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April 1, 2022

Board of Trustees
Greene County General Hospital
1185 North 1000 West
Linton, IN 47441

We have reviewed the audit report of Greene County General Hospital, which was opined upon by BKD, LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Greene County General Hospital as of December 31, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, BKD, LLP, prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

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

Independent Auditor's Report and Financial Statements
December 31, 2020 and 2019

Greene County General Hospital
A Component Unit of Greene County, Indiana
December 31, 2020 and 2019

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Independent Auditor's Report

Board of Trustees
Greene County General Hospital
Linton, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Greene County General Hospital (Hospital), a component unit of Greene County, Indiana, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greene County General Hospital, as of December 31, 2020 and 2019, 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.

Other Matters

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The combining schedule information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining schedule information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated June 11, 2021, 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.

BKD, LLP

Indianapolis, Indiana
June 11, 2021

Greene County General Hospital

A Component Unit of Greene County, Indiana

Management's Discussion and Analysis

December 31, 2020 and 2019

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, 2020 and 2019. It should be read in conjunction with the accompanying financial statements of the Hospital.

Financial Highlights

- Cash and investments increased in 2020 by \$10,056,633 or 142.9% compared to a decrease of \$1,096,267 or 13.5% in 2019.
- The Hospital's net position increased in 2020 by \$3,465,070 or 45.5% compared to a decrease of \$634,921 or 7.7% in 2019.
- The Hospital reported an operating loss in 2020 of \$5,070,050. The operating loss reported in 2020 represents a decline of \$4,556,711 or 887.7% compared to operating loss reported in 2019 of \$513,339.
- Net nonoperating revenues for 2020 were \$8,535,120, which represented an improvement of \$8,656,702 or 7120.1% compared to net nonoperating expenses of \$121,582 in 2019.

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 reported in the balance sheets. The Hospital's net position increased by \$3,465,070 or 45.5% in 2020 over 2019 compared to a decrease in net position of \$634,921 or 7.7% in 2019 over 2018 as shown in Table 1.

Table 1: Assets, Liabilities and Net Position

	2020	2019	2018
Assets			
Patient accounts receivable, net	\$ 8,259,899	\$ 9,486,007	\$ 7,670,690
Other current assets	19,907,081	8,916,900	8,796,492
Capital assets, net	10,624,758	10,110,117	9,859,341
Other noncurrent assets	1,044,197	1,029,583	1,003,473
Total assets	<u>\$ 39,835,935</u>	<u>\$ 29,542,607</u>	<u>\$ 27,329,996</u>
Liabilities			
Long-term debt	\$ 7,250,952	\$ 8,067,032	\$ 8,411,410
Other current and noncurrent liabilities	21,504,278	13,859,940	10,668,030
Total liabilities	<u>28,755,230</u>	<u>21,926,972</u>	<u>19,079,440</u>
Net Position			
Net investment in capital assets	2,731,990	1,308,141	831,939
Restricted for debt service	658,885	654,688	642,474
Unrestricted	7,689,830	5,652,806	6,776,143
Total net position	<u>11,080,705</u>	<u>7,615,635</u>	<u>8,250,556</u>
Total liabilities and net position	<u>\$ 39,835,935</u>	<u>\$ 29,542,607</u>	<u>\$ 27,329,996</u>

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%.

A significant change in the Hospital's assets in 2019 was an increase in net patient accounts receivable of \$1,815,317 or 23.7%. Driving the increase were Hospital volumes and operations, including expanding service lines provided during 2019. The increase in other current and noncurrent liabilities of \$3,191,910 or 30% in 2019 was driven by additional borrowings on the Hospital's line of credit.

Operating Results and Changes in the Hospital's Net Position

In 2020, the Hospital's increase in net position was \$3,465,070 or 45.5% as shown in Table 2. This increase is made up of several different components including the receipt of stimulus funding outlined above. The increase in net position represents a change of \$4,099,991 or 645.7% from the decrease in net position for 2019 of \$634,921. The increase in net position for 2018 was \$193,214.

Table 2: Operating Results and Changes in Net Position

	2020	2019	2018
Operating Revenues			
Net patient service revenue	\$ 66,004,125	\$ 66,124,199	\$ 60,628,274
Other operating revenue	4,766,110	4,246,254	5,086,267
Total operating revenue	<u>70,770,235</u>	<u>70,370,453</u>	<u>65,714,541</u>
Operating Expenses			
Salaries and wages and employee benefits	26,025,152	24,333,883	21,904,854
Purchased services and professional fees	29,115,525	27,066,824	24,141,075
Depreciation and amortization	1,142,746	1,117,843	1,114,869
Other operating expenses	19,556,862	18,365,242	17,655,896
Total operating expenses	<u>75,840,285</u>	<u>70,883,792</u>	<u>64,816,694</u>
Operating Income (Loss)	<u>(5,070,050)</u>	<u>(513,339)</u>	<u>897,847</u>
Nonoperating Revenues (Expenses)			
Investment income	65,813	87,189	7,024
Interest expense	(419,462)	(388,409)	(362,320)
Noncapital grants and contributions	8,870,099	154,495	34,394
Impairment loss - note receivable	-	-	(729,535)
Other	18,670	25,143	345,804
Total nonoperating revenue (expense)	<u>8,535,120</u>	<u>(121,582)</u>	<u>(704,633)</u>
Excess (Deficiency) of Revenues Over Expenses and Increase (Decrease) in Net Position	3,465,070	(634,921)	193,214
Net Position, Beginning of Year	<u>7,615,635</u>	<u>8,250,556</u>	<u>8,057,342</u>
Net Position, End of Year	<u>\$ 11,080,705</u>	<u>\$ 7,615,635</u>	<u>\$ 8,250,556</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 \$5,070,050 for 2020 compared to an operating loss of \$513,339 for 2019, which equates to a decrease of \$4,556,711 or 887.7%. The operating loss was \$513,339 for 2019 compared to operating income of \$897,847 for 2018, which equates to a decrease of \$1,411,186 or 157.2%. The primary components of the change in operating loss for 2019 are:

- Net patient service revenue was \$66,004,125 in 2020 compared to \$66,124,199 in 2019, which is a decrease of \$120,074 or 0.2%. Net patient service revenue in 2019 represented an increase of \$5,495,925 or 9.1% compared to 2018.
- Salaries and wages and employee benefits were \$26,025,152 for 2020 compared to \$24,333,883 in 2019, which is an increase of \$1,691,269 or 7.0%. Salaries and wages and employee benefits in 2019 represented an increase of \$2,429,029 or 11.1% compared to 2018.
- Purchased services and professional fees were \$29,115,525 for 2020 compared to \$27,066,824 in 2019, which is an increase of \$2,048,701 or 7.6%. Purchased services and professional fees in 2019 represented an increase of \$2,925,749 or 12.1% compared to 2018.

The decrease in net patient service revenue in 2020 was largely driven by the ongoing COVID-19 pandemic that impacted hospital volumes across the United States. The pandemic increased costs for hospital staff and supplies and decreased non-essential medical procedures. These items contributed to a decrease in net patient service revenue while increases in salaries and wages and employee benefits and purchased services and professional fees were incurred to prevent and prepare for COVID-19.

The increase in net patient service revenue in 2019 was driven by the inclusion of a full year of operations of the provider clinics and employed emergency room physicians. These activities coupled with the expanded service lines provided by the Hospital and the new skilled nursing facility operated during 2019 resulted in increases to net patient service revenue, salaries and wages and employee benefits and purchased services and professional fees.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income, interest expense, noncapital grants and contributions and impairment charges related to outstanding notes receivable. In 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 \$8,870,099 in 2020. The Hospital recognized interest expense in 2020 of \$419,462, which was an increase of \$31,053 from \$388,409 in 2019. The Hospital's outstanding note receivable with Greene County Health, Inc. was fully reserved beginning December 31, 2018, with no new advances made, since the asset was fully impaired

The Hospital's Cash Flows

The Hospital's cash flows from operating activities increased by \$4,284,886 or 224.4% from \$1,909,280 used by operations in 2019 to \$2,375,606 provided by operations during 2020. In 2019, the Hospital's cash flows from operating activities decreased by \$3,906,675 or 195.6% from \$1,997,395 provided by operations in 2018. Cash flows provided by noncapital financing activities were \$10,649,944, representing an increase of \$7,958,662 from the cash flows provided in 2019 of \$2,691,282. The increase is primarily the result of Provider Relief funding and proceeds from the Paycheck Protection Program loan payable during the year.

The Hospital had cash flows used in investing activities totaling \$6,736,611, which is a decrease of \$7,354,403 or 1,190.4% from cash flows provided by investing activities in 2019 of \$617,792. This change was primarily the result of investing excess cash into short-term investments. Remaining changes in the Hospital's cash flows are consistent with the financing of capital improvements and advance repayments of long-term debt during the year.

Capital Asset and Debt Administration

Capital Assets

At the end of 2020, the Hospital had \$10,624,758 invested in capital assets, net of accumulated depreciation, as detailed in Note 5 to the financial statements. In 2020, the Hospital acquired new equipment costing \$1,718,836 through purchases or acquisitions by capital lease, compared to \$1,371,054 during 2019.

Debt

At December 31, 2020, the Hospital had \$7,892,768 in revenue bonds, notes payable to banks, and capital lease obligations outstanding as compared to \$8,801,976 at December 31, 2019. Borrowings during the year under notes payable and capital lease obligations totaled \$567,950 in 2020 compared to \$477,869 in 2019. The Hospital also has a Paycheck Protection Program loan payable of \$3,822,000 outstanding at December 31, 2020.

At December 31, 2020, the Hospital had outstanding balances under its line of credit agreement totaling \$1,342,671, compared to \$3,899,495 at December 31, 2019, representing a decrease of \$2,556,824 or 65.6%.

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 outbreak 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, 2020 and 2019

	2020	2019
Current Assets		
Cash	\$ 8,092,978	\$ 4,857,439
Short-term investments	7,980,239	1,199,537
Patient accounts receivable, net of allowance: 2020 - \$1,537,991, 2019 - \$2,628,794	8,259,899	9,486,007
Other receivables	1,096,926	1,198,053
Estimated third-party settlements	1,983,230	999,243
Supplies	414,823	352,614
Prepaid expenses and other	338,885	310,014
Total current assets	28,166,980	18,402,907
Noncurrent Cash and Investments		
Internally designated	362,605	326,410
Held by trustee for debt service	658,885	654,688
Total noncurrent cash and investments	1,021,490	981,098
Capital Assets, net	10,624,758	10,110,117
Other Assets	22,707	48,485
Total assets	\$ 39,835,935	\$ 29,542,607
Liabilities and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 4,463,816	\$ 734,944
Line of credit	1,342,671	3,899,495
Accounts payable and accrued expenses	12,703,547	8,580,559
Unearned grant revenue	514,669	-
Estimated third-party settlements	804,509	644,942
Total current liabilities	19,829,212	13,859,940
Noncurrent Liabilities		
Other noncurrent liabilities	1,675,066	-
Long-term debt	7,250,952	8,067,032
Total noncurrent liabilities	8,926,018	8,067,032
Total liabilities	28,755,230	21,926,972
Net Position		
Net investment in capital assets	2,731,990	1,308,141
Restricted for debt service	658,885	654,688
Unrestricted	7,689,830	5,652,806
Total net position	11,080,705	7,615,635
Total liabilities and net position	\$ 39,835,935	\$ 29,542,607

Greene County General Hospital
A Component Unit of Greene County, Indiana
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2020 - \$4,882,612, 2019 - \$7,750,610	\$ 66,004,125	\$ 66,124,199
Other	4,766,110	4,246,254
Total operating revenues	70,770,235	70,370,453
Operating Expenses		
Salaries and wages	21,444,122	19,925,139
Employee benefits	4,581,030	4,408,744
Purchased services and professional fees	29,115,525	27,066,824
Supplies and other	17,362,331	16,915,410
Depreciation and amortization	1,142,746	1,117,843
Provider hospital assessment fee	2,194,531	1,449,832
Total operating expenses	75,840,285	70,883,792
Operating Loss	(5,070,050)	(513,339)
Nonoperating Revenues (Expenses)		
Investment income	65,813	87,189
Interest expense	(419,462)	(388,409)
Noncapital grants and contributions	8,870,099	154,495
Other	18,670	25,143
Total nonoperating revenue (expense)	8,535,120	(121,582)
Excess (Deficiency) of Revenues Over Expenses and Increase (Decrease) in Net Position	3,465,070	(634,921)
Net Position, Beginning of Year	7,615,635	8,250,556
Net Position, End of Year	\$ 11,080,705	\$ 7,615,635

Greene County General Hospital
A Component Unit of Greene County, Indiana
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Receipts from and on behalf of patients	\$ 72,880,773	\$ 64,955,069
Payments to suppliers and contractors	(44,648,064)	(43,178,741)
Payments to employees	(25,760,405)	(24,299,639)
Other payments	(96,698)	614,031
Net cash provided by (used in) operating activities	<u>2,375,606</u>	<u>(1,909,280)</u>
Noncapital Financing Activities		
Borrowings on line of credit	1,342,671	3,899,495
Repayments on line of credit	(3,899,495)	(1,362,708)
Proceeds from Paycheck Protection Program loan payable	3,822,000	-
Noncapital grants, contributions and transfers	9,384,768	154,495
Net cash provided by noncapital financing activities	<u>10,649,944</u>	<u>2,691,282</u>
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,150,886)	(1,140,483)
Proceeds from issuance of long-term debt	-	247,298
Principal paid on long-term debt	(1,217,860)	(465,176)
Principal paid on capital leases	(259,298)	(238,119)
Interest paid on long-term debt and capital leases	(425,356)	(394,121)
Net cash used in capital and related financing activities	<u>(3,053,400)</u>	<u>(1,990,601)</u>
Investing Activities		
Interest and dividends on investments	29,618	33,680
Proceeds from disposition of investments	-	590,570
Purchases of investments	(6,784,899)	(31,601)
Other investing activities	18,670	25,143
Net cash provided by (used in) investing activities	<u>(6,736,611)</u>	<u>617,792</u>
Increase (Decrease) in Cash	3,235,539	(590,807)
Cash, Beginning of Year	<u>4,857,439</u>	<u>5,448,246</u>
Cash, End of Year	<u>\$ 8,092,978</u>	<u>\$ 4,857,439</u>

Greene County General Hospital
A Component Unit of Greene County, Indiana
Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash Provided by		
(Used in) Operating Activities		
Operating loss	\$ (5,070,050)	\$ (513,339)
Depreciation and amortization	1,142,746	1,117,843
Provision for uncollectible accounts	4,882,612	7,750,610
Loss from disposal of capital assets	61,449	2,435
Changes in operating assets and liabilities:		
Patient accounts receivable	(3,656,504)	(9,565,927)
Estimated amounts due to/from third-party payors	(824,420)	(1,277,087)
Accounts payable and accrued expenses	5,803,948	819,727
Supplies and other assets	35,825	(243,542)
Net cash provided by (used in) operating activities	\$ 2,375,606	\$ (1,909,280)
Supplemental Cash Flow Information		
Capital assets acquired through capital lease	\$ 567,950	\$ 230,571

Greene County General Hospital
A Component Unit of Greene County, Indiana
Notes to the Financial Statements
December 31, 2020 and 2019

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 Home Healthcare Agency, LLC (HHC), Greene County General Hospital, LLC (LLC), and Greene County General Hospital Foundation, Inc. (Foundation). The operations of both the HHC and 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
HHC - 1185 North County Rd 1000 W, 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.

Greene County General Hospital
A Component Unit of Greene County, Indiana
Notes to the Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019.

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 Aide, 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.

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.

Changes in Accounting Principle – Fiduciary Activities

As of January 1, 2020, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Adoption of this Statement had no effect on the financial statements.

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 72% and 67% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2020 and 2019, 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 \$1.2 million within net patient service revenue related to this supplemental payment program for each of the years ended December 31, 2020 and 2019. Amounts outstanding at December 31, 2020 and 2019 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 \$2,195,000 and \$1,450,000 of assessed fees related to this Medicaid program in 2020 and 2019, 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, 2020 and 2019 approximated \$805,000 and \$645,000, 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. Subsequent to year-end, 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 December 31, 2020. 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 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 \$2.9 million related to this supplemental payment program for each of the years ended December 31, 2020 and 2019, which is included in other operating revenue in the statements of revenues, expenses and changes in net position. At December 31, 2020 and 2019, \$864,000 and \$776,000, 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, 2020 and 2019, the Hospital's investments consisted of the following investments and maturities:

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>

December 31, 2019					
Type	Fair Value	Maturities in Years			
		Less	1-5	6-10	More
		Than 1			
Money market accounts	\$ 1,199,537	\$ 1,199,537	\$ -	\$ -	\$ -
Government obligations funds	654,688	654,688	-	-	-
Equity mutual funds	326,410	326,410	-	-	-
	<u>\$ 2,180,635</u>	<u>\$ 2,180,635</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, 2020, 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>2020</u>	<u>2019</u>
Carrying value:		
Deposits	\$ 8,092,978	\$ 4,857,439
Investments	9,001,729	2,180,635
	<u>\$ 17,094,707</u>	<u>\$ 7,038,074</u>
Included in the following balance sheet captions:		
Cash	\$ 8,092,978	\$ 4,857,439
Short-term investments	7,980,239	1,199,537
Noncurrent cash and investments		
Internally designated	362,605	326,410
Held by trustee for debt service	658,885	654,688
	<u>\$ 17,094,707</u>	<u>\$ 7,038,074</u>

Investment Income

Investment income for the years ended December 31, 2020 and 2019 consisted of:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 29,618	\$ 33,680
Net increase in fair value of investments	36,195	53,509
	<u>\$ 65,813</u>	<u>\$ 87,189</u>

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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, 2020 and 2019 consisted of:

	2020	2019
Medicare	\$ 2,985,327	\$ 3,523,162
Medicaid	1,801,909	2,178,897
Other third-party payors	3,330,241	3,839,151
Patients	1,680,413	2,573,591
	9,797,890	12,114,801
Less allowance for uncollectible accounts	1,537,991	2,628,794
	\$ 8,259,899	\$ 9,486,007

Note 5: Capital Assets

Capital assets activity for the years ended December 31, 2020 and 2019 was:

	2020				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 651,198	\$ -	\$ -	\$ -	\$ 651,198
Land improvements	320,153	-	(9,923)	-	310,230
Buildings	7,522,702	211,664	(882,626)	-	6,851,740
Fixed equipment	4,094,286	293,050	(190,530)	-	4,196,806
Major movable equipment	3,043,733	1,214,122	(285,706)	-	3,972,149
	15,632,072	1,718,836	(1,368,785)	-	15,982,123
Less accumulated depreciation:					
Land improvements	(147,338)	(24,170)	5,855	-	(165,653)
Buildings	(2,584,504)	(324,679)	882,619	-	(2,026,564)
Fixed equipment	(1,632,074)	(281,651)	176,673	-	(1,737,052)
Major movable equipment	(1,158,039)	(512,246)	242,189	-	(1,428,096)
	(5,521,955)	(1,142,746)	1,307,336	-	(5,357,365)
	\$ 10,110,117	\$ 576,090	\$ (61,449)	\$ -	\$ 10,624,758

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	2019				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 651,198	\$ -	\$ -	\$ -	\$ 651,198
Land improvements	320,153	-	-	-	320,153
Buildings	8,506,224	230,556	(1,214,078)	-	7,522,702
Fixed equipment	3,839,989	350,689	(96,392)	-	4,094,286
Major movable equipment	2,498,901	789,809	(244,977)	-	3,043,733
	<u>15,816,465</u>	<u>1,371,054</u>	<u>(1,555,447)</u>	<u>-</u>	<u>15,632,072</u>
Less accumulated depreciation:					
Land improvements	(123,168)	(24,170)	-	-	(147,338)
Buildings	(3,415,122)	(383,446)	1,214,064	-	(2,584,504)
Fixed equipment	(1,456,547)	(271,257)	95,730	-	(1,632,074)
Major movable equipment	(962,287)	(438,970)	243,218	-	(1,158,039)
	<u>(5,957,124)</u>	<u>(1,117,843)</u>	<u>1,553,012</u>	<u>-</u>	<u>(5,521,955)</u>
	<u>\$ 9,859,341</u>	<u>\$ 253,211</u>	<u>\$ (2,435)</u>	<u>\$ -</u>	<u>\$ 10,110,117</u>

Note 6: Medical Malpractice Claims

The Hospital purchases medical malpractice insurance up to coverage limits under the Indiana Malpractice Act (the Act) under a claims-made policy on a fixed premium basis. The Hospital is covered under the Act which limits professional liability for claims on or after July 1, 2017, the maximum recovery is \$1,650,000 per occurrence, \$400,000 of which would be paid through malpractice insurance coverage, with the remainder due from the Fund. For claims on or after July 1, 2019, the maximum recovery is \$1,800,000 per occurrence, \$500,000 of which would be paid through commercial insurance coverage, with the remainder due from the Fund.

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, 2020 and 2019, 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.

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Activity in the Hospital's accrued employee health claims liability during 2020 and 2019 are summarized as follows:

	2020	2019
Balance, beginning of year	\$ 285,200	\$ 412,800
Current year claims incurred and changes in estimates for claims incurred in prior years	2,538,635	2,377,375
Claims and expenses paid	(2,580,135)	(2,504,975)
Balance, end of year	\$ 243,700	\$ 285,200

Note 8: Long-Term Obligations and Line of Credit

The following is a summary of long-term obligation transactions for the Hospital for the years ended December 31, 2020 and 2019:

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt:					
Revenue bonds payable:					
Lease rental revenue refunding bonds, series 2013	\$ 7,176,966	\$ -	\$ (355,914)	\$ 6,821,052	\$ 383,526
Notes payable to banks:					
Dated February 2017	12,971	-	(5,728)	7,243	7,243
Dated June 2017	20,626	-	(20,626)	-	-
Dated September 2017	15,271	-	(15,271)	-	-
Dated December 2017	79,785	-	(79,785)	-	-
Dated May 2018	143,865	-	(143,865)	-	-
Dated July 2018	375,535	-	(375,535)	-	-
Dated June 2019	221,136	-	(221,136)	-	-
Capital lease obligations	755,821	567,950	(259,298)	1,064,473	251,047
Paycheck Protection Program loan payable	-	3,822,000	-	3,822,000	3,822,000
Total long-term debt	8,801,976	4,389,950	(1,477,158)	11,714,768	4,463,816
Other liabilities:					
Medicare Advance Payments	-	3,743,066	-	3,743,066	2,068,000
Total long-term obligations	\$ 8,801,976	\$ 8,133,016	\$ (1,477,158)	\$ 15,457,834	\$ 6,531,816

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	2019				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt:					
Revenue bonds payable:					
Lease rental revenue refunding bonds, series 2013	\$ 7,522,089	\$ -	\$ (345,123)	\$ 7,176,966	\$ 355,915
Notes payable to banks:					
Dated February 2017	16,716	-	(3,745)	12,971	5,728
Dated June 2017	28,144	-	(7,518)	20,626	7,780
Dated September 2017	20,305	-	(5,034)	15,271	5,236
Dated December 2017	99,749	-	(19,964)	79,785	26,770
Dated May 2018	183,858	-	(39,993)	143,865	18,630
Dated July 2018	393,172	-	(17,637)	375,535	39,608
Dated June 2019	-	247,298	(26,162)	221,136	46,435
Capital lease obligations	763,369	230,571	(238,119)	755,821	228,842
Total long-term debt	<u>\$ 9,027,402</u>	<u>\$ 477,869</u>	<u>\$ (703,295)</u>	<u>\$ 8,801,976</u>	<u>\$ 734,944</u>

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 are payable in semiannual installments through August 2034 and bear interest at 0.50% to 4.50%. The bonds are secured by the lease rental payments pledged by the Hospital to be paid from net operating revenues.

The debt service requirements as of December 31, 2020 are as follows:

Year Ending December 31	Total to be Paid	Principal	Interest
2021	\$ 639,000	\$ 383,526	\$ 255,474
2022	639,000	386,156	252,844
2023	641,000	403,756	237,244
2024	638,000	416,864	221,136
2025	639,000	434,678	204,322
2026 - 2030	3,199,000	2,453,853	745,147
2031 - 2034	2,570,000	2,342,219	227,781
	<u>\$ 8,965,000</u>	<u>\$ 6,821,052</u>	<u>\$ 2,143,948</u>

Notes Payable to Banks

The notes payable to banks consist of multiple agreements with due dates ranging from January 2022 through June 2024. During 2020, the Hospital voluntarily prepaid approximately \$856,000 of these notes payable. Principal and interest on the remaining outstanding note are payable monthly with interest of 6.8% with remaining amounts due in 2021. The remaining note is are secured by certain capital assets of the Hospital.

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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, 2020:

2021	\$ 269,527
2022	228,627
2023	211,862
2024	133,415
2025	151,032
2026 - 2027	<u>121,956</u>
Total minimum lease payments	1,116,419
Less Amount representing interest	<u>51,946</u>
Present value of future minimum lease payments	<u><u>\$ 1,064,473</u></u>

The capital leases are secured by the related assets as collateral. Assets under capital leases at December 31, 2020 and 2019 totaled:

	<u>2020</u>	<u>2019</u>
Buildings	\$ 315,000	\$ 315,000
Major moveable equipment	1,307,085	959,796
Accumulated depreciation	<u>(498,061)</u>	<u>(459,981)</u>
	<u><u>\$ 1,124,024</u></u>	<u><u>\$ 814,815</u></u>

Revolving Line of Credit

At December 31, 2020, the Hospital has a \$4.0 million line of credit with a local bank, which matures March 2021. Interest on outstanding draws accrues at the bank's prime rate, which was 3.25% and 4.75% at December 31, 2020 and 2019, respectively. The line of credit is secured by certain assets of the Hospital. At December 31, 2020 and 2019, \$1,342,671 and \$3,899,495, respectively, were drawn against the line of credit. This agreement was amended subsequent to year-end to extend the maturity to September 2021.

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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 PPP loans will be forgiven if all employee retention criteria are met and the funds are used for eligible expenses. 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.

The Hospital is accounting for the PPP loan in accordance with GASB Statement 62. Any forgiveness of the loan will be recognized as a gain in the financial statements in the period the debt is legally released. The PPP loan is included on the accompanying balance sheet as current maturities of long-term debt, as management believes amounts will be forgiven in full in 2021.

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, 2020 were:

2021	\$	361,460
2022		314,997
2023		284,450
2024		273,165
2025		238,515
Thereafter		877,721
Future minimum lease payments	\$	2,350,308

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 \$900,000 and \$1,065,000 during the years ended December 31, 2020 and 2019, 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 2020 and 2019. Expense related to the employer contributions to the plan was \$631,000 and \$659,000 for 2020 and 2019, 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, 2020 and 2019:

	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, 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	<u>\$ 8,342,844</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
Government obligations funds	658,885			
Total investments measured at fair value	<u>\$ 9,001,729</u>			
	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, 2019				
Investments by fair value level				
Money market accounts	\$ 1,199,537	\$ 1,199,537	\$ -	\$ -
Equity mutual funds	326,410	326,410	-	-
Total investments measured by fair value level	1,525,947	<u>\$ 1,525,947</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
Government obligations funds	654,688			
Total investments measured at fair value	<u>\$ 2,180,635</u>			

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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, 2020 and 2019.

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. Rental expense for 2020 and 2019 approximated \$1,979,000 and \$1,912,000, respectively.

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. Management and other fees for 2020 and 2019 approximated \$976,000 and \$1,297,000, respectively, and includes fee forgiveness amounts provided by the managers based on available working capital to satisfy fees.

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 \$6.3 million and \$6.0 million at December 31, 2020 and 2019, 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, 2020 and 2019. No scheduled repayments under the agreement have occurred and the Hospital has deemed the entire balance to be uncollectible at December 31, 2020 and 2019. 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, 2020 and 2019, which are fully reserved based on an assessment of collectability by Hospital management.

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, 2020 and 2019:

	December 31, 2020					
	Hospital	LLC	HHC	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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	December 31, 2019					
	Hospital	LLC	HHC	Foundation	Eliminations	Total
Assets						
Current assets	\$ 19,590,166	\$ 51,727	\$ 31,295	\$ 50,273	\$ (1,320,554)	\$ 18,402,907
Capital assets, net	9,811,771	-	-	298,346	-	10,110,117
Other assets	1,029,583	-	-	-	-	1,029,583
Total assets	<u>\$ 30,431,520</u>	<u>\$ 51,727</u>	<u>\$ 31,295</u>	<u>\$ 348,619</u>	<u>\$ (1,320,554)</u>	<u>\$ 29,542,607</u>
Liabilities						
Current liabilities	\$ 15,158,807	\$ -	\$ -	\$ 21,687	\$ (1,320,554)	\$ 13,859,940
Noncurrent liabilities	8,067,032	-	-	-	-	8,067,032
Total liabilities	<u>23,225,839</u>	<u>-</u>	<u>-</u>	<u>21,687</u>	<u>(1,320,554)</u>	<u>21,926,972</u>
Net Position						
Net investment in capital assets	1,009,795	-	-	298,346	-	1,308,141
Restricted for debt service	654,688	-	-	-	-	654,688
Unrestricted net position	5,541,198	51,727	31,295	28,586	-	5,652,806
Total net position	<u>7,205,681</u>	<u>51,727</u>	<u>31,295</u>	<u>326,932</u>	<u>-</u>	<u>7,615,635</u>
Total liabilities and net position	<u>\$ 30,431,520</u>	<u>\$ 51,727</u>	<u>\$ 31,295</u>	<u>\$ 348,619</u>	<u>\$ (1,320,554)</u>	<u>\$ 29,542,607</u>

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, 2020 and 2019.

	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	<u>75,595,873</u>	<u>1,591</u>	<u>1,081</u>	<u>241,740</u>	<u>-</u>	<u>75,840,285</u>
Operating Income (Loss)	<u>(4,832,734)</u>	<u>5,505</u>	<u>(1,081)</u>	<u>(241,740)</u>	<u>-</u>	<u>(5,070,050)</u>
Nonoperating Revenue	<u>8,399,583</u>	<u>-</u>	<u>-</u>	<u>135,537</u>	<u>-</u>	<u>8,535,120</u>
Transfers	<u>(69,083)</u>	<u>770</u>	<u>(30,214)</u>	<u>98,527</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>3,497,766</u>	<u>6,275</u>	<u>(31,295)</u>	<u>(7,676)</u>	<u>-</u>	<u>3,465,070</u>
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>

	Year Ended December 31, 2019					
	Hospital	LLC	HHC	Foundation	Eliminations	Total
Operating Revenues						
Net patient service revenue	\$ 66,118,019	\$ -	\$ 6,180	\$ -	\$ -	\$ 66,124,199
Other	4,228,402	16,779	304	769	-	4,246,254
Total operating revenues	<u>70,346,421</u>	<u>16,779</u>	<u>6,484</u>	<u>769</u>	<u>-</u>	<u>70,370,453</u>
Operating Expenses	<u>70,660,189</u>	<u>3,288</u>	<u>17,911</u>	<u>202,404</u>	<u>-</u>	<u>70,883,792</u>
Operating Income (Loss)	<u>(313,768)</u>	<u>13,491</u>	<u>(11,427)</u>	<u>(201,635)</u>	<u>-</u>	<u>(513,339)</u>
Nonoperating Expense	<u>(195,264)</u>	<u>-</u>	<u>-</u>	<u>73,682</u>	<u>-</u>	<u>(121,582)</u>
Transfers	<u>(77,406)</u>	<u>803</u>	<u>350</u>	<u>76,253</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>(586,438)</u>	<u>14,294</u>	<u>(11,077)</u>	<u>(51,700)</u>	<u>-</u>	<u>(634,921)</u>
Net Position, Beginning of Year	<u>7,792,119</u>	<u>37,433</u>	<u>42,372</u>	<u>378,632</u>	<u>-</u>	<u>8,250,556</u>
Net Position, End 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>

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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, 2020 and 2019.

	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 and Cash Equivalents	3,024,316	233,887	(31,295)	8,631	-	3,235,539
Cash and Cash Equivalents, Beginning of Year	4,752,142	30,621	31,295	43,381	-	4,857,439
Cash and Cash Equivalents, 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>

	Year Ended December 31, 2019					
	Hospital	LLC	HHC	Foundation	Eliminations	Total
Operating Activities	\$ (1,826,505)	\$ 26,343	\$ (14,319)	\$ (94,799)	\$ -	\$ (1,909,280)
Noncapital Financing Activities	2,613,876	803	350	76,253	-	2,691,282
Capital and Related Financing	(1,985,599)	-	-	(5,002)	-	(1,990,601)
Investing Activities	617,792	-	-	-	-	617,792
Increase (Decrease) in Cash and Cash Equivalents	(580,436)	27,146	(13,969)	(23,548)	-	(590,807)
Cash and Cash Equivalents, Beginning of Year	5,332,578	3,475	45,264	66,929	-	5,448,246
Cash and Cash Equivalents, End of Year	<u>\$ 4,752,142</u>	<u>\$ 30,621</u>	<u>\$ 31,295</u>	<u>\$ 43,381</u>	<u>\$ -</u>	<u>\$ 4,857,439</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.

While some of these policies have been eased and states have lifted moratoriums on non-emergent procedures, some restrictions remain in place, and some state and local governments are re-imposing certain restrictions due to increasing rates of COVID-19 cases prior to widespread availability of a vaccine.

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.

In addition, the Hospital received approximately \$3.7 million of accelerated Medicare payments and approximately \$8.6 million in general and targeted Provider Relief Fund distributions, both as provided for under the CARES Act. In addition, the Hospital received an additional \$513,000 in other state and federal grants and awards. The nursing home operations owned by the Hospital were subject to a 4.0% Medicaid rate increases instituted in response to the COVID-19 pandemic. Additionally, certain "COVID ready" facilities received additional increases in Medicaid rates and per diems during portions of 2020.

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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.

Provider Relief Funds

During the year ended December 31, 2020, the Hospital received \$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 grant revenue once the applicable terms and conditions required to retain the funds have been substantially met. Revenue recognized is classified as nonoperating and the associated cash flows are included within noncapital financing activities. 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 revenues and expenses through December 31, 2020, the Hospital recognized \$8,137,000 related to the distributions from the Provider Relief Fund as grant revenue within the accompanying statements of revenues, expenses and changes in net position. The remaining unrecognized amount of distributions from the Provider Relief Fund of \$515,000 has been deferred and is included within unearned grant revenue on the accompanying balance sheets.

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 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, 2021 totaling \$1,675,000 are recorded as other long-term liabilities.

Note 17: Subsequent Events

Subsequent to year-end, the Hospital received approximately \$757,000 in Provider Relief Fund Quality Incentive Payments, distributions from the funds allocated to rural providers in the American Rescue Plan, and state vaccination grant funds.

Other Information

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	2020						Total
	Hospital	Nursing		Home Health	Hospital		
		Homes	LLC		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>-</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>-</u>	<u>1,021,490</u>
Capital Assets, net	<u>10,345,191</u>	<u>-</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>-</u>	<u>22,707</u>
Total assets	<u>\$ 31,378,522</u>	<u>\$ 9,816,786</u>	<u>\$ 264,508</u>	<u>\$ -</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>-</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>-</u>	<u>8,926,018</u>
Total liabilities	<u>22,594,164</u>	<u>7,897,697</u>	<u>206,506</u>	<u>-</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>-</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>\$ -</u>	<u>\$ 358,889</u>	<u>\$ (1,982,770)</u>	<u>\$ 39,835,935</u>

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A Component Unit of Greene County, Indiana
Combining Balance Sheet Information
December 31, 2019

	2019						Total
	Nursing			Hospital			
	Hospital	Homes	LLC	Home Health	Foundation	Eliminations	
Assets							
Current Assets							
Cash	\$ 558,764	\$ 4,193,378	\$ 30,621	\$ 31,295	\$ 43,381	\$ -	\$ 4,857,439
Short-term investments	1,199,537	-	-	-	-	-	1,199,537
Patient accounts receivable, net of allowance of \$2,614,041	7,019,382	2,466,625	-	-	-	-	9,486,007
Other receivables	1,717,421	776,188	21,106	-	3,892	(1,320,554)	1,198,053
Estimated third-party settlements	999,243	-	-	-	-	-	999,243
Supplies	323,978	28,636	-	-	-	-	352,614
Prepaid expenses and other assets	230,201	76,813	-	-	3,000	-	310,014
Total current assets	<u>12,048,526</u>	<u>7,541,640</u>	<u>51,727</u>	<u>31,295</u>	<u>50,273</u>	<u>(1,320,554)</u>	<u>18,402,907</u>
Noncurrent Cash and Investments							
Internally designated	326,410	-	-	-	-	-	326,410
Held by trustee for debt service	654,688	-	-	-	-	-	654,688
Total noncurrent cash and investments	<u>981,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>981,098</u>
Capital Assets, net	<u>9,811,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,346</u>	<u>-</u>	<u>10,110,117</u>
Other Assets	<u>48,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,485</u>
Total assets	<u>\$ 22,889,880</u>	<u>\$ 7,541,640</u>	<u>\$ 51,727</u>	<u>\$ 31,295</u>	<u>\$ 348,619</u>	<u>\$ (1,320,554)</u>	<u>\$ 29,542,607</u>
Liabilities and Net Position							
Current Liabilities							
Current maturities of long-term debt	\$ 734,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 734,944
Line of credit	3,899,495	-	-	-	-	-	3,899,495
Accounts payable and accrued expenses	3,860,168	6,019,258	-	-	21,687	(1,320,554)	8,580,559
Estimated third-party settlements	644,942	-	-	-	-	-	644,942
Total current liabilities	<u>9,139,549</u>	<u>6,019,258</u>	<u>-</u>	<u>-</u>	<u>21,687</u>	<u>(1,320,554)</u>	<u>13,859,940</u>
Long-Term Debt	<u>8,067,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,067,032</u>
Total liabilities	<u>17,206,581</u>	<u>6,019,258</u>	<u>-</u>	<u>-</u>	<u>21,687</u>	<u>(1,320,554)</u>	<u>21,926,972</u>
Net Position							
Net investment in capital assets	1,009,795	-	-	-	298,346	-	1,308,141
Restricted for debt service	654,688	-	-	-	-	-	654,688
Unrestricted	4,018,816	1,522,382	51,727	31,295	28,586	-	5,652,806
Total net position	<u>5,683,299</u>	<u>1,522,382</u>	<u>51,727</u>	<u>31,295</u>	<u>326,932</u>	<u>-</u>	<u>7,615,635</u>
Total liabilities and net position	<u>\$ 22,889,880</u>	<u>\$ 7,541,640</u>	<u>\$ 51,727</u>	<u>\$ 31,295</u>	<u>\$ 348,619</u>	<u>\$ (1,320,554)</u>	<u>\$ 29,542,607</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					Total
	Hospital	Nursing Homes	LLC	Home Health	Hospital 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	<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>

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, 2019

	2019					Total
	Hospital	Nursing Homes	LLC	Home Health	Hospital Foundation	
Operating Revenues						
Net patient service revenue, net of provision for uncollectible accounts of \$7,750,610	\$ 37,574,331	\$ 28,543,688	\$ -	\$ 6,180	\$ -	\$ 66,124,199
Other	700,752	3,527,650	16,779	304	769	4,246,254
Total operating revenues	<u>38,275,083</u>	<u>32,071,338</u>	<u>16,779</u>	<u>6,484</u>	<u>769</u>	<u>70,370,453</u>
Operating Expenses						
Salaries and wages	19,845,651	-	-	-	79,488	19,925,139
Employee benefits	4,408,744	-	-	-	-	4,408,744
Purchased services and professional fees	3,999,957	23,061,523	1,781	3,563	-	27,066,824
Supplies and other	9,093,270	7,702,095	1,507	14,348	104,190	16,915,410
Depreciation and amortization	1,099,117	-	-	-	18,726	1,117,843
Provider hospital assessment fee	1,449,832	-	-	-	-	1,449,832
Total operating expenses	<u>39,896,571</u>	<u>30,763,618</u>	<u>3,288</u>	<u>17,911</u>	<u>202,404</u>	<u>70,883,792</u>
Operating Income (Loss)	<u>(1,621,488)</u>	<u>1,307,720</u>	<u>13,491</u>	<u>(11,427)</u>	<u>(201,635)</u>	<u>(513,339)</u>
Nonoperating Revenues (Expenses)						
Investment income	87,189	-	-	-	-	87,189
Interest expense	(388,409)	-	-	-	-	(388,409)
Noncapital grants and contributions	103,286	-	-	-	51,209	154,495
Other	2,670	-	-	-	22,473	25,143
Total nonoperating revenues (expenses)	<u>(195,264)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,682</u>	<u>(121,582)</u>
Excess (Deficiency) of Revenues Over Expenses Before Transfers	(1,816,752)	1,307,720	13,491	(11,427)	(127,953)	(634,921)
Transfer (To) From Affiliate	<u>1,026,072</u>	<u>(1,103,478)</u>	<u>803</u>	<u>350</u>	<u>76,253</u>	<u>-</u>
Increase (Decrease) in Net Position	(790,680)	204,242	14,294	(11,077)	(51,700)	(634,921)
Net Position, Beginning of Year	<u>6,473,979</u>	<u>1,318,140</u>	<u>37,433</u>	<u>42,372</u>	<u>378,632</u>	<u>8,250,556</u>
Net Position, End 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>

**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, 2020, 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 11, 2021.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
June 11, 2021