

**The Hospital Service District of
West Feliciana Parish Louisiana
A Component Unit of the
West Feliciana Parish Government
St. Francisville, Louisiana
October 31, 2021**

Table of Contents

Management’s Discussion and Analysis	Page	3
Independent Auditor's Report	Page	7
Basic Financial Statements		
Statements of Net Position	Page	9
Statements of Revenue, Expenses, and Changes in Net Position	Page	10
Statements of Cash Flows	Page	11
Notes to Financial Statements	Page	13
Supplementary Information		
Independent Auditor's Report on Supplementary Information	Page	32
Schedules of Net Patient Service Revenue	Page	33
Schedules of Operating Expenses		
Salaries, Wages, and Benefits	Page	34
Professional Services	Page	35
Supplies and Other Expenses	Page	36
Other Operating Expenses	Page	37
Schedule of Compensation, Benefits, and Other		
Payments to Agency Head or Chief Executive Officer	Page	38
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 <i>Government Auditing Standards</i>	Page	39
Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	Page	41
Schedule of Expenditures of Federal Awards	Page	43
Notes to Schedule of Expenditures of Federal Awards	Page	44
Schedule of Findings and Questioned Costs	Page	45
Summary Schedule of Prior Audit Findings	Page	47

The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2021

This portion of the Hospital's annual financial reporting presents background information and management's review of the Hospital's financial performance during the fiscal year ended October 31, 2021. This Section should be interpreted within the context of financial statements as displayed in this report.

FINANCIAL HIGHLIGHTS

Fiscal year 2021 was another year strongly impacted by the COVID-19 pandemic. While the pandemic affected the entire operation of the Hospital, it was still a successful year as evidenced by the following financial indicators. Cash grew by over \$3 million and investment in capital assets grew by \$1.9 million, indicating that the Hospital improved its cash position and also reinvested in its infrastructure. In addition, the Hospital was able to reduce its bonds payable by over \$500,000. The overall net position grew to \$37,279,957, which is an improvement over the previous year by \$5,019,439, or 15.5%. The change is illustrated in the statements of revenue, expenses, and changes in net position, which shows increases in both net patient service revenue and non-operating revenue. While operating expenses did increase, the Hospital's change in net position exceeded the prior year \$1,997,223. Overall, the year ended October 31, 2021 proved to be a successful year for the Hospital.

REQUIRED FINANCIAL STATEMENTS

The basic financial statements of the Hospital report information regarding the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Hospital.

All of the current year's revenue and expenses are accounted for in the Statement of Revenue, Expenses, and Changes in Net Position. This statement measures improvements in the Hospital's operations over the past year, and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service 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 flows from operations and financial activities, as well as define the sources of cash, its use, and cash balance changes during the reporting period. Additional statistical information and notes are offered as support, explanation and information.

FINANCIAL ANALYSIS OF THE HOSPITAL SERVICE DISTRICT

The Statements of Net Position and Statements of Revenue, Expenses, and Changes in Net Position report data about the Hospital's activities. These two (2) statements report the net position of the Hospital and changes in it. Increases or decreases in net position are one indicator regarding the financial integrity of the Hospital. Other non-financial indicators include changes in state and local economic conditions, as well as regulatory changes regarding Medicare and Medicaid, especially as these may impact Critical Access Hospital status, and related cost-based reimbursements.

**The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2021**

Net Position

Condensed statements of net position as of October 31, 2021, 2020, and 2019 are displayed in the following table:

Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 27,861,529	\$ 26,655,429	\$ 16,758,169
Assets limited as to use	8,980,952	8,831,039	10,292,360
Capital assets, net	<u>26,175,370</u>	<u>27,154,347</u>	<u>29,439,419</u>
Total assets	<u>\$ 63,017,851</u>	<u>\$ 62,640,815</u>	<u>\$ 56,489,948</u>
Current liabilities	\$ 2,162,168	\$ 5,515,275	\$ 2,566,761
Long-term liabilities	23,575,726	24,865,022	24,684,885
Net position	<u>37,279,957</u>	<u>32,260,518</u>	<u>29,238,302</u>
Total liabilities and net position	<u>\$ 63,017,851</u>	<u>\$ 62,640,815</u>	<u>\$ 56,489,948</u>

The following table presents the components of the Hospital's net position as of October 31, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net investment in capital assets	\$ 2,036,360	\$ 2,470,449	\$ 4,220,802
Restricted for debt service	8,980,952	8,795,909	10,255,428
Unrestricted - reserved for capital projects	-	35,130	36,932
Unrestricted	<u>26,262,645</u>	<u>20,959,030</u>	<u>14,725,140</u>
Total net position	<u>\$ 37,279,957</u>	<u>\$ 32,260,518</u>	<u>\$ 29,238,302</u>

Capital Assets

The following table presents the components of capital assets at October 31, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 2,849,839	\$ 2,667,889	\$ 2,448,288
Buildings and leasehold improvements	29,750,594	29,721,413	29,885,213
Equipment	12,247,442	11,403,812	11,461,769
Construction in progress	<u>922,697</u>	<u>-</u>	<u>-</u>
	45,770,572	43,793,114	43,795,270
Less: accumulated depreciation	<u>19,595,202</u>	<u>16,638,767</u>	<u>14,355,851</u>
Capital assets, net	<u>\$ 26,175,370</u>	<u>\$ 27,154,347</u>	<u>\$ 29,439,419</u>

**The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2021**

Summary of Revenue, Expenses, and Changes in Net Position

The following table presents a summary of the Hospital's revenue and expenses for the latest three fiscal years:

**Condensed Statements of Revenue,
Expenses, and Changes in Net Position**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net patient service revenue	\$ 21,859,883	\$ 20,649,793	\$ 20,985,465
Other operating revenue	4,424,334	4,610,165	3,311,524
Operating revenue	<u>26,284,217</u>	<u>25,259,958</u>	<u>24,296,989</u>
Salaries, wages, and benefits	11,858,604	11,211,115	10,667,516
Other operating expenses	11,778,715	11,195,384	11,923,271
Depreciation	2,990,511	2,909,765	2,844,324
Operating expenses	<u>26,627,830</u>	<u>25,316,264</u>	<u>25,435,111</u>
Tax revenue	2,078,597	1,678,003	2,401,014
Interest income	74,147	145,739	138,901
Other non-operating revenue	4,180,024	2,313,087	335,495
Non-operating expenses	<u>(969,716)</u>	<u>(1,058,307)</u>	<u>(988,192)</u>
Non-operating revenue, net	<u>5,363,052</u>	<u>3,078,522</u>	<u>1,887,218</u>
Change in Net Position	5,019,439	3,022,216	749,096
Net Position, beginning of year	<u>32,260,518</u>	<u>29,238,302</u>	<u>28,489,206</u>
Net Position, end of year	<u>\$ 37,279,957</u>	<u>\$ 32,260,518</u>	<u>\$ 29,238,302</u>

SOURCES OF REVENUE

The Hospital derives the majority of its total revenue from patient service operations. The following table displays payor mix percentages as a function of total billed charges during 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Medicare	15%	19%	21%
Medicaid	30%	30%	30%
Commercial and other	49%	45%	41%
Self-Pay	6%	6%	8%

The Hospital derives additional revenue from ad valorem taxes, grants, and donations.

**The Hospital Service District of West Feliciana Parish Louisiana
Management’s Discussion and Analysis
October 31, 2021**

OPERATING AND FINANCIAL PERFORMANCE

The Hospital’s primary source of revenue is derived from patient services and is driven by admissions. The practical end of patient revenue involves converting admissions and treatment into cash collections. The industry standard regarding management of receivables is the measure of outstanding days in accounts receivable. The following table displays both inpatient days, along with days in accounts receivable from 2021, 2020, and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Inpatient Days	863	1,151	994
Net Outstanding Days in A/R	47	35	50

BUDGET AND STRATEGY FOR FISCAL YEAR 2022

For the fiscal year ended October 31, 2021, the majority of the Hospital’s operations outperformed the budgeted expectations, resulting in a better than predicted change in net position. For the fiscal year ending October 31, 2022, the Hospital took a slightly more aggressive position when preparing the annual budget. The 2022 budget was developed with uncertainties such as the effect of the continuing pandemic, final resolution by Louisiana Department of Health (LDH) concerning Full Medicaid Pricing (FMP) payments, and the status of grants and other funding as a source of revenue. The Hospital is currently moving forward with the long-term strategies planned in the previous year which include an urgent care clinic. The property for the clinic has been purchased and construction will begin when plans are finalized. Additionally, construction has begun to renovate the Hospital and enlarge the Rural Health Clinic (RHC).

Increasing the availability of specialty physician services is proving to be a good strategy. In 2021, the Hospital was able to expand the number of specialty physicians. The Hospital will continue the strategies already in place, particularly expanding physicians and specialty services, completing construction projects, and establishing the urgent care clinic.

CONTACTING THE HOSPITAL’S CHIEF FINANCIAL OFFICER

This financial report is intended to provide our community, patients, and creditors with a general overview of the Hospital’s financial position and demonstrate accountability regarding all revenue received. If further information is required, requests should be submitted in writing to:

Chief Financial Officer
West Feliciana Hospital
5266 Commerce Street
St. Francisville, LA 70775



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
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Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

Independent Auditor's Report

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of The Hospital Service District of West Feliciana Parish Louisiana, a component unit of the West Feliciana Parish Government, as of and for the years ended October 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise The Hospital Service District of West Feliciana Parish Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2022, on our consideration of The Hospital Service District of West Feliciana Parish Louisiana'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 Service District of West Feliciana Parish Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Hospital Service District of West Feliciana Parish Louisiana's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

April 27, 2022

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Net Position
October 31, 2021 and 2020

Assets	2021	2020
Current Assets		
Cash and cash equivalents	\$ 13,276,174	\$ 10,267,616
Certificates of deposit	3,629,769	3,715,502
Investments	3,123,436	3,121,744
Accounts receivable - patients, net	2,670,907	1,947,475
Due from third party payors	3,073,270	4,035,338
Accounts receivable - other	1,161,634	2,684,241
Inventory	557,906	575,902
Prepaid expenses	368,433	307,611
Total current assets	27,861,529	26,655,429
Assets Limited As to Use	8,980,952	8,831,039
Capital Assets, net	26,175,370	27,154,347
Total assets	\$ 63,017,851	\$ 62,640,815
Liabilities and Net Position		
Current Liabilities		
Current maturities of bonds payable	\$ 533,284	\$ 514,077
Current maturities of notes payable	30,000	1,176,501
Accounts payable	457,625	681,862
Accrued expenses	1,141,259	1,166,507
Unearned COVID-19 Provider Relief Funds	-	1,976,328
Total current liabilities	2,162,168	5,515,275
Long-Term Liabilities		
Bonds payable, less current maturities	23,490,726	24,024,821
Notes payable, less current maturities	85,000	840,201
Total long-term liabilities	23,575,726	24,865,022
Net Position		
Net investment in capital assets	2,036,360	2,470,449
Restricted for debt service	8,980,952	8,795,909
Unrestricted - reserved for capital projects	-	35,130
Unrestricted	26,262,645	20,959,030
Total net position	37,279,957	32,260,518
Total liabilities and net position	\$ 63,017,851	\$ 62,640,815

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Revenue, Expenses, and Changes in Net Position
Years Ended October 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenue		
Net patient service revenue	\$ 21,859,883	\$ 20,649,793
Other operating revenue	<u>4,424,334</u>	<u>4,610,165</u>
Operating revenue	<u>26,284,217</u>	<u>25,259,958</u>
 Operating Expenses		
Salaries, wages, and benefits	11,858,604	11,211,115
Professional services	6,848,688	6,231,543
Supplies and other expenses	1,349,666	1,328,380
Other operating expenses	3,580,361	3,635,461
Depreciation	<u>2,990,511</u>	<u>2,909,765</u>
Total operating expenses	<u>26,627,830</u>	<u>25,316,264</u>
Operating loss	<u>(343,613)</u>	<u>(56,306)</u>
 Non-Operating Revenue (Expenses)		
Provider Relief Funds	2,134,894	2,068,989
Gain on forgiveness of debt	1,871,702	-
Interest income	74,147	145,739
Interest expense	(969,716)	(979,470)
Tax revenue	2,078,597	1,678,003
Gain (loss) on disposal of assets	3,654	(78,837)
Other non-operating revenue	<u>169,774</u>	<u>244,098</u>
Non-operating revenue, net	<u>5,363,052</u>	<u>3,078,522</u>
 Change in Net Position	<u>5,019,439</u>	<u>3,022,216</u>
 Net Position, beginning of year	<u>32,260,518</u>	<u>29,238,302</u>
 Net Position, end of year	<u>\$ 37,279,957</u>	<u>\$ 32,260,518</u>

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Cash Flows
Years Ended October 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	\$ 28,066,243	\$ 24,428,010
Payments for goods and services	(12,090,831)	(11,213,815)
Payments to employees for services	<u>(11,784,238)</u>	<u>(11,402,880)</u>
Net cash provided by operating activities	<u>4,191,174</u>	<u>1,811,315</u>
Cash Flows from Non-Capital Financing Activities		
Tax receipts	1,985,586	1,692,385
Receipt of Provider Relief Funds	149,462	4,045,316
Proceeds from Paycheck Protection Program loan	-	1,871,702
Other income	<u>170,012</u>	<u>241,711</u>
Net cash provided by non-capital financing activities	<u>2,305,060</u>	<u>7,851,114</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(2,011,533)	(703,615)
Principal payments on bonds payable	(514,888)	(504,719)
Principal payments on note payable	(30,000)	(30,000)
Interest paid	<u>(970,069)</u>	<u>(979,803)</u>
Net cash used in capital and related financing activities	<u>(3,526,490)</u>	<u>(2,218,137)</u>
Cash Flows from Investing Activities		
Purchases of certificates of deposit	-	(549,116)
Sales and maturities of certificates of deposit	139,144	141,936
Purchases of investments	-	(2,018,792)
Interest income	84,713	151,102
Proceeds from the sale of property	<u>-</u>	<u>85</u>
Net cash provided by (used in) investing activities	<u>223,857</u>	<u>(2,274,785)</u>
Net Increase in Cash and Cash Equivalents	3,193,601	5,169,507
Cash and Cash Equivalents, beginning of year		
Including \$8,795,909 and \$10,257,501 limited as to use for 2021 and 2020, respectively	<u>19,063,525</u>	<u>13,894,018</u>
Cash and Cash Equivalents, end of year		
Including \$8,980,952 and \$8,795,909 limited as to use for 2021 and 2020, respectively	<u>\$ 22,257,126</u>	<u>\$ 19,063,525</u>

(Continued)

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Cash Flows
Years Ended October 31, 2021 and 2020

(Continued)

	2021	2020
Reconciliation of Operating Loss to Net Cash		
Provided by Operating Activities:		
Operating loss	\$ (343,613)	\$ (56,306)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	2,990,511	2,909,765
Provision for doubtful accounts	1,476,322	1,496,577
(Increase) Decrease in assets:		
Patient accounts receivable	(2,215,724)	(216,356)
Due from third party payors	962,068	(1,929,100)
Other receivables	1,613,921	(240,859)
Inventory	17,996	(54,247)
Prepaid expenses	(60,822)	86,501
Increase (Decrease) in liabilities:		
Accounts payable	(224,237)	301,857
Accrued expenses	(25,248)	(214,687)
Due to third party payors	-	(271,830)
Net cash provided by operating activities	\$ 4,191,174	\$ 1,811,315

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

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 1-Summary of Significant Accounting Policies

A. Legal Organization

On February 21, 1968, the West Feliciana Parish Police Jury passed a resolution creating the West Feliciana Parish Hospital Service District No. 1 (“the Hospital”) under the authority of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, as amended. The Hospital is a political subdivision of the West Feliciana Parish Government, whose jurors are elected officials. The Hospital’s seven (7) commissioners are appointed by the West Feliciana Parish Government. The Hospital’s legal name is now The Hospital Service District of West Feliciana Parish Louisiana and its DBA name is West Feliciana Hospital.

B. Nature of Business

The Hospital primarily earns revenue by providing inpatient, outpatient, and emergency care services to patients in the West Feliciana Parish area.

C. Basis of Accounting and Presentation

The Hospital utilizes the proprietary fund method of accounting, using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

As a proprietary fund, the Hospital distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing patient services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the Hospital’s proprietary fund are charges to customers related to patient services. Operating expenses for the Hospital’s proprietary fund include patient care expenses, general and administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The Hospital follows private-sector standards of accounting and financial reporting issued prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Hospital has elected not to follow subsequent private-sector guidance.

The Hospital follows GASB standards for state and local governments which require that resources be classified for accounting and reporting purposes into the following three net position components:

- The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted net position results when external constraints are placed on asset use by creditors, grantors, contributors, or laws through constitutional provisions or enabling legislation. At October 31, 2021 and 2020, the Hospital had \$8,980,952 and \$8,795,909, respectively, of net position restricted for debt service.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting and Presentation (Continued)

- The *unrestricted* component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position is often designated to indicate that management does not consider it to be available for general operations; however, these designations can be removed or modified. At October 31, 2021, the Hospital had no unrestricted net position that was reserved for capital projects. At October 31, 2020, the Hospital had \$35,130 of unrestricted net position that was reserved for capital projects.

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to first use restricted resources then unrestricted resources as they are needed.

D. Reporting Entity

As the governing authority of the parish, for reporting purposes, the West Feliciana Parish Government ("parish government") is the financial reporting entity for West Feliciana Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* establishes criteria for determining which component units should be considered part of the West Feliciana Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criterion, as it relates to the Hospital, includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government appoints all members to the Hospital's Board of Commissioners, the Hospital was determined to be a component unit of the West Feliciana Parish Government, the financial reporting entity. The accompanying financial statements present information only of the funds maintained by the Hospital and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 1-Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant item on the Statements of Net Position that involves a greater degree of accounting estimates subject to changes in the near future is the assessment of the allowance for doubtful accounts. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results of the period they are determined.

F. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Hospital considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

G. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable from patients, insurance companies, and third-party reimbursement contractual agencies are recorded at established charge rates. Certain third-party insured accounts (Medicare and Medicaid) are based on cost reimbursement agreements, which generally result in the Hospital collecting more or less than the established charge rates with the difference recorded as “contractual adjustments.” Final determination of settlement is subject to review by appropriate authorities.

The Hospital provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. Management estimates the losses based on historical collection experience coupled with a review of the current status of existing receivables. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

H. Inventory

Inventory is valued at the lower of cost or net realizable value (first-in, first-out method). Inventory is comprised of departmental supplies and pharmaceutical items.

I. Investments

Investments are carried at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating income when earned.

J. Capital Assets

Capital assets are stated at cost, except for assets donated to the Hospital. Donated assets are recorded at the appraised value at the date of donation. Depreciation is recorded on a straight-line basis over the useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures in excess of \$5,000 for major renewals and betterments that extend the useful lives of capital assets are capitalized.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 1-Summary of Significant Accounting Policies (Continued)

J. Capital Assets (Continued)

The estimated useful lives of capital assets are as follows:

Buildings and leasehold improvements	5 - 40 years
Equipment	3 - 20 years

Gifts of long-lived assets such as land, buildings, or equipment with no donor stipulations are reported as unrestricted support, while those with explicit donor stipulations are reported as restricted support.

K. Operating Revenue and Expenses

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

L. Net Patient Service Revenue

The Hospital is a "Critical Access Hospital" (CAH), which allows it to receive cost-based reimbursements from Medicare and Medicaid.

The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. Inpatient acute care services, swing bed services and outpatient services rendered to Medicare program beneficiaries are reimbursed at cost plus one percent (subject to limits, rules and regulations), while other outpatient laboratory services are reimbursed on a fee schedule. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through October 31, 2016.

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services to Medicaid program beneficiaries are reimbursed at cost plus ten percent, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through October 31, 2015.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. These adjustments will be recorded in the year they are realized.

The Hospital has entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates. To the extent management's estimate differs from actual results, the differences will be recorded in the year such differences arise.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 1-Summary of Significant Accounting Policies (Continued)

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

N. Grants and Donations

Grants and donations (including capital contributions of assets) are recognized as revenue when all eligibility requirements, including time requirements, imposed by the provider have been met.

O. Property Taxes

The Hospital receives property taxes, which are levied on or about October 1st for the current year. Property taxes are invoiced and collected by the West Feliciana Parish Sheriff. Taxes are due by December 31st following the levy date. The Hospital records the expected revenue to be received based on factors such as previous years' collections of assessments and the estimated taxable assessed value for the current year. Adjustments are made upon final receipt. The Hospital currently receives a 0.50 mill property tax, which is in effect through 2026.

P. Income Taxes

The Hospital is exempt from income taxes under Internal Revenue Code Section 115. Accordingly, the accompanying financial statements do not include any provision for income taxes.

Q. Advertising

Advertising costs are expensed as incurred. Advertising costs of \$184,206 and \$137,470 were expensed in 2021 and 2020, respectively.

R. Environmental Matters

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

S. 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 and employee health, dental, and accident benefits. 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 continues to carry commercial insurance for all other risks of loss. As of October 31, 2021 and 2020, the Hospital has no known claims exceeding its coverage.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 1-Summary of Significant Accounting Policies (Continued)

T. Fair Value Measurements

The Hospital follows GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. This topic establishes a hierarchal framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

The Hospital utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Hospital determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1: Quoted prices (unadjusted) in active markets accessible at the measurement date.
- Level 2: Prices based on observable inputs corroborated by market data, but no quoted active markets.
- Level 3: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investments.

U. New Pronouncements

The GASB issued Statement No. 87, *Leases*, which increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is still evaluating the potential impact of the adoption of this Statement on the Hospital’s financial statements.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 2-Deposits and Investments

The Hospital has various deposits and investments. The amounts reflected on the accompanying Statements of Net Position are as follows:

	<u>2021</u>	<u>2020</u>
Operations		
Cash and cash equivalents	\$ 13,276,174	\$ 10,267,616
Certificates of deposit	3,629,769	3,715,502
Investments	3,123,436	3,121,744
Assets Limited As to Use		
Cash and cash equivalents	8,980,952	8,795,909
Certificates of deposit	<u>-</u>	<u>35,130</u>
Total	<u>\$ 29,010,331</u>	<u>\$ 25,935,901</u>

The Hospital's investment policies comply with state statutes. Funds may be invested in time deposits, money market investment accounts, or certificates of deposit with financial institutions insured by the FDIC; direct obligations of the United States Government and its agencies; investment grade commercial paper of domestic United States corporations; one of the two highest short-term rating categories of either Standards & Poor's Corporation or Moody's Investors Service; and government backed mutual trust funds.

At October 31, 2021 and 2020, investments held by the Hospital consisted of \$3,123,436 and \$3,121,744, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB, LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a governmental external investment pool that reports at fair value. The following facts are relevant for an investment pool:

Credit Risk: LAMP is rated AAAM by Standard & Poor's.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Hospital's policy with respect to custodial risk is based on Louisiana statutes. LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of Credit Risk: The Hospital's investment policy does not limit the amount the Hospital may invest in any one issuer. Pooled investments are excluded from the five percent (5%) disclosure requirement.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 2-Deposits and Investments (Continued)

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from rising interest rates, the Hospital limits investments to highly liquid investments or marketable U.S. Treasury and U.S. agency obligations. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. To provide for this liquidity, all investments at the time of purchase have a maximum remaining maturity of 397 days or 762 days for U.S. Government floating/variable rate investments, and the WAM of LAMP is restricted to not more than 60 days. At October 31, 2021 and 2020, the WAM for LAMP's total investments was 52 days and 54 days, respectively.

Foreign Currency Risk: Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the Louisiana state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, LA 70130.

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 it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name as of October 31, 2021. As of October 31, 2020, the Hospital had deposits of \$580,666 that were unsecured and uncollateralized.

The Hospital's account balances according to banks' records at October 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Cash in banks	\$ <u>26,303,485</u>	\$ <u>23,063,363</u>
Insured by FDIC	\$ <u>2,275,524</u>	\$ <u>2,788,880</u>
Collateralization by fair market value of securities held by the pledging institution	\$ <u>24,027,961</u>	\$ <u>19,693,817</u>
Uncollateralized	\$ <u>-</u>	\$ <u>580,666</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 3-Assets Limited As To Use

Assets whose use is limited under Board designations for the replacement of depreciable capital assets and as security interest for the Hospital Revenue Bonds are summarized as follows:

	<u>2021</u>	<u>2020</u>
Cash – Held as Security Interest for the Hospital Revenue Bonds		
Investar Bank - Money Market account yielding .50%	\$ 6,913,162	\$ 6,877,501
Investar Bank - Reserve Fund yielding .01%	1,491,607	1,491,458
Investar Bank - Contingency Fund yielding .15%	<u>576,183</u>	<u>426,950</u>
Total cash limited as to use	<u>\$ 8,980,952</u>	<u>\$ 8,795,909</u>
Certificates of Deposit – Board designated		
Merrill Lynch - CDs/Equivalents yielding .042%	\$ -	\$ 35,130
Total certificates of deposit limited as to use	<u>\$ -</u>	<u>\$ 35,130</u>
Total assets limited as to use	<u>\$ 8,980,952</u>	<u>\$ 8,831,039</u>

Note 4-Certificates of Deposit

The Hospital has certificates of deposit with various federally insured financial institutions. The certificates of deposit bear interest at rates ranging from 0.15% to 1.98% per annum and have terms ranging from six months to three years.

Note 5-Accounts Receivable - Patients

Patient accounts receivable consisted of the following at October 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total patient accounts receivable	\$ 5,949,904	\$ 4,520,894
Less: allowance for uncollectible accounts	<u>(3,278,997)</u>	<u>(2,573,419)</u>
Accounts receivable - patients, net	<u>\$ 2,670,907</u>	<u>\$ 1,947,475</u>

Note 6-Accounts Receivable - Other

Accounts receivable - other consisted of the following at October 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Accrued uncompensated care	\$ 679,648	\$ 2,105,353
Uncollected sales tax revenue	126,620	126,620
Uncollected ad valorem tax revenue	200,564	199,044
All other	<u>154,802</u>	<u>253,224</u>
Total accounts receivable - other	<u>\$ 1,161,634</u>	<u>\$ 2,684,241</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 7-Capital Assets

A summary of capital assets additions, deductions, and balances for the year ended October 31, 2021 follows:

	Balance October 31, 2020	Additions	Deductions	Balance October 31, 2021
Land and land improvements	\$ 2,667,889	\$ 181,950	\$ -	\$ 2,849,839
Buildings and leasehold improvements	29,721,413	29,181	-	29,750,594
Equipment	11,403,812	877,705	(34,075)	12,247,442
Construction in progress	-	922,697	-	922,697
Total capital assets	43,793,114	2,011,533	(34,075)	45,770,572
Accumulated depreciation	(16,638,767)	(2,990,511)	34,075	(19,595,202)
Capital assets, net	<u>\$ 27,154,347</u>	<u>\$ (978,978)</u>	<u>\$ -</u>	<u>\$ 26,175,370</u>

A summary of capital assets additions, deductions, and balances for the year ended October 31, 2020 follows:

	Balance October 31, 2019	Additions	Deductions	Balance October 31, 2020
Land and land improvements	\$ 2,448,288	\$ 219,601	\$ -	\$ 2,667,889
Buildings and leasehold improvements	29,885,213	10,450	(174,250)	29,721,413
Equipment	11,461,769	473,564	(531,521)	11,403,812
Total capital assets	43,795,270	703,615	(705,771)	43,793,114
Accumulated depreciation	(14,355,850)	(2,909,765)	626,848	(16,638,767)
Capital assets, net	<u>\$ 29,439,420</u>	<u>\$ (2,206,150)</u>	<u>\$ (78,923)</u>	<u>\$ 27,154,347</u>

Note 8-Bonds Payable

The schedule of changes in the Hospital's bonds payable for the year ended October 31, 2021 is as follows:

	Balance October 31, 2020	Additions	Reductions	Balance October 31, 2021	Amount Due Within One Year
Bonds Payable					
Hospital Revenue Bonds					
20 Year	\$ 7,189,709	\$ -	\$ (281,047)	\$ 6,908,662	\$ 291,125
40 Year	17,349,189	-	(233,841)	17,115,348	242,159
Total bonds payable	<u>\$ 24,538,898</u>	<u>\$ -</u>	<u>\$ (514,888)</u>	<u>\$ 24,024,010</u>	<u>\$ 533,284</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 8-Bonds Payable (Continued)

The schedule of changes in the Hospital's bonds payable for the year ended October 31, 2020 is as follows:

	Balance October 31, 2019	Additions	Reductions	Balance October 31, 2020	Amount Due Within One Year
Bonds Payable					
Hospital Revenue Bonds					
20 Year	\$ 7,468,617	\$ -	\$ (278,908)	\$ 7,189,709	\$ 280,235
40 Year	<u>17,575,000</u>	<u>-</u>	<u>(225,811)</u>	<u>17,349,189</u>	<u>233,842</u>
Total bonds payable	<u>\$ 25,043,617</u>	<u>\$ -</u>	<u>\$ (504,719)</u>	<u>\$ 24,538,898</u>	<u>\$ 514,077</u>

Hospital Revenue Bonds - 20 Year

Hospital Revenue Bonds (Series 2018B) of \$8,000,000, issued on October 19, 2017, due in monthly installments of \$53,908 (principal and interest) beginning November 2017 for 20 years at an interest rate of 4.77% for year 1, 4.92% for year 2, 5.08% for year 3, and a fixed rate of 5.25% for years 4 through 10. The interest rate will be reset on the tenth (10th) anniversary date (October 19, 2027) based on the Wall Street Prime as of such date, plus one percent (1%) per annum (not to exceed 7% per annum) and the amortized monthly payments shall continue thereafter through October 19, 2037. Bonds are secured by a pledge of net revenue from the operations of the Hospital, a mortgage lien on the property, and all Hospital equipment and appurtenances.

Hospital Revenue Bonds - 40 Year

Hospital Revenue Bonds (Series 2018A) of \$17,575,000, issued on October 19, 2018, bearing interest at 3.50% per annum. Bond proceeds totaling \$16,165,000 were disbursed to the Hospital during the year ended October 31, 2017, and the remaining \$1,410,000 of the bond proceeds were disbursed during the year ended October 31, 2018. Principal and interest are payable over a forty (40) year period. The first two annual payments were interest only. Thereafter, the bonds are due in monthly installments of \$69,773 (principal and interest), commencing November 19, 2019 and continuing through October 19, 2057. Bonds are secured by a pledge of net revenue from the operations of the Hospital, a mortgage lien on the property, and all Hospital equipment and appurtenances.

As required by the bond agreement, the Hospital is required to maintain three separate accounts: Sinking Fund, Reserve Fund, and Contingency Fund. The Sinking Fund is required to have an amount sufficient to pay promptly and fully the monthly principal and interest on the bonds due on the next payment date. The Reserve Fund must have an amount equal to the highest combined principal and interest falling due in any fiscal year on all bonds. The Reserve Fund was fully funded as of October 31, 2021 and 2020. The Contingency Fund shall have deposited a sum equal to five percent (5%) of the amount being paid monthly into the Sinking Fund to cover depreciation, extensions, additions, improvements and replacements necessary to properly operate the Hospital. The monthly payments into the Contingency Fund are increased to ten percent (10%) of the amount being paid monthly into the Sinking Fund when a sum equal to the Reserve Fund Requirement has been accumulated in the Reserve Fund.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 8-Bonds Payable (Continued)

In a resolution adopted by the Board, four additional requirements for security of the bond required by Investar Bank are as follows. 1) A separate and identifiable fund in the amount of \$9,500,000 was required as additional security for the Bonds, which sum will decrease by one third on each anniversary date of the Bond delivery (commencing in the year 2019). 2) The “Hospital Reserve Fund” was fully funded upon closing. 3) The Hospital set aside in a separate fund the sum of \$1,250,000, which was applied to the Phase I renovations of the old hospital building and the Cypress Building. 4) The Hospital shall be required to hold sufficient operating cash and investments (operating reserve) in an amount equal to at least 120 days operating cash (calculated as the difference of annual operating expenses of the Issuer for the succeeding budget period less non-cash depreciation and amortization, divided by 365). This operating reserve requirement is in addition to other required debt service funds provided that the amount of such operating reserve shall not exceed 25% of the then outstanding principal balance of the Bonds. The operating reserve amount shall be determined at the delivery of the Bonds and, thereafter annually at the end of each fiscal year. These accounts have been classified as assets limited as to use.

Bond maturities for each of the next five years ending October 31, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 533,284	\$ 950,942	\$ 1,484,226
2023	557,554	926,672	1,484,226
2024	582,972	901,254	1,484,226
2025	609,478	874,748	1,484,226
2026	637,359	846,867	1,484,226
Thereafter	<u>21,103,363</u>	<u>11,742,868</u>	<u>32,846,231</u>
	<u>\$ 24,024,010</u>	<u>\$ 16,243,351</u>	<u>\$ 40,267,361</u>

Note 9-Notes Payable

Note Payable – Fire Protection District No. 1

The Hospital has a note payable to the Fire Protection District No. 1 of West Feliciana Parish for a portion of the cost to construct a Fire and EMS Station that the Fire Protection District and the Hospital both utilize. The original balance of the note payable was \$265,000. The note bears no interest and is to be paid in annual installments of \$30,000 with one final payment of \$25,000 due on December 1, 2024. The note is secured by the Hospital’s portion of the Bluff’s Fire Station.

Note Payable – Paycheck Protection Program (PPP) Loan

Small Business Administration Paycheck Protection Program (PPP) Loan payable to Bank of St. Francisville with interest at 1.00%. The note is payable in monthly installments of principal and interest over 18 months, and is unsecured. As disclosed in Note 13, the loan has been fully forgiven.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 9-Notes Payable (Continued)

The schedule of changes in the Hospital's notes payable for the year ended October 31, 2021 is as follows:

	Balance October 31, 2020	Additions	Reductions	Balance October 31, 2021	Amount Due Within One Year
Fire Protection District No. 1 note	\$ 145,000	\$ -	\$ (30,000)	\$ 115,000	\$ 30,000
Paycheck Protection Program loan	<u>1,871,702</u>	<u>-</u>	<u>(1,871,702)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,016,702</u>	<u>\$ -</u>	<u>\$ (1,901,702)</u>	<u>\$ 115,000</u>	<u>\$ 30,000</u>

The schedule of changes in the Hospital's notes payable for the year ended October 31, 2020 is as follows:

	Balance October 31, 2019	Additions	Reductions	Balance October 31, 2020	Amount Due Within One Year
Fire Protection District No. 1 note	\$ 175,000	\$ -	\$ (30,000)	\$ 145,000	\$ 30,000
Paycheck Protection Program loan	<u>-</u>	<u>1,871,702</u>	<u>-</u>	<u>1,871,702</u>	<u>1,146,501</u>
	<u>\$ 175,000</u>	<u>\$ 1,871,702</u>	<u>\$ (30,000)</u>	<u>\$ 2,016,702</u>	<u>\$ 1,176,501</u>

Future maturities of the notes payable for each of the next four years ending October 31, are as follows:

2022	\$ 30,000
2023	30,000
2024	30,000
2025	<u>25,000</u>
	<u>\$ 115,000</u>

Note 10-Charity Care

Total charity care for the indigent for the years ended October 31, 2021 and 2020 was \$36,012 and \$20,486, respectively. The amount reported as charity care for the indigent represents billings for services provided based on the Hospital's charge rates to persons who cannot afford health care because of unavailable resources or who are uninsured. These charges are included in the provision for bad debts. Management estimates that approximately \$33,500 and \$21,700 of costs were related to charity care for the years ended October 31, 2021 and 2020, respectively.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 11-Grant Revenue

Intergovernmental Transfers – Operating Grant Income

The Hospital (Grantee) entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to Grantee’s service population subject to the availability of such grant funds. The aggregate IGT grant income for the years ended October 31, 2021 and 2020 was \$4,290,249 and \$4,422,492, respectively, which is included in other operating revenue in the accompanying statements of revenue, expenses, and changes in net position.

Note 12-Tax Revenue

The Hospital receives tax revenue from sales tax and property tax collected on purchases and property assessments in West Feliciana Parish, Louisiana. The sales tax is used for the operation of the Hospital, and the property tax is used for the operation and maintenance of the Hospital.

Tax revenues were as follows for the years ended October 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Sales tax	\$ 1,869,228	\$ 1,472,927
Ad valorem tax	209,369	199,111
State revenue sharing	<u> -</u>	<u> 5,965</u>
Total tax revenues	<u>\$ 2,078,597</u>	<u>\$ 1,678,003</u>

Note 13-Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

In response to the economic impact of COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted by Congress and was subsequently signed into law on March 27, 2020. The CARES Act included a variety of economic assistance, including providing loan programs for small businesses, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries.

As a result of the CARES Act, the Hospital received the following assistance during the fiscal years ended October 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
CARES Act Program		
Provider Relief Funds	\$ 158,566	\$ 4,045,317
Paycheck Protection Program Loan	<u> -</u>	<u> 1,871,702</u>
CARES Act funding received	<u>\$ 158,566</u>	<u>\$ 5,917,019</u>

Funds received through the various CARES Act programs are recognized based on the terms and conditions set forth by the related program. A brief description of the programs the Hospital received funding from during the years ended October 31, 2021 and 2020 are included on the following page.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 13-Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Continued)

Provider Relief Funds

Provider Relief Funds were issued by the U.S. Department of Health & Human Services (DHHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to COVID-19. These funds are not subject to repayment, provided the Hospital is able to attest and comply with the terms and conditions of the funding, including demonstrating that the funds received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by DHHS.

Utilizing the guidelines for reporting the use of those funds as provided in the Consolidated Appropriations Act, 2021, the Hospital is accounting for such payments as conditional contributions. These payments are recognized as non-operating revenue once the applicable terms and conditions required to retain the funds have been met. The unrecognized funds as of October 31, 2020 were presented as unearned COVID-19 Provider Relief Funds on the statement of net position for recognition in the subsequent fiscal year. No funds were received in excess of the reported expenses and lost revenues.

For the fiscal years ended October 31, 2021 and 2020, Provider Relief Funds were recognized as follows:

	<u>2021</u>	<u>2020</u>
Unearned COVID-19 Provider Relief Funds, beginning balance	\$ 1,976,328	\$ -
Provider Relief Funds received	158,566	4,045,317
Funds recognized as non-operating revenue due to:		
Lost revenues	(2,017,219)	(2,068,989)
COVID-19 related expenses	<u>(117,675)</u>	<u>-</u>
Unearned COVID-19 Provider Relief Funds, ending balance	<u>\$ -</u>	<u>\$ 1,976,328</u>

Funds expended under the Provider Relief Fund program are subject to single audit requirements for the fiscal year ended October 31, 2021.

Paycheck Protection Program

On April 27, 2020, the Hospital entered into a promissory note through the U.S. Small Business Administration’s Paycheck Protection Program (PPP). The purpose of the program was to provide funding for employee salaries and certain limited nonpayroll expenses. The Hospital applied for and was notified on April 28, 2021 that \$1,871,702 in eligible expenditures for payroll and other expenses described in the CARES Act have been forgiven. Upon forgiveness, the Hospital accounted for derecognition of the liability. A gain was recorded on forgiveness of debt as non-operating revenue in the period of the forgiveness.

Note 14-Operating Leases

The Hospital (“lessor”) leases office space on its campus to various medical service providers, under operating leases with terms ranging from month-to-month to one year. The Hospital also leases its lab, certain hospital equipment, and its lab interface system to an independently owned clinical laboratory under an operating lease with a term of five years. Revenue from these leases totaled \$120,512 and \$121,981 for the years ended October 31, 2021 and 2020, respectively. This revenue is included in other non-operating revenue in the financial statements.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 15-Cash Flows Supplemental Information

Total cash and cash equivalents for October 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 13,276,174	\$ 10,267,616
Assets whose use is limited - cash	<u>8,980,952</u>	<u>8,795,909</u>
Total cash and cash equivalents	<u>\$ 22,257,126</u>	<u>\$ 19,063,525</u>

Note 16-Compensated Absences

Accumulated unpaid vacation is accrued when earned. Full-time employees can earn and vest in vacation leave according to years of service as shown below:

<u>Years of Service</u>	<u>Vacation Time Earned</u>
Less than 5 years	6.67 hours per month
After 5 years	10.00 hours per month
After 10 years	13.33 hours per month

Sick pay is not vested and therefore not accrued. Employees only vest in vacation leave after six months of employment. The Hospital's policy is to recognize the cost of sick pay when actually paid to employees. Accrued compensated absences at October 31, 2021 and 2020 were \$499,016 and \$448,144, respectively. These amounts are included in accrued expenses on the statements of net position.

Note 17-Retirement Plan

The Hospital has executed the Variable Annuity Life Insurance Company (VALIC) prototype Profit Sharing Plan with Cash or Deferred Arrangement Option Non-Standardized Adoption Agreement No. 3. The defined contribution plan (457) provides benefits to substantially all employees. The Hospital matches contributions made by an employee up to six percent of the employee's compensation. Total payroll for the fiscal years ended October 31, 2021 and 2020 was \$9,437,768 and \$9,035,983, respectively. Covered payroll for 2021 and 2020 was \$9,372,924 and \$9,025,029, respectively. Total pension expense was \$371,483 and \$305,790 for 2021 and 2020, respectively.

Note 18-Assets Measured at Fair Value on a Recurring Basis

The following presents assets measured at fair value on a recurring basis as of October 31, 2021:

	<u>Fair Value</u>	<u>Assets at Fair Value as of</u>		
		<u>October 31, 2021</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Louisiana Asset Management Pool	\$ 3,123,436	\$ -	\$ 3,123,436	\$ -
	<u>\$ 3,123,436</u>	<u>\$ -</u>	<u>\$ 3,123,436</u>	<u>\$ -</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 18-Assets Measured at Fair Value on a Recurring Basis (Continued)

The following presents assets measured at fair value on a recurring basis as of October 31, 2020:

	<u>Fair Value</u>	<u>Assets at Fair Value as of October 31, 2020</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Louisiana Asset Management Pool	\$ 3,121,744	\$ -	\$ 3,121,744	\$ -
	<u>\$ 3,121,744</u>	<u>\$ -</u>	<u>\$ 3,121,744</u>	<u>\$ -</u>

The Hospital's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

Note 19-Concentration of Credit Risk

The Hospital is located in St. Francisville, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables (net of allowances) from patients and third-party payors at October 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Medicare	38.4%	41.9%
Medicaid	14.0%	15.6%
Commercial and other third-party payors	43.7%	38.5%
Self-pay	<u>3.9%</u>	<u>4.0%</u>
	<u>100.0%</u>	<u>100.0%</u>

Note 20-Commitments

Commitments related to the architecture contract for the Willow Building renovation totaled \$45,504 at October 31, 2021.

Note 21-Payments to Board Members

The following schedule shows the amount of board per diems paid during the years ended October 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Melvin Harvey	\$ 360	\$ 440
Olton Scott	<u>400</u>	<u>560</u>
	<u>\$ 760</u>	<u>\$ 1,000</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2021

Note 22-Subsequent Events

Management evaluated all subsequent events through April 27, 2022, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
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Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

**Independent Auditor's Report
on Supplementary Information**

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

We have audited the basic financial statements of The Hospital Service District of West Feliciana Parish Louisiana, a component unit of the West Feliciana Parish Government, as of and for the years ended October 31, 2021 and 2020, and our report thereon dated April 27, 2022, which expressed an unmodified opinion on those basic financial statements, appears on pages 7 through 8. Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information, identified in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hawthorn, Waymouth & Carroll, L.L.P.

April 27, 2022

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Net Patient Service Revenue
Years Ended October 31, 2021 and 2020

	2021	2020
Patient Service Revenue		
Ambulance service	\$ 1,370,440	\$ 1,355,713
Anesthesiology	196,414	44,455
Blood bank	8,595	19,836
Bone density	29,378	24,982
Central services	82,427	58,767
CT scan	2,799,016	2,784,511
Diabetes clinic	100	-
Echocardiogram	74,040	49,078
Electrocardiology	199,284	127,672
Emergency services	4,285,704	3,987,867
Intensive outpatient psychiatry	486,780	551,760
Laboratory	5,848,940	4,405,319
Mammography	182,880	137,880
MRI scan	793,650	717,967
Nursing services	1,129,563	1,045,484
Occupational therapy	283,973	257,761
Pharmacy	801,221	631,988
Physical therapy	2,075,249	1,692,157
Physician's fees	1,062,320	1,000,634
Radiology	1,523,111	1,451,625
Respiratory therapy	327,104	276,916
Sleep studies	8,265	105,000
Speech therapy	239,892	239,815
St. Francis Cypress Rural Health Clinic	3,116,985	2,821,576
St. Francis Gastro Clinic	41,413	20,432
St. Francis Pain Clinic	19,394	-
Surgery	1,005,777	312,959
Ultrasound	429,852	382,264
Wound care	189,011	320,878
Gross patient service revenue	28,610,778	24,825,296
Less: contractual adjustments and discounts	5,274,573	2,678,926
Less: provision for bad debts	1,476,322	1,496,577
Net patient service revenue	\$ 21,859,883	\$ 20,649,793

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Salaries, Wages, and Benefits
Years Ended October 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Salaries, Wages, and Benefits		
Administrative	\$ 466,373	\$ 523,182
Ambulance	310,927	346,323
Business office	800,135	731,922
Central supply	175,248	154,564
CT scan	54,839	39,834
Dietary management	189,177	189,220
Echocardiogram	78,328	23,305
Emergency room	1,651,082	1,466,154
Housekeeping	287,864	310,743
Information technology	255,098	254,748
Intensive outpatient psychiatry	415,149	453,879
Medical records	236,510	235,715
MRI scan	56,905	62,001
Nursing services	1,258,728	1,222,594
Pharmacy	77,536	-
Plant operations	251,558	216,722
Purchasing	74,839	68,248
Radiology	461,778	475,453
Respiratory therapy	402,813	375,400
Social services	10,650	18,183
St. Francis Cypress Rural Health Clinic	1,615,867	1,535,473
Surgery	40,669	57,987
Ultrasound	134,685	150,876
Utilization review	87,071	111,500
All other	<u>43,939</u>	<u>11,957</u>
Total salaries and wages	9,437,768	9,035,983
Total benefits	<u>2,420,836</u>	<u>2,175,132</u>
Total salaries, wages, and benefits	<u>\$ 11,858,604</u>	<u>\$ 11,211,115</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Professional Services
Years Ended October 31, 2021 and 2020

	2021	2020
Professional Services		
Administrative	\$ 405,725	\$ 411,353
Ambulance	17,831	24,103
Anesthesia	77,240	33,840
Dietary	15,064	11,838
EKG	9,809	10,467
Emergency room physician fees	1,539,944	1,527,444
Information technology	76,087	88,801
Intensive outpatient psychiatry	273,887	264,156
Laboratory	2,132,543	1,886,629
Laundry/linen	19,026	25,350
Mammography	52,645	80,128
Medical records	20,509	15,815
MRI	5,963	-
Nursing services	24,276	17,291
Occupational therapy	155,788	136,360
Pharmacy	146,446	140,136
Physical therapy	951,036	766,245
Physician IP/OP fees	30,550	31,850
Physician medical director fee	29,700	29,700
Plant operations	292,763	404,551
Radiology	28,763	30,183
Respiratory therapy	3,261	3,361
Sleep studies	570	16,785
Speech therapy	94,946	91,391
St. Francis Cypress Rural Health Clinic	37,559	2,696
St. Francis Gastro Clinic	100,038	5,844
St. Francis Pain Clinic	35,625	-
Surgery	139,025	-
Wound care	102,875	147,825
All other	29,194	27,401
	\$ 6,848,688	\$ 6,231,543
Total professional services		

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Supplies and Other Expenses
Years Ended October 31, 2021 and 2020

	2021	2020
Supplies and Other Expenses		
Administrative	\$ 50,925	\$ 20,790
Ambulance	70,563	105,810
Business office	15,538	19,248
Central services	(2,781)	92,778
CT scan	37,791	11,495
Dietary	102,086	97,146
Emergency room	32,383	29,582
Housekeeping	45,921	58,013
Information technology	31,848	28,424
Intensive outpatient psychiatry	32,626	16,905
Laboratory	3,835	1,868
Medical records	4,259	5,728
Nursing services	113,250	121,012
Pharmacy	387,748	301,978
Physical therapy	16,000	30,798
Plant operations	60,303	69,993
Radiology	12,840	25,779
Respiratory therapy	54,799	37,502
St. Francis Cypress Rural Health Clinic	209,718	214,639
St. Francis Gastro Clinic	3,582	13,331
St. Francis Pain Clinic	876	99
Surgery	38,516	12,090
All other	27,040	13,372
Total supplies and other expenses	\$ 1,349,666	\$ 1,328,380

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Other Operating Expenses
Years Ended October 31, 2021 and 2020

	2021	2020
Other Operating Expenses		
Administrative	\$ 58,900	\$ 56,306
Audit and legal fees	260,101	162,548
Collection fees	1,018,832	1,084,339
CT scan	52,688	88,116
Dues and subscriptions	109,234	104,894
Education	46,122	57,015
Insurance	440,693	364,170
Intensive outpatient psychiatry	13,702	7,207
Laboratory	28,083	30,450
Mammography	70,740	30,540
Nursing services	36,051	46,992
Physician FMP match	-	259,760
Physical therapy	19,654	750
Plant operations and utilities	498,395	420,581
Postage	14,246	11,587
Public relations	172,121	136,784
Radiology	92,741	101,647
St. Francis Clinic	131,491	158,209
Telephone, internet, and cable	101,778	156,140
Ultrasound	14,932	23,494
All other	399,857	333,932
Total other operating expenses	\$ 3,580,361	\$ 3,635,461

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended October 31, 2021**

Agency Head Name: Ledoux Chastant, III, CEO

Purpose	Amount
Salary	\$ 188,037
Benefits - insurance	19,952
Benefits - retirement	6,500
Benefits - disability and life insurance	-
Car allowance	4,800
Vehicle provided by agency	-
Per diem	-
Reimbursements	2,435
Travel	-
Registration fees	680
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



**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 Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Hospital Service District of West Feliciana Parish Louisiana, a component unit of the West Feliciana Parish Government, as of and for the year ended October 31, 2021, and the related notes to the financial statements, which collectively comprise The Hospital Service District of West Feliciana Parish Louisiana's basic financial statements as listed in the table of contents, and have issued our report thereon dated April 27, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Hospital Service District of West Feliciana Parish Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Hospital Service District of West Feliciana Parish Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of The Hospital Service District of West Feliciana Parish Louisiana'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Item 2021-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Hospital Service District of West Feliciana Parish Louisiana's Response to Finding

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

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.

Hawthorn, Waymouth & Carroll, L.L.P.

April 27, 2022



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

**Independent Auditor's Report on Compliance
for the Major Federal Program and on Internal Control
over Compliance Required by the Uniform Guidance**

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

Report on Compliance for Major Federal Program

We have audited The Hospital Service District of West Feliciana Parish Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on The Hospital Service District of West Feliciana Parish Louisiana's major federal program for the year ended October 31, 2021. The Hospital Service District of West Feliciana Parish Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of The Hospital Service District of West Feliciana Parish Louisiana's compliance.

Opinion on Major Federal Program

In our opinion, The Hospital Service District of West Feliciana Parish Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended October 31, 2021.

Report on Internal Control over Compliance

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

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

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

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

Hawthorn, Waymouth & Carroll, L.L.P.

April 27, 2022

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Expenditures of Federal Awards
Year Ended October 31, 2021**

<u>Grantor/Program Title/ Pass-Through Grantor's Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:		
COVID-19 - Provider Relief Fund*	93.498	\$ 4,054,421
COVID-19 Testing for Rural Health Clinics	93.697	149,462
National Bioterrorism Hospital Preparedness <i>Passed-Through Louisiana Hospital Association Research and Education Foundation</i>	93.889	<u>11,624</u>
Total expenditures of federal awards		<u>\$ 4,215,507</u>

*Denotes Major Program

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Schedule of Expenditures of Federal Awards
October 31, 2021

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of The Hospital Service District of West Feliciana Parish Louisiana under programs of the federal government for the year ended October 31, 2021. 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 Service District of West Feliciana Parish Louisiana, it is not intended to and does not present the net position, change in net position, or cash flows of The Hospital Service District of West Feliciana Parish Louisiana.

Note 2-Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. When applicable, 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 Service District of West Feliciana Parish Louisiana has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4-Subrecipients

The Hospital Service District of West Feliciana Parish Louisiana did not pass-through any of its federal awards to a subrecipient during the year ended October 31, 2021.

Note 5-Reconciliation of Provider Relief Fund Grant Revenue Recognized in the Financial Statements to Federal Awards Expended on the Schedule

During the prior fiscal year, the U.S. Department of Health and Human Services (HHS) began providing COVID-19 related funding under Assistance Listing Number 93.498. The funds are to be utilized to offset eligible COVID-19 expenditures and lost revenues related to COVID-19 as defined in the program regulations. The Hospital recognized amounts received as the program’s requirements were met as shown in the table below. The amounts received and expended are reported in the Schedule according to HHS periods of availability (also known as the “period of performance”). Accordingly, the \$2,068,989 and \$1,985,432 expended and recognized in the years ended October 31, 2021 and 2020, respectively, are reported on the October 31, 2021 Schedule.

Reporting Period	Total Funding Received	Amount Recognized as Revenue	Amount Recognized as Unearned COVID- 19 Grants	Amount Reported as Federal Expenditure on the Schedule
October 31, 2020	\$ 4,045,317	\$ 2,068,989	\$ 1,976,328	\$ -
October 31, 2021	9,104	1,985,432	-	4,054,421

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Findings and Questioned Costs
Year Ended October 31, 2021**

Part 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?

_____ Yes X No

*Significant deficiency(ies) identified?

 X Yes _____ No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

*Material weakness(es) identified?

_____ Yes X No

*Significant deficiency(ies) identified?

_____ Yes X No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Number

93.498

Assistance Listing Program Title

Provider Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee:

_____ Yes X No

The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Findings and Questioned Costs
Year Ended October 31, 2021

Section II – Financial Statement Findings

Significant Deficiency

2021-001: Untimely Recordation of Service Charges

Condition:

Certain charges for patient services provided by the Rural Health Clinic were not recorded in the proper fiscal year.

Criteria:

Charges for patient services should be recorded in the period in which the services are performed.

Cause:

Procedures that ensure charges are recorded in the proper period were not followed by the Rural Health Clinic.

Effect:

Patient service revenue totaling \$370,570 was recorded in a subsequent year, which resulted in an understatement of revenue. An adjustment was made to correct this recording error.

Auditor's Recommendation:

The Hospital should follow procedures that ensure all patient charges are being recorded in the period in which service takes place.

Management's Response:

The stipulation that led to the recording of service charges in the incorrect year was identified due to difficulty in credentialing the Medicaid and Medicare MCO plans for the Rural Health Clinic. The software used by the clinic did not have the ability to post charges until they were able to bill. The RHC Practice Manager will monitor the billing and report to the CFO any held claims due to credentialing issues. To date, billing has been reported in proper time frames.

Status:

This finding has been resolved.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

The Hospital Service District of West Feliciana Parish Louisiana
Summary Schedule of Prior Audit Findings
Year Ended October 31, 2021

Section II – Financial Statement Findings

Noncompliance with State Laws and Regulations

2020-001: Uncollateralized Deposits

Summary of Prior Year Finding:

The market value of securities pledged to secure deposits was insufficient at one bank. The Hospital's deposits at that financial institution were under-collateralized by \$580,666 at October 31, 2020.

Status:

This finding has been resolved.

Section III – Federal Award Findings and Questioned Costs

A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required for the fiscal year ended October 31, 2020.