839	330,271	-	15,131,110
Total liabilities, deferred inflows of resources and net position	\$ 48,001,385	\$ 350,068	\$ (3,244,256)	\$ 45,107,197

	December 31, 2020				
	Hospital	LLC	Foundation	Eliminations	Total
Assets					
Current assets	\$ 29,805,920	\$ 264,508	\$ 79,322	\$ (1,982,770)	\$ 28,166,980
Capital assets, net	10,345,191	-	279,567	-	10,624,758
Other assets	1,044,197	-	-	-	1,044,197
Total assets	\$ 41,195,308	\$ 264,508	\$ 358,889	\$ (1,982,770)	\$ 39,835,935
Liabilities					
Current liabilities	\$ 21,565,843	\$ 206,506	\$ 39,633	\$ (1,982,770)	\$ 19,829,212
Noncurrent liabilities	8,926,018	-	-	-	8,926,018
Total liabilities	30,491,861	206,506	39,633	(1,982,770)	28,755,230
Net Position					
Net investment in capital assets	2,452,423	-	279,567	-	2,731,990
Restricted for debt service	658,885	-	-	-	658,885
Unrestricted net position	7,592,139	58,002	39,689	-	7,689,830
Total net position	10,703,447	58,002	319,256	-	11,080,705
Total liabilities and net position	\$ 41,195,308	\$ 264,508	\$ 358,889	\$ (1,982,770)	\$ 39,835,935

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The following tables include condensed combining statements of revenues, expenses and changes in net position information for the Hospital and its blended component units for the years ended December 31, 2021 and 2020.

	Year Ended December 31, 2021				
	Hospital	LLC	Foundation	Eliminations	Total
Operating Revenues					
Net patient service revenue	\$ 69,387,665	\$ -	\$ -	\$ -	\$ 69,387,665
Other	6,048,787	140	-	-	6,048,927
Total operating revenues	<u>75,436,452</u>	<u>140</u>	<u>-</u>	<u>-</u>	<u>75,436,592</u>
Operating Expenses	78,822,146	15	184,770	-	79,006,931
Operating Income (Loss)	(3,385,694)	125	(184,770)	-	(3,570,339)
Nonoperating Revenue	7,527,883	-	92,861	-	7,620,744
Transfers	(44,797)	(58,127)	102,924	-	-
Increase (Decrease) in Net Position	4,097,392	(58,002)	11,015	-	4,050,405
Net Position, Beginning of Year	<u>10,703,447</u>	<u>58,002</u>	<u>319,256</u>	<u>-</u>	<u>11,080,705</u>
Net Position, End of Year	<u>\$ 14,800,839</u>	<u>\$ -</u>	<u>\$ 330,271</u>	<u>\$ -</u>	<u>\$ 15,131,110</u>

	Year Ended December 31, 2020					
	Hospital	LLC	HHC	Foundation	Eliminations	Total
Operating Revenues						
Net patient service revenue	\$ 66,004,125	\$ -	\$ -	\$ -	\$ -	\$ 66,004,125
Other	4,759,014	7,096	-	-	-	4,766,110
Total operating revenues	<u>70,763,139</u>	<u>7,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,770,235</u>
Operating Expenses	75,595,873	1,591	1,081	241,740	-	75,840,285
Operating Income (Loss)	(4,832,734)	5,505	(1,081)	(241,740)	-	(5,070,050)
Nonoperating Expense	8,399,583	-	-	135,537	-	8,535,120
Transfers	(69,083)	770	(30,214)	98,527	-	-
Increase (Decrease) in Net Position	3,497,766	6,275	(31,295)	(7,676)	-	3,465,070
Net Position, Beginning of Year	<u>7,205,681</u>	<u>51,727</u>	<u>31,295</u>	<u>326,932</u>	<u>-</u>	<u>7,615,635</u>
Net Position, End of Year	<u>\$ 10,703,447</u>	<u>\$ 58,002</u>	<u>\$ -</u>	<u>\$ 319,256</u>	<u>\$ -</u>	<u>\$ 11,080,705</u>

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The following tables include condensed combining statements of cash flows information for the Hospital and its blended component units for the years ended December 31, 2021 and 2020.

	Year Ended December 31, 2021				
	Hospital	LLC	Foundation	Eliminations	Total
Operating Activities	\$ (4,399,949)	\$ (206,381)	\$ (158,789)	\$ -	\$ (4,765,119)
Noncapital Financing Activities	3,820,330	(58,127)	169,402	-	3,931,605
Capital and Related Financing	2,562,053	-	69,564	-	2,631,617
Investing Activities	7,796,431	-	-	-	7,796,431
Increase (Decrease) in Cash and Restricted Cash	9,778,865	(264,508)	80,177	-	9,594,534
Cash, Beginning of Year	7,776,458	264,508	52,012	-	8,092,978
Cash and Restricted Cash, End of Year	<u>\$ 17,555,323</u>	<u>\$ -</u>	<u>\$ 132,189</u>	<u>\$ -</u>	<u>\$ 17,687,512</u>

	Year Ended December 31, 2020					
	Hospital	LLC	HHC	Foundation	Eliminations	Total
Operating Activities	\$ 2,233,466	\$ 233,117	\$ (1,081)	\$ (89,896)	\$ -	\$ 2,375,606
Noncapital Financing Activities	10,580,861	770	(30,214)	98,527	-	10,649,944
Capital and Related Financing	(3,053,400)	-	-	-	-	(3,053,400)
Investing Activities	(6,736,611)	-	-	-	-	(6,736,611)
Increase (Decrease) in Cash	3,024,316	233,887	(31,295)	8,631	-	3,235,539
Cash, Beginning of Year	4,752,142	30,621	31,295	43,381	-	4,857,439
Cash, End of Year	<u>\$ 7,776,458</u>	<u>\$ 264,508</u>	<u>\$ -</u>	<u>\$ 52,012</u>	<u>\$ -</u>	<u>\$ 8,092,978</u>

Note 15: Commitments and Contingencies

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

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Medicare Compliance

As a Medicare participating provider, the Hospital routinely assesses its compliance with a comprehensive framework of state and federal regulatory requirements. On October 10, 2014, the Hospital self-disclosed a regulatory compliance matter to the Center for Medicare and Medicaid Services (CMS) of the U.S. Department of Health and Human Services that involved technical compliance with certain requirements related to a limited number of physician financial relationships. These technical errors were discovered by Hospital administration during a review of its physician financial arrangements. This matter is still pending and the Hospital has not entered into any settlement discussions with CMS, therefore, the Hospital believes it is too early to determine a likely outcome or a likely amount of damages that CMS may assess against the Hospital.

Note 16: COVID-19 Pandemic, CARES Act Funding and Other Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

The Hospital's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The Hospital has taken precautionary steps to enhance its operational and financial flexibility, and react to the risks the COVID-19 pandemic presents to its business, including the implementation of temporary targeted cost reduction initiatives and reduction of certain planned projects and capital expenditures.

The extent of the COVID-19 pandemic's adverse effect on the Hospital's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Hospital's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or recommended suspensions of elective procedures, declines in patient volumes for an indeterminable length of time, increases in the number of uninsured and underinsured patients as a result of higher sustained rates of unemployment, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure.

Because of these and other uncertainties, the Hospital cannot estimate the length or severity of the effect of the pandemic on the Hospital's business. Decreases in cash flows and results of operations may have an effect on access to liquidity and on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

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Provider Relief Funds

During the years ended December 31, 2021 and 2020, the Hospital received \$2,327,000 and \$8,651,000 of distributions from the CARES Act Provider Relief Fund. These distributions from the Provider Relief Fund are not subject to repayment, provided the Hospital is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses and lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services (HHS).

The Hospital accounts for such payments as voluntary nonexchange transactions in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Payments are recognized as eligibility requirements have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Hospital's operating revenues and expenses through year-end, the Hospital recognized approximately \$2,636,000 and \$8,137,000, respectively, during the years ended December 31, 2021 and 2020, related to the Provider Relief Fund, and these payments are recorded within noncapital grants and contributions within the statement of revenues, expenses and changes in net position. The Hospital voluntarily refunded \$205,000 received by the LLC, which was no longer in operation. The unrecognized amount of Provider Relief Fund distributions are recorded as part of unearned grant revenue in the accompanying balance sheets at December 31, 2020. There were no unrecognized amounts at December 31, 2021.

Guidance for reporting use of Provider Relief Fund payments received has changed significantly since distributions were authorized through the CARES Act in March 2020. The Hospital has evaluated the "Post-Payment Notice of Reporting Requirements" (Notice) and the Frequently Asked Questions (FAQs) issued by HHS subsequent to December 31, 2021 in accordance with GASB codification Section 2250 and have concluded as follows:

- July 1, 2021 FAQs – recognized

The Hospital has recognized revenue from the Provider Relief Fund based on guidance issued by HHS as of December 31, 2021 and any clarifications issued by HHS subsequent to year-end, including any referenced above as recognized subsequent events. The Hospital will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Hospital's revenues and expenses. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the Hospital is unable to attest to or comply with current or future terms and conditions, its ability to retain some or all of the distributions received may be affected. Additionally, the amounts recorded in the financial statements compared to the Hospital's Provider Relief Fund reporting could differ. Provider Relief Fund payments are subject to government oversight, including potential audits.

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Medicare Advance Payments

During the year ended December 31, 2020, the Hospital requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts are expected to be recaptured by CMS according to the payback provisions.

Effective September 30, 2020, the payback provisions were revised and extended the payback period to begin one year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period will be at 25 percent of the remittance advice payment followed by a six-month payback period at 50 percent of the remittance advice payment. After 29 months, CMS expects any amount not paid back through the withhold amounts to be paid back in a lump-sum amount or interest will begin to accrue subsequent to the 29 months at a rate of 4 percent.

During the year ended December 31, 2020, the Hospital received approximately \$3,743,000 from these accelerated Medicare payment requests. The amount of accelerated Medicare payment requests totaling \$2,068,000, which are payable within one year of the balance sheet are recorded under the caption, accounts payable and accrued expenses in the accompanying balance sheets. Amounts expected to be paid back subsequent to December 31, 2020 totaling \$1,675,000 are recorded as other long-term liabilities as of December 31, 2020. During 2021, the Hospital voluntarily paid amounts that had not been recouped in full and there are no outstanding Medicare advance payments at December 31, 2021.

Other Information

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Combining Balance Sheet Information
December 31, 2021

	2021				
	Hospital	Nursing Homes	Hospital Foundation	Eliminations	Total
Assets					
Current Assets					
Cash	\$ 8,130,264	\$ 4,296,312	\$ 132,189	\$ -	\$ 12,558,765
Restricted cash	5,128,747	-	-	-	5,128,747
Patient accounts receivable, net of allowance of \$1,671,117	5,656,225	2,809,868	-	-	8,466,093
Other receivables	2,184,653	2,295,875	200	(3,244,256)	1,236,472
Estimated third-party settlements	712,124	-	-	-	712,124
Supplies	523,662	-	-	-	523,662
Prepaid expenses and other assets	341,920	48,704	-	-	390,624
Total current assets	<u>22,677,595</u>	<u>9,450,759</u>	<u>132,389</u>	<u>(3,244,256)</u>	<u>29,016,487</u>
Noncurrent Cash and Investments					
Internally designated	402,679	-	-	-	402,679
Held by trustee for debt service	857,164	-	-	-	857,164
Total noncurrent cash and investments	<u>1,259,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,259,843</u>
Capital Assets, net	<u>14,605,435</u>	<u>-</u>	<u>217,679</u>	<u>-</u>	<u>14,823,114</u>
Other Assets	<u>7,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,753</u>
Total assets	<u>\$ 38,550,626</u>	<u>\$ 9,450,759</u>	<u>\$ 350,068</u>	<u>\$ (3,244,256)</u>	<u>\$ 45,107,197</u>
Liabilities and Net Position					
Current Liabilities					
Current maturities of long-term debt	\$ 857,232	\$ -	\$ -	\$ -	\$ 857,232
Line of credit	1,443,647	-	-	-	1,443,647
Accounts payable and accrued expenses	6,239,295	7,703,838	19,797	(3,244,256)	10,718,674
Estimated third-party settlements	1,413,552	-	-	-	1,413,552
Total current liabilities	<u>9,953,726</u>	<u>7,703,838</u>	<u>19,797</u>	<u>(3,244,256)</u>	<u>14,433,105</u>
Noncurrent Liabilities					
Long-term obligations	15,412,428	-	-	-	15,412,428
Total noncurrent liabilities	<u>15,412,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,412,428</u>
Total liabilities	<u>25,366,154</u>	<u>7,703,838</u>	<u>19,797</u>	<u>(3,244,256)</u>	<u>29,845,533</u>
Deferred Inflows of Resources - gain on bond refunding	<u>130,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,554</u>
Net Position					
Net investment in capital assets	3,099,634	-	217,679	-	3,317,313
Restricted for debt service	857,164	-	-	-	857,164
Unrestricted	9,097,120	1,746,921	112,592	-	10,956,633
Total net position	<u>13,053,918</u>	<u>1,746,921</u>	<u>330,271</u>	<u>-</u>	<u>15,131,110</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 38,550,626</u>	<u>\$ 9,450,759</u>	<u>\$ 350,068</u>	<u>\$ (3,244,256)</u>	<u>\$ 45,107,197</u>

Greene County General Hospital
A Component Unit of Greene County, Indiana
Combining Balance Sheet Information
December 31, 2020

	2020					Total
	Hospital	Nursing Homes	LLC	Hospital Foundation	Eliminations	
Assets						
Current Assets						
Cash	\$ 2,371,480	\$ 5,404,978	\$ 264,508	\$ 52,012	\$ -	\$ 8,092,978
Short-term investments	7,980,239	-	-	-	-	7,980,239
Patient accounts receivable, net of allowance of \$1,537,991	5,429,892	2,830,007	-	-	-	8,259,899
Other receivables	1,545,909	1,509,477	-	24,310	(1,982,770)	1,096,926
Estimated third-party settlements	1,983,230	-	-	-	-	1,983,230
Supplies	386,960	27,863	-	-	-	414,823
Prepaid expenses and other assets	291,424	44,461	-	3,000	-	338,885
Total current assets	<u>19,989,134</u>	<u>9,816,786</u>	<u>264,508</u>	<u>79,322</u>	<u>(1,982,770)</u>	<u>28,166,980</u>
Noncurrent Cash and Investments						
Internally designated	362,605	-	-	-	-	362,605
Held by trustee for debt service	658,885	-	-	-	-	658,885
Total noncurrent cash and investments	<u>1,021,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,021,490</u>
Capital Assets, net						
	<u>10,345,191</u>	<u>-</u>	<u>-</u>	<u>279,567</u>	<u>-</u>	<u>10,624,758</u>
Other Assets						
	<u>22,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,707</u>
Total assets	<u>\$ 31,378,522</u>	<u>\$ 9,816,786</u>	<u>\$ 264,508</u>	<u>\$ 358,889</u>	<u>\$ (1,982,770)</u>	<u>\$ 39,835,935</u>
Liabilities and Net Position						
Current Liabilities						
Current maturities of long-term debt	\$ 4,463,816	\$ -	\$ -	\$ -	\$ -	\$ 4,463,816
Line of credit	1,342,671	-	-	-	-	1,342,671
Accounts payable and accrued expenses	7,057,150	7,589,534	-	39,633	(1,982,770)	12,703,547
Unearned grant revenue	-	308,163	206,506	-	-	514,669
Estimated third-party settlements	804,509	-	-	-	-	804,509
Total current liabilities	<u>13,668,146</u>	<u>7,897,697</u>	<u>206,506</u>	<u>39,633</u>	<u>(1,982,770)</u>	<u>19,829,212</u>
Noncurrent Liabilities						
Other accrued liabilities	1,675,066	-	-	-	-	1,675,066
Long-term obligations	7,250,952	-	-	-	-	7,250,952
Total noncurrent liabilities	<u>8,926,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,926,018</u>
Total liabilities	<u>22,594,164</u>	<u>7,897,697</u>	<u>206,506</u>	<u>39,633</u>	<u>(1,982,770)</u>	<u>28,755,230</u>
Net Position						
Net investment in capital assets	2,452,423	-	-	279,567	-	2,731,990
Restricted for debt service	658,885	-	-	-	-	658,885
Unrestricted	5,673,050	1,919,089	58,002	39,689	-	7,689,830
Total net position	<u>8,784,358</u>	<u>1,919,089</u>	<u>58,002</u>	<u>319,256</u>	<u>-</u>	<u>11,080,705</u>
Total liabilities and net position	<u>\$ 31,378,522</u>	<u>\$ 9,816,786</u>	<u>\$ 264,508</u>	<u>\$ 358,889</u>	<u>\$ (1,982,770)</u>	<u>\$ 39,835,935</u>

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Combining Statement of Revenues, Expenses and Changes in Net Position Information
Year Ended December 31, 2021

	2021				
	Hospital	Nursing Homes	LLC	Hospital Foundation	Total
Operating Revenues					
Net patient service revenue, net of provision for uncollectible accounts of \$5,323,214	\$ 44,458,988	\$ 24,928,677	\$ -	\$ -	\$ 69,387,665
Other	1,688,561	4,360,226	140	-	6,048,927
Total operating revenues	<u>46,147,549</u>	<u>29,288,903</u>	<u>140</u>	<u>-</u>	<u>75,436,592</u>
Operating Expenses					
Salaries and wages	22,971,603	-	-	79,184	23,050,787
Employee benefits	4,556,778	-	-	-	4,556,778
Purchased services and professional fees	7,121,547	22,637,734	-	-	29,759,281
Supplies and other	10,155,097	8,116,071	15	86,881	18,358,064
Depreciation and amortization	1,282,187	-	-	18,705	1,300,892
Provider hospital assessment fee	1,981,129	-	-	-	1,981,129
Total operating expenses	<u>48,068,341</u>	<u>30,753,805</u>	<u>15</u>	<u>184,770</u>	<u>79,006,931</u>
Operating Income (Loss)	<u>(1,920,792)</u>	<u>(1,464,902)</u>	<u>125</u>	<u>(184,770)</u>	<u>(3,570,339)</u>
Nonoperating Revenues (Expenses)					
Investment income	54,545	-	-	-	54,545
Interest expense	(267,821)	-	-	-	(267,821)
Noncapital grants and contributions	1,276,473	3,002,347	-	66,478	4,345,298
Forgiveness of SBA paycheck protection program loan	3,822,000	-	-	-	3,822,000
Other	(359,661)	-	-	26,383	(333,278)
Total nonoperating revenues	<u>4,525,536</u>	<u>3,002,347</u>	<u>-</u>	<u>92,861</u>	<u>7,620,744</u>
Excess (Deficiency) of Revenues Over Expenses Before Transfers					
	2,604,744	1,537,445	125	(91,909)	4,050,405
Transfer (To) From Affiliate	<u>1,664,816</u>	<u>(1,709,613)</u>	<u>(58,127)</u>	<u>102,924</u>	<u>-</u>
Increase (Decrease) in Net Position	4,269,560	(172,168)	(58,002)	11,015	4,050,405
Net Position, Beginning of Year	<u>8,784,358</u>	<u>1,919,089</u>	<u>58,002</u>	<u>319,256</u>	<u>11,080,705</u>
Net Position, End of Year	<u>\$ 13,053,918</u>	<u>\$ 1,746,921</u>	<u>\$ -</u>	<u>\$ 330,271</u>	<u>\$ 15,131,110</u>

Greene County General Hospital
A Component Unit of Greene County, Indiana
Combining Statement of Revenues, Expenses and Changes in Net Position Information
Year Ended December 31, 2020

	2020					
	Nursing			Hospital		Total
	Hospital	Homes	LLC	Home Health	Foundation	
Operating Revenues						
Net patient service revenue, net of provision for uncollectible accounts of \$4,882,612	\$ 37,334,539	\$ 28,669,586	\$ -	\$ -	\$ -	\$ 66,004,125
Other	1,278,198	3,480,816	7,096	-	-	4,766,110
Total operating revenues	<u>38,612,737</u>	<u>32,150,402</u>	<u>7,096</u>	<u>-</u>	<u>-</u>	<u>70,770,235</u>
Operating Expenses						
Salaries and wages	21,364,634	-	-	-	79,488	21,444,122
Employee benefits	4,581,030	-	-	-	-	4,581,030
Purchased services and professional fees	4,693,169	24,421,480	563	313	-	29,115,525
Supplies and other	8,569,078	8,647,984	1,028	768	143,473	17,362,331
Depreciation and amortization	1,123,967	-	-	-	18,779	1,142,746
Provider hospital assessment fee	2,194,531	-	-	-	-	2,194,531
Total operating expenses	<u>42,526,409</u>	<u>33,069,464</u>	<u>1,591</u>	<u>1,081</u>	<u>241,740</u>	<u>75,840,285</u>
Operating Income (Loss)	<u>(3,913,672)</u>	<u>(919,062)</u>	<u>5,505</u>	<u>(1,081)</u>	<u>(241,740)</u>	<u>(5,070,050)</u>
Nonoperating Revenues (Expenses)						
Investment income	65,813	-	-	-	-	65,813
Interest expense	(419,462)	-	-	-	-	(419,462)
Noncapital grants and contributions	6,578,920	2,174,137	-	-	117,042	8,870,099
Other	175	-	-	-	18,495	18,670
Total nonoperating revenues (expenses)	<u>6,225,446</u>	<u>2,174,137</u>	<u>-</u>	<u>-</u>	<u>135,537</u>	<u>8,535,120</u>
Excess (Deficiency) of Revenues Over Expenses Before Transfers	2,311,774	1,255,075	5,505	(1,081)	(106,203)	3,465,070
Transfer (To) From Affiliate	<u>789,285</u>	<u>(858,368)</u>	<u>770</u>	<u>(30,214)</u>	<u>98,527</u>	<u>-</u>
Increase (Decrease) in Net Position	3,101,059	396,707	6,275	(31,295)	(7,676)	3,465,070
Net Position, Beginning of Year	<u>5,683,299</u>	<u>1,522,382</u>	<u>51,727</u>	<u>31,295</u>	<u>326,932</u>	<u>7,615,635</u>
Net Position, End of Year	<u>\$ 8,784,358</u>	<u>\$ 1,919,089</u>	<u>\$ 58,002</u>	<u>\$ -</u>	<u>\$ 319,256</u>	<u>\$ 11,080,705</u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
Greene County General Hospital
Linton, Indiana

We have audited, 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, the financial statements of Greene County General Hospital (Hospital), a component unit of Greene County, Indiana, which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hospital'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Indianapolis, Indiana
June 28, 2022