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December 15, 2022

Louisiana Legislative Auditor
Reports - Local Government Reporting
P. O. Box 94397
Baton Rouge, La 70804-9397

Re: Resubmission for St. James Parish Hospital - ID #1590

To whom it may concern:

The St. James Parish Hospital Service District presents consolidated financials which have included the St. James Wellness Foundation (the "Foundation") in previous years. In 2022, the Board for the Foundation decided to limit the members who could serve on both the Hospital and Foundation's boards. With this amendment to their bylaws, the Foundation no longer meets the thresholds for classification as a component unit of the Hospital and as such should no longer be consolidated within the Hospital's financial statements. The financial statements attached properly present this change. All previous reports for the fiscal year-ended 2022 should be removed.

Thank you for your help in rectifying this matter.

Sincerely,

HORNE LLP

Enclosures

**ST. JAMES PARISH HOSPITAL
SERVICE DISTRICT**
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Lutcher, Louisiana

Financial Statements
As of and for the Years Ended
March 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
St. James Parish Hospital Service District
Lutcher, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of St. James Parish Hospital Service District (the "Hospital"), a component unit of St. James Parish Council, as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Hospital as of March 31, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Compensation, Benefits and Other Payments to Agency Head on page 39 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Reporting Required by Governmental Auditing Standards

In accordance with GAS, we have also issued our report dated December 8, 2022, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Hospital's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "HORNE LLP". The letters are written in a cursive, slightly slanted style.

Ridgeland, Mississippi
December 8, 2022

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

Management's Discussion and Analysis of St. James Parish Hospital's (the "Hospital") financial performance provides important background information and management's analysis of the Hospital's financial performance during the years ended March 31, 2022 and 2021. Please read it in conjunction with the Hospital's financial statements, which begin on page 11.

REQUIRED FINANCIAL STATEMENTS

The basic financial statements contained in this report are presented using Governmental Accounting Standards Board ("GASB") accounting principles. These financial statements offer short-term and long-term financial information about the Hospital's activities.

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

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

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Hospital's cash from operating, investing and financing activities and to provide answers to questions such as, where did the cash come from, what was the cash used for and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE HOSPITAL

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

FINANCIAL HIGHLIGHTS

For the year ended March 31, 2022, the Hospital's general financial highlights were:

- During the fiscal year 2022, the Hospital experienced several waves of COVID-19 that impacted operations.
- During the fiscal year 2022, the Hospital continued to focus on Hospital-owned clinics by expanding coverage in the existing clinics. The Hospital also continued to focus on rehab services, surgical services and swing-bed utilization. The Hospital continued to enhance revenue cycle processes to sustain positive financial performance.
- Net patient service revenues increased 16.4 percent from 2021 to 2022 and decreased 5.8 percent from 2020 to 2021.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- The Hospital's payor mix is continuing to fluctuate slightly. From 2021 to 2022, the commercial mix increased two percent, Medicaid increased one percent and Medicare and Medicare Advantage decreased a total of two percent. From 2020 to 2021, commercial mix increased by one percent, Medicaid decreased two percent and Medicare and Medicare Advantage increased a total of two percent.
- The Hospital's total net position increased \$6,610,695 from 2021 to 2022 and \$5,415,425 from 2020 to 2021. As of 2022, the total net position was \$53,535,304 which consists of \$33,404,366 in unrestricted, \$13,102,781 in net investments in capital assets, \$1,980,920 in restricted funds related to debt obligations and \$5,047,237 in restricted funds related to pension benefits. As of 2021, the total net position was \$46,959,480 which consists of \$32,156,552 in unrestricted, \$10,677,611 in net investments in capital assets, \$1,888,307 in restricted funds related to debt obligations and \$2,237,010 in restricted funds related to pension benefits.

CAPITAL ASSETS

Year Ended March 31, 2022

At the end of fiscal year 2022, the Hospital had an investment in capital assets, net of depreciation, of approximately \$23.4 million, an increase of approximately \$1.8 million or 8.3 percent from 2021. The increase in capital assets is related primarily to current additions exceeding depreciation expense for the year.

Year Ended March 31, 2021

At the end of fiscal year 2021, the Hospital had an investment in capital assets, net of depreciation, of approximately \$21.6 million, an increase of approximately \$3.3 million or 18.4 percent from 2020. The increase in capital assets is related primarily to current additions exceeding depreciation expense for the year.

LONG-TERM DEBT

Year Ended March 31, 2022

At the end of fiscal year 2022, the Hospital had two outstanding bond issues.

The Series 2008 R-1 bonds, which are reported in the statements of net position, had a carrying value of \$6.2 million, down 2.0 percent or \$128,350 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 4.125 percent.

The Series 2014 bonds, which are reported in the statements of net position, had a carrying value of \$4.0 million, down 10.8 percent or \$489,725 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 3.09 percent.

Year Ended March 31, 2021

At the end of fiscal year 2021, the Hospital had two outstanding bond issues.

The Series 2008 R-1 bonds, which are reported in the statements of net position, had a carrying value of \$6.4 million, down 2.0 percent or \$123,172 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 4.125 percent.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

The Series 2014 bonds, which are reported in the statements of net position, had a carrying value of \$4.5 million, down 9.8 percent or \$474,841 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 3.09 percent.

NET POSITION

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

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Current and other assets	\$ 29,408,267	\$ 28,771,985	\$ 23,482,871
Restricted assets	14,527,102	16,181,775	13,544,333
Capital assets, net	23,370,821	21,563,725	18,219,068
Net pension asset	5,047,237	2,237,010	619,701
Total assets	<u>72,353,427</u>	<u>68,754,495</u>	<u>55,865,973</u>
Total deferred outflows of resources	<u>1,054,042</u>	<u>1,354,566</u>	<u>1,274,267</u>
Current and other liabilities	4,492,522	10,161,996	3,134,140
Long-term debt	11,547,656	10,267,599	10,885,691
Total liabilities	<u>16,040,178</u>	<u>20,429,595</u>	<u>14,019,831</u>
Total deferred inflows of resources	<u>3,831,987</u>	<u>2,719,986</u>	<u>1,576,354</u>
Net position			
Net invested in capital assets	13,102,781	10,677,611	6,734,940
Restricted	7,028,157	4,125,317	2,406,279
Unrestricted	33,404,366	32,156,552	32,402,836
Total net position	<u>\$ 53,535,304</u>	<u>\$ 46,959,480</u>	<u>\$ 41,544,055</u>

Some significant components of the change in the Hospital's net position are related to the increases in current assets, restricted assets and current liabilities.

- In fiscal year 2022, net pension asset increased by \$2,810,227 or 125.6 percent due to investment gains and consistent contributions for the state plan.
- In fiscal year 2022, long-term debt increased by \$1,280,057 or 12.5 percent due to the addition of a note payable.
- In fiscal year 2021, current assets increased by \$5,289,114 or 22.5 percent due to an increase in cash from receipt of the Paycheck Protection Program Loan ("PPP Loan") and Provider Relief Funds ("PRF") and increases in estimated third-party payor settlements.
- In fiscal year 2021, net pension asset increased by \$1,617,309 or 261 percent due to investment gains and consistent contributions for the state plan.
- In fiscal year 2021, restricted assets increased by \$2,637,442 or 19.5 percent due to the reinvestment of securities that had matured during prior year fiscal year-end.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
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Years Ended March 31, 2022 and 2021

- From fiscal year 2021 to 2022, current liabilities decreased by \$5,669,474 or 55.8 percent due to the recognition of PPP Loans and PRF as well as a reduction in Medicare Accelerated and Advanced Payments due to Medicare recoupments that began in April 2021. In 2021, current liabilities increased by \$7,027,856 or 224 percent due to the addition of approximately \$2.3M in PPP Loans, the deferral of approximately \$2.6M in PRF and the Medicare Accelerated and Advanced Payments of approximately \$1.8M placed on the books as a contractual liability.

SUMMARY OF REVENUE AND EXPENSES

The following table presents a summary of the Hospital's historical revenues and expenses and changes in net position for each of the fiscal years ended March 31, 2022, 2021 and 2020:

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Operating revenues			
Net patient service revenue	\$ 26,789,824	\$ 23,022,756	\$ 24,451,580
Other operating revenue	1,634,595	3,113,142	3,430,190
Total operating revenues	28,424,419	26,135,898	27,881,770
Operating expenses			
Salaries and benefits	16,143,739	15,146,597	15,636,391
Medical supplies and drugs	2,958,043	2,853,249	2,710,654
Provision for depreciation	1,827,102	1,459,878	1,409,064
Other operating expense	9,027,581	7,872,620	6,830,305
Total operating expenses	29,956,465	27,332,344	26,586,414
Income (loss) from operations	(1,532,046)	(1,196,446)	1,295,356
Nonoperating revenues (expenses)			
Property taxes	3,144,555	3,232,625	3,150,218
Provider Relief Fund revenue	2,600,786	3,618,131	-
Investment income (loss)	(390,126)	43,438	567,184
Gain on debt extinguishment	2,281,814	-	-
Insurance proceeds	886,560	-	-
Other nonoperating expense, net	(380,848)	(282,323)	(449,940)
Total nonoperating revenue, net	8,142,741	6,611,871	3,267,462
Change in net position	6,610,695	5,415,425	4,562,818
Net position, beginning of year	46,959,480	41,544,055	36,981,237
Removal of blended component unit	(34,871)	-	-
Net position, end of year	\$ 53,535,304	\$ 46,959,480	\$ 41,544,055

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

Some significant components of the change in the Hospital's revenues and expenses are related to net patient service revenue, professional fees, and Provider Relief Fund revenue.

- During fiscal year 2022, net patient service revenue increased approximately \$3.8 million or 16.4 percent. This increase was due to increased volume and fewer COVID-19 restrictions in place. Net patient service revenue was also affected by an increase of approximately \$447,000 in the net provision for bad debts which was the result of the Hospital's refinement of their reserve methodologies brought on by the Hospital's system conversion.
- During fiscal year 2021, net patient service revenue decreased approximately \$1.4 million or 5.8 percent. This decrease was due to fewer inpatients and surgeries due to COVID-19 restrictions.
- During fiscal year 2022, operating expenses increased approximately \$2.7 million or 9.7 percent. In 2022, salaries and wages expense increased approximately \$956,000 or 7.4 percent due to increased staffing needs and retention pay. In 2022, contracted services expense increased approximately \$482,000 or 19.1 percent due to additional contract costs for the EHR system conversion. In 2022, depreciation expense increased approximately \$367,000 or 25.2 percent due to yearly depreciation of capital assets.
- In fiscal year 2022, the Hospital experienced an increase in net nonoperating revenues of approximately \$1,531,000 or 23.2 percent. This increase was due to PPP Loan forgiveness recognized and insurance proceeds received for hurricane relief.
- In fiscal year 2021, the Hospital reported an increase in operating expenses of approximately \$746,000 or 2.8 percent. Professional fees for the Hospital increased approximately \$753,000 or 48 percent due to contract changes from multiple service providers.
- In fiscal year 2021, the Hospital experienced an increase in net nonoperating revenues of approximately \$3,344,000 or 102 percent. This increase was due to PRF funding received for COVID-19 relief.
- Change in net position increased approximately \$1,195,000 or 22 percent from fiscal year 2021 to 2022 and increased approximately \$853,000 or 19 percent from fiscal year 2020 to 2021.

BUDGET-TO-ACTUAL RESULTS

The Hospital's budget-to-actual results are presented below for the year ended March 31, 2022:

	Actual	Budget	Favorable (Unfavorable) Variance
Operating revenues			
Net patient service revenue	\$ 26,789,824	\$ 23,690,420	\$ 3,099,404
Other operating revenue	1,634,595	3,600,169	(1,965,574)
Total operating revenues	28,424,419	27,290,589	1,133,830
Operating expenses			
Salaries and benefits	16,143,739	15,682,059	(461,680)
Medical supplies and drugs	2,958,043	3,016,486	58,443
Provision for depreciation	1,827,102	2,106,042	278,940
Other operating expenses	9,027,581	10,815,752	1,788,171
Total operating expenses	29,956,465	31,620,339	1,663,874
Operating income (loss)	(1,532,046)	(4,329,750)	2,797,704

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

BUDGET-TO-ACTUAL RESULTS Continued

	Actual	Budget	Favorable (Unfavorable) Variance
Nonoperating revenue (expense)			
Property taxes	\$ 3,144,555	\$ 2,709,395	\$ 435,160
Investment income (loss)	(390,126)	101,106	(491,232)
Gain on debt extinguishment	2,281,814	-	2,281,814
Provider Relief Fund revenue	2,600,786	-	2,600,786
Gain on sale of asset	33,977	-	33,977
Grants and donations	51,562	225,000	(173,438)
Insurance proceeds	886,560	-	886,560
Other nonoperating expense, net	(466,387)	(470,753)	4,366
Total nonoperating revenue, net	<u>8,142,741</u>	<u>2,564,748</u>	<u>5,577,993</u>
Change in net position	<u>\$ 6,610,695</u>	<u>\$ (1,765,002)</u>	<u>\$ 8,375,697</u>

- Operating expenses had a favorable variance. The largest variance in operating expenses was due to the effects of COVID-19 on the other operating expenses category. The Hospital was unable to properly budget for significant changes in contract services all due to COVID-19.
- Nonoperating revenue had a favorable variance. The variance in nonoperating revenue is due to Provider Relief Fund revenue recognized for COVID-19 relief and PPP Loan forgiveness recognized.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Hospital's appointed officials and management considered many factors when setting the budget for the fiscal year ending March 31, 2023. Included in those factors are the status of the economy and the healthcare environment, which take into account market forces and environmental factors such as:

- Medicare reimbursement, including Disproportionate Share and Supplemental Payment Programs
- Increased number of uninsured and working poor
- Ongoing competition for services
- Workforce issues
- Cost of supplies, including pharmaceuticals
- Ability to recruit medical staff physicians to enhance services offered to the service area
- Combined growth of existing services
- Impact of Healthcare Reform as it relates to reimbursement and employee health insurance coverage
- Ongoing COVID-19 pandemic, related relief funding and associated compliance

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

CONTACTING THE HOSPITAL FINANCIAL MANAGER

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

Tracy George, Chief Financial Officer
St. James Parish Hospital
1645 Lutcher Avenue
Lutcher, LA 70071
tgeorge@sjph.org

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL

Statements of Net Position
March 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 20,957,755	\$ 21,316,606
Patient receivables, net of allowance for doubtful accounts of \$1,029,676 and \$488,174, respectively	2,571,404	2,116,800
Estimated third-party payor settlements	4,712,795	4,512,090
Inventories	707,122	608,912
Taxes receivable	8,360	16,598
Other current assets	450,831	200,979
Total current assets	29,408,267	28,771,985
Restricted and internally designated assets		
Held by trustee for debt service	1,980,920	1,888,307
Internally designated by Board for capital improvements	12,546,182	14,293,468
Total restricted and internally designated assets	14,527,102	16,181,775
Capital assets, net	23,370,821	21,563,725
Net pension asset	5,047,237	2,237,010
Total assets	72,353,427	68,754,495
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on debt refunds	575,280	640,653
Deferred pension outflows	478,762	713,913
Total deferred outflows of resources	1,054,042	1,354,566
Total assets and deferred outflows of resources	\$ 73,407,469	\$ 70,109,061
LIABILITIES		
Current liabilities		
Current maturities of note payable	\$ 426,362	\$ -
Current maturities of long-term debt	639,278	618,515
Paycheck Protection Program Loan	-	2,281,814
Accounts payable	1,007,743	1,203,419
Accrued salaries and wages	1,517,021	1,697,086
Medicare Accelerated and Advance Payment contractual liability	290,332	1,760,376
Provider Relief Fund deferred revenue	611,786	2,600,786
Total current liabilities	4,492,522	10,161,996
Note payable, less current maturities	1,918,894	-
Long-term debt, less current maturities	9,628,762	10,267,599
Total liabilities	16,040,178	20,429,595
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	3,831,987	2,719,986
NET POSITION		
Net investment in capital assets	13,102,781	10,677,611
Restricted for debt service	1,980,920	1,888,307
Restricted for pension benefits	5,047,237	2,237,010
Unrestricted	33,404,366	32,156,552
Total net position	\$ 53,535,304	\$ 46,959,480

See accompanying notes.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Statements of Revenues, Expenses and Changes in Net Position
Years Ended March 31, 2022 and 2021

	2022	2021
Operating revenues		
Net patient service revenue, net of provision for bad debts of \$1,329,817 and \$882,520, respectively	\$ 26,789,824	\$ 23,022,756
Other operating revenue	1,634,595	3,113,142
Total operating revenues	28,424,419	26,135,898
Operating expenses		
Salaries and wages	13,878,763	12,922,533
Employee benefits	2,264,976	2,224,064
Professional fees	2,362,468	2,309,502
Contracted services	2,998,927	2,517,039
Supplies and other	2,958,043	2,853,249
Noncapital equipment, rental, and maintenance contracts	1,923,101	1,514,192
Telephone and utilities	672,521	534,230
Insurance	521,044	507,267
Other operating expenses	549,520	490,390
Provision for depreciation	1,827,102	1,459,878
Total operating expenses	29,956,465	27,332,344
Loss from operations	(1,532,046)	(1,196,446)
Nonoperating revenues (expenses)		
Property taxes	3,144,555	3,232,625
Investment income (loss)	(390,126)	43,438
Provider Relief Fund revenue	2,600,786	3,618,131
Gain on debt extinguishment	2,281,814	-
Gain on sale of asset	33,977	-
Grants and donations	51,562	210,298
Insurance proceeds	886,560	-
Interest expense	(466,387)	(492,621)
Total nonoperating revenues	8,142,741	6,611,871
Increase in net position	6,610,695	5,415,425
Net position, before removal of blended component unit	46,959,480	41,544,055
Removal of blended component unit	(34,871)	-
Net position, (after removal of blended component unit)	46,924,609	41,544,055
Net position, end of year	\$ 53,535,304	\$ 46,959,480

See accompanying notes.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL

Statements of Cash Flows
Years Ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Receipts from and on behalf of patients	\$ 26,299,066	\$ 27,072,375
Payments to suppliers and contractors	(12,564,233)	(10,554,606)
Payments to employees	(17,721,506)	(15,545,018)
Net cash provided by (used in) operating activities	(3,986,673)	972,751
Cash flows from noncapital financing activities		
Property taxes	3,152,793	3,216,027
Noncapital grants and contributions	51,562	210,298
Proceeds from Provider Relief Fund	611,786	6,218,917
Insurance proceeds	886,560	-
Net cash provided by noncapital financing activities	4,702,701	9,645,242
Cash flows from capital and related financing activities		
Proceeds from issuance of Paycheck Protection Program loan	-	2,281,814
Principal paid on long-term debt and notes payable	(831,253)	(598,014)
Interest paid on long-term debt	(466,387)	(492,621)
Purchases of capital assets	(1,041,786)	(4,804,535)
Net cash used in capital and related financing activities	(2,339,426)	(3,613,356)
Cash flows from investing activities		
Purchases of investments	(13,030,564)	(34,054,053)
Proceeds from sale of investments	14,172,892	31,441,191
Interest on investments	122,219	120,587
Net cash provided by (used in) investing activities	1,264,547	(2,492,275)
Net increase (decrease) in cash and cash equivalents	(358,851)	4,512,362
Cash and cash equivalents, beginning of year	21,316,606	16,804,244
Cash and cash equivalents, end of year	\$ 20,957,755	\$ 21,316,606

See accompanying notes.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL

Statements of Cash Flows
Years Ended March 31, 2022 and 2021

	2022	2021
<hr/>		
Reconciliation of income from operations to net cash provided by (used in) operating activities		
Loss from operations	\$ (1,532,046)	\$ (1,196,446)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities		
Depreciation and amortization	1,827,102	1,459,878
Provision for bad debts	1,329,817	882,520
Changes in assets and liabilities		
Patient receivables	(1,784,421)	(719,442)
Inventories	(98,210)	(64,998)
Estimated third-party payor settlements	(200,705)	(986,977)
Other current assets	(284,723)	27,014
Accounts payable	(195,676)	209,247
Accrued salaries and compensated absences	(180,065)	155,555
Other accrued	(1,470,044)	1,760,376
Net pension liability and related accounts	(1,397,702)	(553,976)
Net cash provided by (used in) operating activities	<u>\$ (3,986,673)</u>	<u>\$ 972,751</u>
Supplemental schedule of noncash capital and related financing activities		
Purchase of capital assets financed by note payable	<u>\$ 2,558,435</u>	<u>\$ -</u>

See accompanying notes.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The St. James Parish Hospital Service District of St. James Parish, Louisiana, d/b/a St. James Parish Hospital (the "Hospital") or ("SJPH"), is an acute care hospital established in 1953.

Effective August 1, 2001, the Hospital met the Medicare participation requirements to be classified as a critical access hospital. The Hospital was created by the St. James Parish Police Jury and is a political subdivision of the St. James Parish Council/Police Jury. The St. James Parish Council approves all tax elections. The Hospital Service District is a component unit of the St. James Parish Council.

In fiscal year 2014, operations began for St. James Physician Alliance ("SJPA"). SJPA was formed as a nonprofit corporation whose sole member is the Hospital. Under Governmental Accounting Standards Board ("GASB") Statement No. 61, SJPA's financial data is combined as a blended component unit with the Hospital.

St. James Foundation (the "Foundation") is a nonstock, nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The primary sources of financial support for the Foundation are gifts, grants and contributions from the general public, corporations and charitable organizations. In 2022, the Foundation changed its bylaws to limit the number of Board members who can also serve on the Hospital's Board. As the Hospital is restricted from holding a majority of the Board positions, the Foundation no longer meets the thresholds for a component unit of the Hospital per GASB 61 and as such the Foundation's financial data is no longer combined as a blended component unit with the Hospital.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most sensitive estimates included in these financial statements relate to contractual discounts under third-party contracts and the allowance for uncollectible accounts.

Basis of Presentation

The Hospital reports in accordance with accounting principles generally accepted in the United States of America in accordance with accounting principles promulgated by the GASB. The accompanying financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus.

Cash and Cash Equivalents

Cash and cash equivalents include investments in money market funds and highly liquid investments with maturities of three months or less when purchased, excluding amounts whose use is limited by the Board of Commissioners' designation or under trust agreements.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Patient Receivables

Patient accounts receivable are reported at their outstanding unpaid balance adjusted for any write-offs and the allowance for doubtful accounts. Interest income is not accrued on any unpaid balances.

Accounts are considered past due at the time that the balance is 30 days delinquent. Accounts are written off when no payment has been received on the account for 120 days.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings. Losses are charged against the allowance when management believes the collectability of an account is confirmed. Subsequent recoveries, if any, are recognized as income.

The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the accounts in light of historical experience, the nature and volume of the accounts and the agreements with the respective third-party payors.

Inventories

Inventories are valued using an average cost method.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Restricted and Internally Designated Assets

Noncurrent restricted and internally designated assets include cash and investments set aside by the Board of Commissioners for future capital improvements as well as assets externally restricted for debt service. The Board retains control of the funds set aside for future capital improvements and may, at its discretion, subsequently use them for other purposes.

The Hospital's investments consist of debt and equity securities and are carried at fair value. Interest, dividends and gains and losses on investments, both realized and unrealized, are included in nonoperating income when earned.

Capital Assets, Net

Capital asset additions are recorded at cost. Depreciation is computed using the straight-line method with useful lives of the property ranging from three to 40 years. Maintenance, repairs, replacement and improvements of minor importance are expensed. Major replacements and improvements are capitalized. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Property Taxes

The Hospital receives a 4.75 mills property tax, which is levied in November each year, payable by December 31 of that year. The Hospital records the expected revenues to be received based on factors such as previous years' collections to assessments and the estimated taxable assessed value for the current year. Adjustments are made upon final receipts. The millage is in effect through December 31, 2026.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense or expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Hospital has the following items that are reported as deferred inflows or outflows of resources: deferred amounts on debt refunding and deferred inflows/outflows of resources related to pensions.

Pensions

The Hospital follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") on the financial statements to recognize the net pension liability, deferred outflows and deferred inflows of resources, pension expense and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans. The Hospital recognizes benefit payments when due and payable in accordance with benefit terms. Invested assets are reported at fair value. More information on pension activity for the Hospital is included in Note 8.

Compensated Absences

The Hospital's employees earn paid time off and extended illness hours at varying rates depending on years of service. Employees may accumulate paid time off and be paid if they leave before they exhaust this accumulation. Employees may accumulate extended illness hours but, upon termination, are not paid for any accumulated extended illness hours.

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 dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self-Insurance Claims

Accrued self-insurance claims represent the Hospital's best estimate of incurred but unpaid expenses for employees' health insurance expense.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Income Taxes

The Hospital is exempt from federal income taxation as a political subdivision of the state of Louisiana and, accordingly, the accompanying basic financial statements do not include any provision for income taxes.

Net Position

Net position is classified into three components consisting of resources invested in capital assets (property and equipment), net of related debt, restricted and unrestricted. These components are defined as follows:

- *Net Investment in Capital Assets* – This component reports capital assets net of accumulated depreciation and the outstanding balance of any related debt that is attributable to the acquisitions of the capital assets.
- *Restricted Net Position* – This component reports those resources that are externally restricted by creditors, grantors, contributors or laws and regulations or those restricted by constitutional provisions and enabling legislation.
- *Unrestricted Net Position* – This component reports resources that do not meet the definition of invested in capital assets, net of related debt or restricted.

When both restricted and unrestricted resources are available to finance particular programs, it is the Hospital's policy to use the restricted resources before using the unrestricted resources.

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. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are considered in the recognition and accrual of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The primary third-party programs include Medicare and Medicaid, which account for a significant amount of the Hospital's revenue. The laws and regulations under which Medicare and Medicaid programs operate are complex and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such reviews may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Management believes it has complied with the requirements of these programs.

Charity Care

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

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

foregone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided.

Operating Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, which is the Hospital's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition and interest income are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Grants and Contributions

From time to time, the Hospital receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. In accordance with GASB Technical Bulletin No. 2020-1, the Hospital classified CARES Act funds as nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position (discussed further in Note 12).

New Accounting Standards Adopted

Governmental Accounting Standards Board Statement No. 89 ("GASB 89")

The Hospital adopted GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement improved financial reporting by (1) enhancing the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplifying accounting for interest cost incurred before the end of a construction period. This statement superseded GASB 62, requiring that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost was incurred. The adoption of GASB 89 did not have a significant impact on the Hospital's financial position or results of operations.

Accounting Pronouncements Issued Not Yet Adopted

Governmental Accounting Standards Board Statement No. 87 ("GASB 87")

The Hospital will adopt GASB 87, *Leases*. This statement will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. Under this statement, all leases are required to be recognized as assets and liabilities with associated deferred inflows and outflows of resources on the financial statements. Furthermore, the statement defines a lease and details the considerations for determining the lease term. The Hospital is currently assessing the impact of the adoption of this GASB and its effect on the Hospital's financial position or results of operations.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Governmental Accounting Standards Board Statement No. 96 ("GASB 96")

The Hospital will adopt GASB 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Hospital is currently assessing the impact of the adoption of this GASB and its effect on the Hospital's financial position or results of operations.

Note 2. Cash Deposits and Investments

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law, which are to be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Hospital.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to them. As of March 31, 2022, \$7,405,105 of the Hospital's bank balance totaling \$7,911,231 was exposed to custodial credit risk. At each institution, \$250,000 of deposits was secured by federal deposit insurance coverage, which was not exposed to custodial credit risk. The remaining deposits, which were exposed to custodial credit risk, were secured by the pledge of securities owned by the fiscal agent bank.

The Hospital's investments generally are reported at fair value, as discussed in Note 1. The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Hospital had the following recurring fair value measurements as of March 31, 2022 and 2021:

Investments by Fair Value Level	2022	Level 1	Level 2	Level 3
U.S. Agencies	\$ 12,546,182	\$ 1,323,212	\$ 11,222,970	\$ -
Total	\$ 12,546,182	\$ 1,323,212	\$ 11,222,970	\$ -

Investments by Fair Value Level	2021	Level 1	Level 2	Level 3
U.S. Agencies	\$ 14,293,468	\$ 2,125,658	\$ 12,167,810	\$ -
Total	\$ 14,293,468	\$ 2,125,658	\$ 12,167,810	\$ -

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 2. Continued

The Hospital had the following investment maturities as of March 31, 2022 and 2021:

Investment Type	Carrying Amount	Investment Maturities (in Years)			
		Less than 1	1 – 5	6 – 10	More than 10
U.S. Agencies	\$ 12,546,182	\$ 1,652,896	\$ 10,893,286	\$ -	\$ -
Total	\$ 12,546,182	\$ 1,652,896	\$ 10,893,286	\$ -	\$ -

Investment Type	Carrying Amount	Investment Maturities (in Years)			
		Less than 1	1 – 5	6 – 10	More than 10
U.S. Agencies	\$ 14,293,468	\$ 5,899,806	\$ 8,393,662	\$ -	\$ -
Total	\$ 14,293,468	\$ 5,899,806	\$ 8,393,662	\$ -	\$ -

Interest Rate Risk

The Hospital's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk

The Hospital's investment policy, in compliance with Louisiana Revised Statute 33:2955, allows the Hospital to invest in United States Treasuries, United States Agency securities and certificates of deposit. As of March 31, 2022, the Hospital's investment in U.S. Agencies was rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's.

Concentration of Credit Risk

The Hospital's investment policy does not limit the amount the Hospital may invest in any one issuer. More than 5 percent of the Hospital's investments are in the Federal Credit Bank, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. These investments are 10 percent, 59 percent, 18 percent, and 13 percent of total investments, respectively, as of March 31, 2022.

Note 3. Restricted and Internally Designated Assets

The amounts reported as restricted assets are comprised of cash held by the trustee bank for debt service on behalf of the Hospital related to their required long-term debt described in Note 6. In addition, internally designated funds for capital acquisitions are set aside under the control of the Board of Commissioners who may, at their discretion, use these funds for other purposes.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 3. Continued

The restricted and internally designated assets, which consist of cash, certificates of deposits and U.S. Agencies as of March 31 are as follows:

	2022	2021
Held by trustee for debt service		
Sinking fund	\$ 137	\$ 137
Reserve fund – rural development	1,136,696	1,107,063
Contingency fund	775,695	712,396
Rural Development transfer account	68,392	68,711
Internally designated for capital acquisitions	<u>12,546,182</u>	<u>14,293,468</u>
Total	<u>\$ 14,527,102</u>	<u>\$ 16,181,775</u>

Note 4. Patient Accounts Receivable

Patient accounts receivable consist of the following:

	2022	2021
Receivable from patients and their insurance carriers	\$ 3,541,720	\$ 1,975,311
Receivable from Medicare	3,200,135	1,960,844
Receivable from Medicaid	<u>2,667,425</u>	<u>1,152,814</u>
Total patient receivables	9,409,280	5,088,969
Less: allowance for contractual adjustments and doubtful accounts	<u>6,837,876</u>	<u>2,972,169</u>
Patient accounts receivable, net	<u>\$ 2,571,404</u>	<u>\$ 2,116,800</u>

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital assets and depreciation activity for the year ended March 31, 2022 are as follows:

	March 31, 2021	Additions	Disposals	March 31, 2022
Capital assets not being depreciated:				
Land	\$ 1,480,915	\$ -	\$ -	\$ 1,480,915
Construction in progress	948,277	3,580,917	(4,416,710)	112,484
Total capital assets not being depreciated	<u>2,429,192</u>	<u>3,580,917</u>	<u>(4,416,710)</u>	<u>1,593,399</u>
Capital assets being depreciated:				
Buildings and improvements	29,226,596	206,722	-	29,433,318
Equipment	11,233,478	4,263,269	(41,309)	15,455,438
Total capital assets being depreciated	<u>40,460,074</u>	<u>4,469,991</u>	<u>(41,309)</u>	<u>44,888,756</u>
Less: total accumulated depreciation	<u>(21,325,541)</u>	<u>(1,827,102)</u>	<u>41,309</u>	<u>(23,111,334)</u>
Total capital assets being depreciated, net	<u>19,134,533</u>	<u>2,642,889</u>	<u>-</u>	<u>21,777,422</u>
Capital assets, net	<u>\$ 21,563,725</u>	<u>\$ 6,223,806</u>	<u>\$ (4,416,710)</u>	<u>\$ 23,370,821</u>

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 5. Continued

Capital assets and depreciation activity for the year ended March 31, 2021 follows:

	March 31, 2020	Additions	Disposals	March 31, 2021
Capital assets not being depreciated:				
Land	\$ 1,480,915	\$ -	\$ -	\$ 1,480,915
Construction in progress	1,180,421	4,521,948	(4,754,092)	948,277
Total capital assets not being depreciated	2,661,336	4,521,948	(4,754,092)	2,429,192
Capital assets being depreciated:				
Buildings and improvements	28,713,984	512,612	-	29,226,596
Equipment	6,709,411	4,524,067	-	11,233,478
Total capital assets being depreciated	35,423,395	5,036,679	-	40,460,074
Less: total accumulated depreciation	(19,865,663)	(1,459,878)	-	(21,325,541)
Total capital assets being depreciated, net	15,557,732	3,576,801	-	19,134,533
Capital assets, net	\$ 18,219,068	\$ 8,098,749	\$ (4,754,092)	\$ 21,563,725

For the years ended March 31, 2022 and 2021, depreciation expense was approximately \$1,827,000 and \$1,460,000, respectively.

At March 31, 2022, the Hospital had various commitments totaling approximately \$204,000. These commitments related to various repairs from Hurricane Ida damage.

Note 6. Long-Term Debt

A schedule of changes in the Hospital's long-term debt for the year ended March 31, 2022 follows:

	Balance March 31, 2021	Additions	Retirements	Balance March 31, 2022	Due Within One Year
Revenue Bonds					
Series 2008 R-1	\$ 6,355,638	\$ -	\$ (128,350)	\$ 6,227,288	\$ 134,206
Series 2014	4,530,476	-	(489,724)	4,040,752	505,072
Note payable	-	2,558,435	(213,179)	2,345,256	426,362
Total debt	\$ 10,886,114	\$ 2,558,435	\$ (831,253)	\$ 12,613,296	\$ 1,065,640

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 6. Continued

A schedule of changes in the Hospital's long-term debt for the year ended March 31, 2021 follows:

	Balance March 31, 2020	Additions	Retirements	Balance March 31, 2021	Due Within One Year
Revenue Bonds					
Series 2008 R-1	\$ 6,478,810	\$ -	\$ (123,172)	\$ 6,355,638	\$ 128,792
Series 2014	5,005,318	-	(474,842)	4,530,476	489,723
Total debt	<u>\$ 11,484,128</u>	<u>\$ -</u>	<u>\$ (598,014)</u>	<u>\$ 10,886,114</u>	<u>\$ 618,515</u>

On July 2, 2008, the Hospital issued \$7,600,000 of Revenue Bonds, Series 2008 R-1, as a single, fully registered bond issue, payable through July 2, 2048, at an interest rate of 4.125 percent.

On June 4, 2014, the Hospital issued \$7,470,000 of Hospital Revenue Refunding Bonds, Series 2014, as a single, fully registered bond issue, payable through June 2, 2029, at an interest rate of 3.09 percent to current refund \$8,185,000 of outstanding 2008 Series A-D bonds with an average interest rate of 7.80 percent. The proceeds of \$7,470,000, together with internal funds of \$1,856,370 (which includes monies in the existing sinking fund, a call premium, a forward fee and accrued interest), were used to secure the repayment of the outstanding 2008 Series A-D bonds. As a result, the 2008 Series A-D bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,176,708. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2030 using the straight-line method. For the years ended March 31, 2022 and 2021, the deferred amount on refunding totaled \$575,280 and \$640,653, respectively.

The bonds are collateralized by a pledge of the Hospital Service District's revenue, land, building and improvements and personal property thereon. Under the terms of the revenue note indenture, the Hospital is required to maintain certain deposits with a trustee, as mentioned in Note 3. Such deposits are included in restricted and internally designated assets in the statements of net position. These funds are maintained at the trustee and require monthly funding by the Hospital Service District. The revenue note indenture also requires that the Hospital satisfy certain measures of financial performance as long as the notes are outstanding. The Hospital was in compliance with all covenants of its outstanding bond issues at March 31, 2022 and 2021.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 6. Continued

Scheduled interest and principal payments on long-term debt at March 31, 2022 are as follows:

Year Ending March 31,	Note Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 426,362	\$ -	\$ 639,278	\$ 372,052
2024	426,421	-	660,750	350,581
2025	426,421	-	682,954	328,376
2026	426,421	-	705,918	305,412
2027	426,421	-	729,667	281,663
2028 - 2032	213,210	-	2,248,794	1,095,108
2033 - 2037	-	-	1,101,755	840,805
2038 - 2042	-	-	1,353,644	588,916
2043 - 2047	-	-	1,663,123	279,437
2048 - 2049	-	-	482,157	13,572
	<u>\$ 2,345,256</u>	<u>\$ -</u>	<u>\$ 10,268,040</u>	<u>\$ 4,455,922</u>

Note 7. Information Technology Contract

In 2021, the Hospital entered into a seven-year equipment, software and services agreement with a major information technology vendor. The agreement generally commits the Hospital to the purchase of a variety of information technology products and services from this vendor for a defined payment stream over the term of the contract. The contract included a seven-year zero percent financing agreement for certain equipment, software licenses and supporting fees totaling \$2,558,435, maturing in 2028. This amount is included in the note payable on the accompanying financial statements. Software maintenance expenses associated with this contract of \$284,520 was recognized for the year ended March 31, 2022.

The following table summarizes the future payment commitments by year under the contract pertaining to fees, subscriptions and other related services, as of March 31, 2022. The Hospital has the ability under the contract to terminate these services on sixty days' written notice, as defined in the contract.

Year Ending March 31,	Software Maintenance Obligation
2023	\$ 594,903
2024	594,903
2025	594,903
2026	594,903
2027	594,903
2028 - 2031	2,082,160
	<u>\$ 5,056,675</u>

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan

Plan Description

The Hospital is a member of the Parochial Employees' Retirement System of Louisiana ("PERS" or the "System"), a cost-sharing multiple-employer defined benefit pension plan. All full-time, permanent employees working at least 28 hours per week who are paid wholly or in part from the Hospital's funds are eligible to participate in PERS Plan B ("Plan B").

Under PERS Plan B, any member can retire providing he/she meets one of the following:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service
2. Age 60 with a minimum of ten (10) years of creditable service
3. Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of service
2. Age 62 with ten (10) years of service
3. Age 67 with seven (7) years of service

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to 2 percent of the member's final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues a publicly available financial report that includes financial statements and required supplementary information.

That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, accessed via internet at www.persla.gov or by calling (225) 928-1361.

Contributions

Contributions to Plan B include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish except Orleans and East Baton Rouge parishes. Plan B members are required to contribute 3 percent of their annual covered salary. The Hospital is required to contribute at an actuarially determined rate. The current rate is 7.50 percent of annual covered salary for the years ended March 31, 2022 and 2021. As provided by LRS 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior year. The Hospital's contributions to Plan B for the years ended March 31, 2022 and 2021, were approximately \$768,600 and \$760,700, respectively, which is equal to the required contribution.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 8. Continued

Net Pension Asset

At March 31, 2022 and 2021, the Hospital reported an asset of \$5,047,237 and \$2,237,010, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and 2020 and was determined by actuarial valuation as of that date. The Hospital's proportion of the net pension asset was based on a projection of the Hospital's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At December 31, 2021 and 2020, the Hospital's proportion was 9.032106 percent and 8.713610 percent, respectively.

For the years ended March 31, 2022 and 2021, the Hospital recognized pension expense of \$801,434 and \$757,766, respectively. At March 31, 2022 and 2021, the Hospital reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred outflows of resources		
Pension contributions subsequent to measurement date	\$ 175,313	\$ 180,438
Difference between expected and actual experience	95,907	141,897
Changes of assumptions	202,756	383,105
Change in Hospital's proportion	4,786	8,473
Total deferred outflows of resources	<u>\$ 478,762</u>	<u>\$ 713,913</u>
Deferred inflows of resources		
Difference between expected and actual experience	\$ 536,395	\$ 64,174
Net difference between projected and actual earnings on pension plan investments	3,288,092	2,643,774
Change in Hospital's proportion	7,500	12,038
Total deferred inflows of resources	<u>\$ 3,831,987</u>	<u>\$ 2,719,986</u>

In the years ended March 31, 2022 and 2021, respectively, \$175,313 and \$180,438 was reported as deferred outflows of resources related to pensions resulting from the Hospital's contributions subsequent to the measurement date will be recognized as an addition (reduction) to net pension asset.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an expense in pension expense/(benefit) as follows:

2023	\$ (728,598)
2024	(1,460,375)
2025	(986,702)
2026	(352,863)
	<u>\$ (3,528,538)</u>

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 8. Continued

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of March 31, 2022, is as follows:

Valuation date	December 31, 2021
Actuarial cost	Method entry age normal
Investment return	6.40 percent (Net of investment expense, including inflation)
Expected remaining service lives	Four years
Projected salary increases	4.25 percent (1.95 percent merit/2.30 percent inflation)
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	PUB-2010 Public Retirement Plans Mortality Table for General Employees selected for employees. Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees were selected for annuitants and beneficiaries. PUB-2010 Public Retirement Plans Mortality Table for General Disabled Retirees was selected for disabled annuitants.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33%	0.85%
Equity	51	3.23
Alternatives	14	0.71
Real assets	2	0.11
	<hr/> 100% <hr/>	<hr/> 4.90 <hr/>
Inflation		<hr/> 2.10 <hr/>
Expected arithmetic normal rate		<hr/> 7.00% <hr/>

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 8. Continued

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10 percent and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00 percent, for the year ended December 31, 2021.

The discount rate used to measure the total pension liability was 6.40 percent for Plan B as of March 31, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and nonemployer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Hospital's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate

The following presents the net pension asset (liability) of the Hospital as of March 31, 2022 and 2021, using the discount rate of 6.40 percent as of March 31, 2022 and 2021.

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
2022	\$ 435,867	\$ 5,047,237	\$ 8,903,581
2021	\$ (2,091,299)	\$ 2,237,010	\$ 5,853,894

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 9. Paycheck Protection Program

On March 27, 2020, the CARES Act was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the Coronavirus ("COVID-19") pandemic. The Hospital applied under the Paycheck Protection Program ("PPP") within the CARES Act and, on May 4, 2020, received approximately \$2,282,000 under the PPP Loan. The PPP Loan was subject to a 1 percent interest rate which would only be applied if the loan was forgiven. Accrued interest associated with the PPP Loan was not recorded as the PPP Loan was forgiven.

Rules stipulate that some or all of the PPP Loan will be forgiven if the sum of payments made during the covered period (either the eight-week or 24-week period after the distribution date) for payroll, building rents and utilities, and state taxes, equal or exceed the PPP Loan amount. The Hospital received confirmation of forgiveness on August 27, 2021. For the year ended March 31, 2022, the total PPP Loan is included in nonoperating revenues as gain on debt extinguishment in the accompanying statements of revenues, expenses and changes in net position.

Note 10. Patient Service Revenue

The Hospital has agreements with third-party payors providing payments to the Hospital at amounts different from the Hospital's established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Since obtaining critical access designation, inpatient and outpatient services rendered to Medicare programs beneficiaries are reimbursed under cost reimbursement methodologies. The Hospital is reimbursed by the Medicare fiscal intermediary at a tentative interim rate with final settlement determined with the submission of annual cost reports and audits. The Hospital's Medicare cost reports have been filed with the Medicare fiscal intermediary through March 31, 2022. Desk reviews have been performed on reports issued through March 31, 2020.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been filed with the fiscal intermediary through March 31, 2022. A desk review has been performed on Medicaid reports issued through March 31, 2017.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 10. Continued

Other

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

A summary of patient service revenue as of March 31 follows:

	2022	2021
Gross patient service revenue	\$ 55,649,849	\$ 48,152,410
Less provisions for		
Contractual adjustments under third-party reimbursement programs and managed care contracts	27,530,208	24,247,134
Uncollectible accounts	1,329,817	882,520
Net patient service revenue	\$ 26,789,824	\$ 23,022,756

The Hospital is located in Lutcher, Louisiana and grants credit without personal collateral to its patients and their insurance companies, most of whom are residents in the area. The mix of gross patient service revenues is as follows:

	2022	2021
Medicare	14%	16%
Medicare Advantage	29	29
Medicaid	23	22
Commercial Providers	32	30
Self-pay	2	3
Total	100%	100%

Note 11. Charity Care

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated \$90,263 and \$134,701 for the years ended March 31, 2022 and 2021, respectively. The estimated cost of charity care, estimated using a ratio of cost-to-gross charges, totaled approximately \$49,000 and \$76,000 for the years ended March 31, 2022 and 2021, respectively.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 12. COVID-19 Pandemic and CARES Act

On March 11, 2020, the Governor of the State of Louisiana declared a state of emergency in the State of Louisiana related to the COVID-19 pandemic and subsequently issued numerous executive orders in an effort to reduce community spread of the virus and protect Louisiana's most vulnerable citizens. As a result of the executive orders and generally in response to the concern for community spread, elective procedures and other nonemergency visits to the Hospital's facilities were significantly curtailed beginning March 2020.

Provider Relief Fund

In response to the COVID-19 pandemic, Congress passed multiple bills that included funding and operational relief for affected hospitals. The U.S. Department of Health and Human Services ("HHS"), the Centers for Medicare and Medicaid Services and the Health Resources and Services Administration all issued various waivers of regulations governing coverage of specific services and conditions of program participation. The Public Health and Social Services Emergency Fund (the "Provider Relief Fund") was among the provisions of the CARES Act, which was signed into law on March 27, 2020. On April 22, 2020, HHS announced a distribution methodology for the \$100 billion Provider Relief Fund appropriated as part of the CARES Act. Additionally, HHS provided \$75 billion in addition to the \$100 billion provided under the CARES Act. As a condition to receiving distributions, providers agreed to certain terms and conditions, including, among other things, that the funds would be used for lost operating revenues and COVID-19 related costs. During the years ended March 31, 2022 and 2021, the Hospital received approximately \$612,000 and \$6,219,000, respectively from the Provider Relief Fund and recognized approximately \$2,601,000 and \$3,618,000, respectively, in nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position. The Hospital recognizes the Provider Relief Fund payments as income when there is reasonable assurance of compliance with the conditions associated with the grant. The unrecognized amount from the funds received is recorded as deferred revenue in the accompanying statements of net position.

Medicare Accelerated and Advance Payment Program

The Hospital also applied for and was paid approximately \$1,760,000 as an advance on six months of its Medicare payments through the Medicare Accelerated and Advanced Payment Program which was expanded to increase cash flow to providers of services impacted by the COVID-19 pandemic.

Recoupment of the advance payments began one year after the advance payments were received. After the first year, Medicare will automatically recoup 25 percent of the Medicare payments otherwise owed to the provider for 11 months. At the end of the 11-month period, recoupment will increase to 50 percent for another six months. If there is an outstanding balance after the 29-month period, Medicare will issue letters requiring repayment, subject to an interest rate of 4 percent. The Hospital has accounted for these funds as a contractual liability of approximately \$290,000 and \$1,760,000 at March 31, 2022 and 2021, respectively.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 13. Insurance Programs

Risk Management

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self-insurance of (1) hospital professional liability and comprehensive general liability and (2) statutory workers' compensation. The Hospital carries commercial insurance for all other risk of loss.

The trust funds for professional liability/comprehensive general liability and statutory workers' compensation are pooling arrangements whereby there is a sharing of risk among the participants of the trust funds. The Hospital reports its premiums as insurance expenditures and expenses these premiums over the pro rata periods involved.

The Hospital is self-insured for its employees' health claims. The Hospital has commercial insurance that provides coverage for claims in excess of certain self-insured limits. The Hospital accrued approximately \$624,000 and \$200,000 at March 31, 2022 and 2021, respectively.

The following table summarizes the changes to self-insured liability:

Year ended March 31,	Beginning of fiscal year liability	Current year claims and change in estimate	Claims paid	Balance at fiscal year end
2022	\$ 200,000	\$ 2,349,484	\$ (1,925,591)	\$ 623,893
2021	\$ 280,510	\$ 1,256,676	\$ (1,337,186)	\$ 200,000

Note 14. Louisiana Medicaid Supplemental Payment Program

On February 3, 2015, the Hospital entered into a cooperative endeavor agreement with another provider who delivers supplemental payments to participating hospitals to be used solely to provide adequate and essential medically necessary and available healthcare services to the participant's rural service populations. The term of this agreement is one year with automatic renewals for additional terms of one year each unless previously terminated. The agreement may be terminated by either party with thirty days' written notice.

The Hospital recognized total revenue of approximately \$1,185,000 and \$2,211,000 in 2022 and 2021, respectively. The revenue earned from this agreement is included as a component of other operating revenue in the accompanying statements of revenues, expenses and changes in net position.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 15. Blended Component Units

In accordance with GASB No. 61, see below for a reconciliation of the financial statement line items by component:

	March 31, 2022		
	SJPH	SJPA	Total
Condensed Statements of Net Position			
Assets			
Current assets	\$ 29,045,647	\$ 362,620	\$ 29,408,267
Due from related parties	312,413	(312,413)	-
Restricted and internally designated assets	14,527,102	-	14,527,102
Capital assets	23,370,821	-	23,370,821
Net pension asset	5,047,237	-	5,047,237
Total assets	72,303,220	50,207	72,353,427
Deferred outflows of resources	1,054,042	-	1,054,042
Total assets and deferred outflows of resources	\$ 73,357,262	\$ 50,207	\$ 73,407,469
Liabilities			
Current liabilities	\$ 4,442,311	\$ 50,211	\$ 4,492,522
Long-term liabilities	11,547,656	-	11,547,656
Total liabilities	15,989,967	50,211	16,040,178
Deferred inflows of resources	3,831,987	-	3,831,987
Net position	53,535,308	(4)	53,535,304
Total liabilities and deferred inflows of resources and net position	\$ 73,357,262	\$ 50,207	\$ 73,407,469
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating revenues	\$ 26,383,252	\$ 2,041,167	\$ 28,424,419
Depreciation	(1,827,102)	-	(1,827,102)
Other operating expenses	(26,088,196)	(2,041,167)	(28,129,363)
Nonoperating revenues	8,142,741	-	8,142,741
Change in net position	\$ 6,610,695	\$ -	\$ 6,610,695
Condensed Statements of Cash Flows			
Net cash provided by (used in)			
Operating activities	\$ (3,996,465)	\$ 9,792	\$ (3,986,673)
Noncapital financing activities	4,702,701	-	4,702,701
Capital and related financing activities	(2,339,426)	-	(2,339,426)
Investing activities	1,264,547	-	1,264,547
Change in cash	(368,643)	9,792	(358,851)
Beginning cash	20,994,620	321,986	21,316,606
Ending cash	\$ 20,625,977	\$ 331,778	\$ 20,957,755

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 15. Continued

	March 31, 2021			
	SJPH	SJPA	SJWF	Total
Condensed Statements of Net Position				
Assets				
Current assets	\$ 28,381,908	\$ 355,206	\$ 34,871	\$ 28,771,985
Restricted and internally designated assets	16,181,775	-	-	16,181,775
Capital assets	21,563,725	-	-	21,563,725
Net pension asset	2,237,010	-	-	2,237,010
Total assets	68,364,418	355,206	34,871	68,754,495
Deferred outflows of resources	1,354,566	-	-	1,354,566
Total assets and deferred outflows of resources	\$ 69,718,984	\$ 355,206	\$ 34,871	\$ 70,109,061
Liabilities				
Current liabilities	\$ 10,064,638	\$ 97,358	\$ -	\$ 10,161,996
Long-term liabilities	10,267,599	-	-	10,267,599
Total liabilities	20,332,237	97,358	-	20,429,595
Deferred inflows of resources	2,719,986	-	-	2,719,986
Net position	46,666,761	257,848	34,871	46,959,480
Total liabilities and deferred inflows of resources and net position	\$ 69,718,984	\$ 355,206	\$ 34,871	\$ 70,109,061
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues	\$ 24,235,764	\$ 1,900,134	\$ -	\$ 26,135,898
Depreciation	(1,459,878)	-	-	(1,459,878)
Other operating expenses	(23,954,509)	(1,900,134)	(17,823)	(25,872,466)
Nonoperating revenues	6,559,177	-	52,694	6,661,871
Change in net position	\$ 5,380,554	\$ -	\$ 34,871	\$ 5,415,425
Condensed Statements of Cash Flows				
Net cash provided by (used in)				
Operating activities	\$ 839,109	\$ 151,465	\$ (17,823)	\$ 972,751
Noncapital financing activities	9,645,242	-	-	9,645,242
Capital and related financing activities	(3,613,356)	-	-	(3,613,356)
Investing activities	(2,544,969)	-	52,694	(2,492,275)
Change in cash	4,326,026	151,465	34,871	4,512,362
Beginning cash	16,633,723	170,521	-	16,804,244
Ending cash	\$ 20,959,749	\$ 321,986	\$ 34,871	\$ 21,316,606

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Years Ended March 31, 2022 and 2021

NOTES TO FINANCIAL STATEMENTS

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 8, 2022, and determined that no events occurred that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ST. JAMES PARISH HOSPITAL
Schedule of Employer Contributions and Proportionate Share of Net Pension Liability
PERS Pension Plan
March 31, 2022

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016
Statutorily required employer contribution	\$ 768,600	\$ 760,700	\$ 720,500	\$ 736,059	\$ 686,766	\$ 673,259	\$ 720,694
Contributions in relation to the statutorily required contributions	(768,600)	(760,700)	(720,500)	(736,059)	(686,766)	(673,259)	(720,694)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 10,247,953	\$ 10,142,508	\$ 9,606,662	\$ 9,419,282	\$ 8,712,618	\$ 8,415,735	\$ 8,224,215
Contributions as a percentage of covered-employee payroll	7.50%	7.50%	7.50%	7.81%	7.88%	8.00%	8.76%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension asset (liability)	9.032106%	8.713610%	8.565762%	8.908301%	8.532025%	8.408189%	8.710641%
Proportionate share of the net pension asset (liability)	\$ 5,047,237	\$ 2,237,010	\$ 619,701	\$ (2,406,711)	\$ 1,073,503	\$ (1,092,285)	\$ (1,550,889)
Covered-employee payroll	\$ 10,247,953	\$ 10,142,508	\$ 9,606,662	\$ 9,419,282	\$ 8,712,618	\$ 8,415,735	\$ 8,224,215
Proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	49%	22%	6%	-26%	12%	-13%	-19%
Plan fiduciary net position as a percentage of the total pension liability	114%	107%	102%	92%	104%	96%	93%

* The amounts presented for each fiscal year were determined as of December 31.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended March 31, 2022

Agency Head

Mary Ellen Pratt, Chief Executive Officer

Purpose	Amount
Salary	\$ 287,866
Benefits – insurance	9,032
Benefits – retirement	19,353
Benefits – other – Employer 457 match	8,697
Benefits – other – FICA Medicare	4,280
Benefits – other – FICA OADS	8,843
Car allowance	9,000
Vehicle provided by government	-
Cellphone	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	3,742
Conference travel	1,231
Continuing Professional Education fees	1,244
Housing	-
Unvouchered expenses	-
Other – dues	-



**INDEPENDENT AUDITOR'S 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***

Board of Trustees
St. James Parish Hospital Service District
Lutcher, Louisiana

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 the business-type activities of St. James Parish Hospital Service District (the "Hospital"), as of March 31, 2022, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated December 8, 2022.

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 opinions 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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.

The image shows a handwritten signature in black ink that reads "HORNE LLP". The letters are written in a cursive, slightly slanted style.

Ridgeland, Mississippi
December 8, 2022

**ST. JAMES PARISH HOSPITAL
SERVICE DISTRICT**
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Lutcher, Louisiana

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**
For the Reporting Period
April 1, 2021 through March 31, 2022



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Commissioners
St. James Parish Hospital Service District No. 1
of St. James Parish, State of Louisiana

We have performed the procedures enumerated below, which were agreed to by St. James Parish Hospital Service District No. 1 of St. James Parish, State of Louisiana, d/b/a St. James Parish Hospital (the "Hospital") and the Louisiana Legislative Auditor ("LLA") on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the reporting period April 1, 2021 through March 31, 2022. The Hospital's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Determine whether the Hospital's written policies and procedures address each of the following financial/business functions: budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, credit cards, travel and expense reimbursement, ethics, debt service, information technology disaster recovery/business continuity and sexual harassment.

We obtained and examined the Hospital's policies and procedures documentation for each of the financial/business functions listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Board/Committee Meetings

2. Determine whether the managing Board met (with quorum) at least monthly, or on a frequency in accordance with the Board of Commissioners' (the "Board") enabling legislation, charter, bylaws or other equivalent document.
3. Observe that the minutes referenced or included financial activity.

4. Obtain the prior year audit report and observe the unrestricted fund balance. If the unrestricted fund balance in the prior year had a negative ending balance, observe that the minutes for at least one meeting during the reporting period referenced or included a formal plan to eliminate the negative unrestricted balance.

We obtained and examined the Hospital's Board minutes and related documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Bank Reconciliations

5. Obtain from management a listing of all bank accounts held by the Hospital.
6. Select the Hospital's main operating account and a sample of four other bank accounts provided in the listing obtained from management in SAUP #5. For each sample randomly select one month from the reporting period, obtain bank statements and corresponding reconciliations for month selected, and determine whether:
 - a. Bank reconciliations have been prepared within two months of the related statement closing date;
 - b. Bank reconciliations were properly reviewed by management;
 - c. Management has researched reconciling items that have been outstanding for more than twelve months from the statement closing date and documented such research accordingly, if applicable.

We obtained and examined the Hospital's bank reconciliations and related documentation for each of the requirements listed above. HORNE noted that the Hospital was not timely in reconciling multiple bank accounts as defined by LLA's SAUPs.

Management Response: The delay in completing some bank reconciliations timely was due to the Hospital converting multiple systems. The delay was mainly due to a delay in posting cash receipts from payors.

Collections

7. Obtained from management a listing of all deposit sites maintained by the Hospital and select a sample of five deposit sites. For each deposit site, obtained from management a listing of all cash collection locations maintained by the Hospital.
8. Select a sample of one collection location for each deposit site provided in the listing obtained from management in SAUP #7. For each sample, obtain and inspect written policies and procedures related to employee job duties. Observe that job duties are properly segregated at each collection location such that:
 - a. Employees that are responsible for cash collections do not share cash drawers/registers.
 - b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
9. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
10. Select two deposit dates for each of the five bank accounts selected for SAUP #6 and obtain supporting documentation such that:
- a. Observe that receipts are sequentially pre-numbered.
 - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c. Trace the deposit slip total to the actual deposit per the bank statement.
 - d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles or the deposit is less than \$100).
 - e. Trace the actual deposit per the bank statement to the general ledger.

We obtained and examined the Hospital's collections documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Nonpayroll Disbursements

11. Obtain from management a listing of all Hospital disbursements for the reporting period and a listing of all employees involved with nonpayroll purchasing and payment functions.
12. Obtain written policies and procedures related to employee job duties and observe job duties are properly segregated such that:
- a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b. At least two employees are involved in processing and approving payments to vendors.
 - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d. Either the employee/official responsible for signing checks, mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
13. Select a sample of five disbursements, excluding credit cards and travel reimbursements, provided in the listing obtained from management in SAUP #11. Obtain supporting documentation for each transaction and:
- a. Observe that the disbursement matched the related original invoice/billing statement.
 - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under SAUP #12, as applicable.

We obtained and examined the Hospital's disbursements documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Credit Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards maintained by the Hospital.
15. Select a sample of five cards used from the listing obtained from management in SAUP #14 during the reporting period. For each sample, obtain one monthly statement and reconciliation during the reporting period and:
 - a. Observe that there is evidence that the monthly statement and supporting documentation (e.g., original receipts for purchases, exception reports, etc.) were reviewed and approved in writing/electronically by someone other than the authorized card holder.

We reviewed monthly statements and supporting documentation related to credit card activity selected and noted all items were approved in accordance with written policy.

- b. Observe that finance charges and/or late fees were not assessed on the selected statements.

We reviewed statements related to all credit card activity selected and noted an assessment of a late fee.

Management Response: All credit card statements were reviewed for the fiscal year. This was the only instance of a late fee. The due date was November 18th and the payment was processed on November 16th. The payment was mailed on Friday and the due date was Sunday. Not enough time was allowed for the payment to get to the credit card vendor.

16. Using the monthly statements obtained from management in SAUP #15, select 10 transactions from each statement and obtain supporting documentation including:
 - a. An itemized receipt that identifies precisely what was purchased;
 - b. Written documentation of the business/public purpose; and
 - c. Documentation of individuals participating in meals, if applicable.

We reviewed supporting documentation related to credit card activity selected and noted all items were properly documented as defined by LLA's SAUPs.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements for the reporting period.
18. Select a sample of five reimbursements from the listing obtained from management in SAUP #17. For each sample, obtain the related expense reimbursement forms or prepaid expense documentation, as well as supporting documentation, and determine:
 - a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

We reviewed management's travel and expense reimbursement policy and noted that mileage is reimbursed per the IRS standard mileage rates. We noted that lodging is not set with a specific threshold, but an economical room is recommended. We also noted that the Hospital has a set amount for meals under the current policy language for reimbursement of per diem at \$85, which could exceed the GSA rates. If expenses are higher than the allowed per diem, administrative approval is required.

- b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

We performed inquiries and reviewed supporting documentation related to the reimbursement sample and noted all expenses reimbursed (or prepaid) had original receipts identifying what was purchased.

- c. Observe that each reimbursement is supported by documentation for the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.

We performed inquiries and reviewed supporting documentation related to the reimbursement sample and noted all expenses reimbursed (or prepaid) had documentation regarding the business/public purpose of the travel as defined by LLA's SAUPs.

- d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We reviewed supporting documentation related to each reimbursement and noted all were approved in accordance with written policy.

Contracts

19. Obtain from management a listing of all contracts in effect during the reporting period.
20. Select a sample of five contracts during the reporting period, excluding payments to practitioners, provided in the listing obtained from management in SAUP #19. Obtain the related contracts, paid invoices and:
 - a. Observe whether each contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b. Observe whether each contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
 - d. Select one payment from the reporting period for each of the five contracts selected, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We obtained and examined the Hospital's contracts documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Payroll and Personnel

21. Obtain from management a listing of all employees employed during the reporting period. Select a sample of five employees, obtain their paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates within their personnel files.
22. Select one pay period during the reporting period and for the five employees selected above in SAUP #21, obtain attendance leave records and leave documentation, and:
 - a. Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b. Observe that supervisors approved the attendance and leave of the selected employees.
 - c. Observe that any leave accrued or taken for those selected employees is reflected in the Hospital's cumulative leave records.
 - d. Observe the rate paid to the employees agrees to the authorized salary/pay rate found within the personnel file.
23. Obtain from management a listing of all employees that received termination payments during the reporting period. Select a sample of the two employees and obtain related documentation of the hours and pay rates used in termination payment calculations. Agree hours to the employees' cumulative leave records and agree pay rates to the employees' authorized pay rates per their personnel files.
24. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and associated forms were submitted to the applicable agencies by the required deadlines.

We obtained and examined the Hospital's payroll and personnel documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA'S SAUPs with the exception of a portion of the Quarter 3 parochial retirement that was paid late.

Management's Response: The Quarter 3 parochial retirement remittance was filed and paid timely. It was identified during the filing of the Quarter 4 remittance that some earnings codes had not been set up correctly during the Hospital's payroll system conversion. The Hospital is expecting a penalty.

Ethics

25. Using the sample of five employees from the listing provided in SAUP #21, obtain ethics compliance documentation from management and determine whether the Hospital maintained documentation to demonstrate:
 - a. Each employee completed one hour of required ethics training during the reporting period.
 - b. Each employee attested through signature verification that they have read the Hospital's ethics policy during the reporting period.

We obtained and examined the Hospital's ethics documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Debt Service

26. If debt was issued during the reporting period, obtain supporting documentation from the Hospital, and determine whether approval was obtained from the State Bond Commission.
27. If the Hospital had outstanding debt during the reporting period, obtain from management a listing of all bonds/notes outstanding. Select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

We obtained and examined the Hospital's debt service documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Fraud Notice

28. Inquire of management whether the Hospital had any misappropriations of public funds or assets during the reporting period. If applicable, review supporting documentation and determine whether the Hospital reported the misappropriation to the legislative auditor and the Hospital attorney of the parish in which the Hospital is domiciled.
29. Observe whether the Hospital has posted on its premises and website the notice required by R.S 24:523.1 related to the reporting of misappropriation, fraud, waste or abuse of public funds.

We obtained and examined the Hospital's fraud notice documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Information Technology Disaster Recovery/Business Continuity

30. Obtain and inspect the Hospital's most recent documentation that it has backed up its critical data. If stored on a physical medium, confirm encryption on backups prior to transportation.
31. Obtain and inspect the Hospital's most recent documentation that it has tested/verified that its backups can be restored. Confirm that the test/verification was successfully performed within the past three months.
32. Obtain a listing of the Hospital's computers currently in use. Select a sample of five computers and observe that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We obtained and examined the Hospital's information technology disaster recovery/business continuity documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs. We performed the procedure and discussed the results with management.

Sexual Harassment

33. Using the five employees selected above in SAUP #21, obtain sexual harassment training documentation demonstrating at least one hour of training during the calendar year.

34. Observe the Hospital has posted its sexual harassment policy and complaint procedure on its website.
35. Obtain the Hospital's annual sexual harassment report for the current fiscal period, confirm that it was dated on or before February 1, and observe it includes the following:
 - a. Number and percentage of public servants in the Hospital who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the Hospital;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

We obtained and examined the Hospital's sexual harassment documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

HORNE LLP

Ridgeland, Mississippi
December 8, 2022

**ST. JAMES PARISH HOSPITAL
SERVICE DISTRICT**
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Lutcher, Louisiana

**Report on Compliance in
Accordance with the Uniform Guidance
For the Year Ended March 31, 2022**

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

Board of Commissioners
St. James Parish Hospital Service District
Lutcher, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the St. James Parish Hospital Service District's (the "Hospital"), a component unit of St. James Parish Council, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended March 31, 2022. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion the Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("GAS"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of the report.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Hospital's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Hospital's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hospital's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, GAS, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Hospital's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, GAS, and the Uniform Guidance, we

- Express professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in the internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the Hospital as of and for the year ended March 31, 2022 and have issued our report thereon dated December 8, 2022, which contained an unmodified opinion on those financial statements as a whole. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

HORNE LLP

Ridgeland, Mississippi
December 8, 2022

ST JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Pass-Through Program From:			
U.S. Department of Health and Human Services			
Direct programs:			
HRSA COVID-19 Uninsured Program	93.461		\$ 110,233
COVID-19 Provider Relief Fund ("PRF") and American Rescue Plan ("ARP") Rural Distribution	93.489		6,218,917
American Rescue Plan ("ARP") Small Rural Hospital Improvement Program ("SHIP") COVID-19 Testing and Mitigation Program	93.301	2000604924	<u>255,196</u>
Total U.S. Department of the Health and Human Services			6,584,346
Total Expenditures of Federal Awards			<u>\$ 6,584,346</u>

See Notes to the Schedule of Expenditures of Federal Awards.

ST JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Notes to the Schedule of Expenditures of Federal Awards
Year Ended March 31, 2022

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of St. James Parish Hospital Service District (the "Hospital") under programs of the federal government for the year ended March 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net positions, or cash flows of the Hospital.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Hospital has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ST JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Schedule of Findings and Questioned Costs
Year Ended March 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	
93.489	COVID-19 Provider Relief Fund ("PRF") and American Rescue Plan ("ARP") Rural Distribution	
93.301	American Rescue Plan ("ARP") Small Rural Hospital Improvement Program ("SHIP") COVID-19 Testing and Mitigation Program	
Dollar threshold used to distinguish between Type A and Type B programs		\$750,000
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

No matters were reported.

Section III – Findings and Questioned Costs for Federal Awards

No matters were reported.

ST JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
Summary Schedule of Prior Year Audit Findings
Year Ended March 31, 2022

There were no prior year single audit findings.