

**The Hospital Service District of
West Feliciana Parish Louisiana
A Component Unit of the
West Feliciana Parish Government
St. Francisville, Louisiana
October 31, 2020**

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**The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2020**

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, 2020. This Section should be interpreted within the context of financial statements as displayed in this report.

FINANCIAL HIGHLIGHTS

One cannot discuss the 2020 financial highlights without speaking to the COVID-19 pandemic. The pandemic affected every aspect of the hospital operations. With the assistance of Federal and State grants, the Hospital's current assets grew by \$9,897,260, or 59%, to \$26,655,429. In the months of March, April and May, much of the Hospital's outpatient operations were curtailed by government mandate. Despite this, net patient revenue was only down \$335,672, or 1.6%, from the previous year. In addition, the tax revenue for the hospital was down by \$723,011. This was partly due to the economic downturn due to COVID during the mandate and partly due to the Hospital voluntarily reducing its tax revenue by 25% in the last tax renewal election. The 25% will now go to the Parish to be used for roads and bridges. Another highlight is the Hospital's net position increased by \$3,022,216, which is a 10.3% increase in net position from the previous year. Overall, despite the negative effect of the pandemic, the Hospital had a solid financial year.

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
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Net Position

Condensed statements of net position as of October 31, 2020, 2019, and 2018 are displayed in the following table:

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 26,655,429	\$ 16,758,169	\$ 13,623,288
Assets limited as to use	8,831,039	10,292,360	11,745,905
Capital assets, net	<u>27,154,347</u>	<u>29,439,419</u>	<u>30,973,051</u>
Total assets	<u>\$ 62,640,815</u>	<u>\$ 56,489,948</u>	<u>\$ 56,342,244</u>
Current liabilities	\$ 5,515,275	\$ 2,566,761	\$ 2,633,453
Long-term liabilities	24,865,022	24,684,885	25,219,585
Net position	<u>32,260,518</u>	<u>29,238,302</u>	<u>28,489,206</u>
Total liabilities and net position	<u>\$ 62,640,815</u>	<u>\$ 56,489,948</u>	<u>\$ 56,342,244</u>

The following table presents the components of the Hospital's net position as of October 31, 2020, 2019, and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net investment in capital assets	\$ 2,470,449	\$ 4,220,802	\$ 5,447,568
Restricted for debt service	8,795,909	10,255,428	11,196,624
Unrestricted - reserved for capital projects	35,130	36,932	549,281
Unrestricted	<u>20,959,030</u>	<u>14,725,140</u>	<u>11,295,733</u>
Total net position	<u>\$ 32,260,518</u>	<u>\$ 29,238,302</u>	<u>\$ 28,489,206</u>

Capital Assets

The following table presents the components of capital assets at October 31, 2020, 2019, and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 2,667,889	\$ 2,448,288	\$ 2,329,750
Buildings and leasehold improvements	29,721,413	29,885,213	28,649,181
Equipment	11,403,812	11,461,769	11,069,925
Construction in progress	<u>-</u>	<u>-</u>	<u>503,424</u>
	43,793,114	43,795,270	42,552,280
Less: accumulated depreciation	<u>16,638,767</u>	<u>14,355,851</u>	<u>11,579,229</u>
Capital assets, net	<u>\$ 27,154,347</u>	<u>\$ 29,439,419</u>	<u>\$ 30,973,051</u>

**The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
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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>2020</u>	<u>2019</u>	<u>2018</u>
Net patient service revenue	\$ 20,649,793	\$ 20,985,465	\$ 20,407,120
Other operating revenue	4,610,165	3,311,524	2,128,462
Operating revenue	<u>25,259,958</u>	<u>24,296,989</u>	<u>22,535,582</u>
Salaries, wages and benefits	11,211,115	10,667,516	9,892,617
Other operating expenses	11,195,386	11,923,271	10,848,498
Depreciation	2,909,763	2,844,324	2,775,278
Operating expenses	<u>25,316,264</u>	<u>25,435,111</u>	<u>23,516,393</u>
Tax revenue	1,678,003	2,401,014	2,331,233
Interest income	145,739	138,901	80,421
Other non-operating revenue	2,313,087	335,495	178,822
Non-operating expenses	<u>(1,058,307)</u>	<u>(988,192)</u>	<u>(1,003,100)</u>
Non-operating revenue, net	<u>3,078,522</u>	<u>1,887,218</u>	<u>1,587,376</u>
Change in Net Position	3,022,216	749,096	606,565
Net Position , beginning of year	<u>29,238,302</u>	<u>28,489,206</u>	<u>27,882,641</u>
Net Position , end of year	<u>\$ 32,260,518</u>	<u>\$ 29,238,302</u>	<u>\$ 28,489,206</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 2020, 2019, and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Medicare	19%	21%	23%
Medicaid	30%	30%	30%
Commercial and other	45%	41%	41%
Self-Pay	6%	8%	6%

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, 2020**

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 2020, 2019, and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Inpatient Days	1,151	994	642
Net Outstanding Days in A/R	35	50	35

BUDGET AND STRATEGY FOR FISCAL YEAR 2021

As in past years, the budget was approved for the upcoming year. The difficulty for 2021 is predicting the effect of the COVID-19 pandemic. Knowing there would be some long-term ramifications with the pandemic, the Hospital took a more conservative approach to the budget for 2021. However, the Hospital has several initiatives that it wants to roll out this coming year, including some projects that were put on hold due to the pandemic. Even with COVID last year, the Hospital was able to push forward on several of the new services. The Rural Health Clinic (RHC) did come to fruition. Pain Management and Ophthalmology services are now operating on campus and Gastroenterology services have been expanded. It is planned to continue the strategy of bringing on additional physician specialists in the coming year.

In December, there was major legislation that changed the reimbursement rules for rural health clinics. Because of this, there has been a slight change in plans for facilities on the Hospital’s campus. This year it is planned to expand the RHC facility to make it more versatile and able to accommodate more patients while still being able to remain socially distanced. Renovating sections of the Hospital to be more “COVID accommodating” is also part of the plan. This will be accomplished by expanding the lab and its capabilities, creating more negative pressure rooms, and having an area in the inpatient wing to isolate infectious patients.

During last year, the Hospital devoted several months to involve multiple stakeholders, employed the help of outside consultants, and completed a SWOT analysis to develop a long-range strategic plan. This plan has been approved by the board and will be implemented over the next three years.

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
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Certified Public Accountants

Louis C. McKnight, III, CPA
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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, 2020 and 2019, 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, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 June 29, 2021, 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.

June 29, 2021

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Net Position
October 31, 2020 and 2019

Assets	2020	2019
Current Assets		
Cash and cash equivalents	\$ 10,267,616	\$ 3,636,517
Certificates of deposit	3,715,502	3,308,322
Investments	3,121,744	1,102,952
Accounts receivable - patients, net	1,947,475	3,227,634
Due from third party payors	4,035,338	2,106,238
Accounts receivable - other	2,684,241	2,460,739
Inventory	575,902	521,655
Prepaid expenses	307,611	394,112
Total current assets	26,655,429	16,758,169
Assets Limited As to Use	8,831,039	10,292,360
Capital Assets, net	27,154,347	29,439,419
Total assets	\$ 62,640,815	\$ 56,489,948
Liabilities and Net Position		
Current Liabilities		
Current maturities of bonds payable	\$ 514,077	\$ 503,732
Current maturities of notes payable	1,176,501	30,000
Accounts payable	681,862	380,005
Accrued expenses	1,166,507	1,381,194
Due to third party payors	-	271,830
Unearned COVID-19 Provider Relief Funds	1,976,328	-
Total current liabilities	5,515,275	2,566,761
Long-Term Liabilities		
Bonds payable, less current maturities	24,024,821	24,539,885
Notes payable, less current maturities	840,201	145,000
Total long-term liabilities	24,865,022	24,684,885
Net Position		
Net investment in capital assets	2,470,449	4,220,802
Restricted for debt service	8,795,909	10,255,428
Unrestricted - reserved for capital projects	35,130	36,932
Unrestricted	20,959,030	14,725,140
Total net position	32,260,518	29,238,302
Total liabilities and net position	\$ 62,640,815	\$ 56,489,948

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenue		
Net patient service revenue	\$ 20,649,793	\$ 20,985,465
Other operating revenue	<u>4,610,165</u>	<u>3,311,524</u>
Operating revenue	<u>25,259,958</u>	<u>24,296,989</u>
Operating Expenses		
Salaries, wages and benefits	11,211,115	10,667,516
Professional services	6,231,543	6,675,247
Supplies and other expenses	1,328,380	1,570,477
Other operating expenses	3,635,463	3,677,547
Depreciation	<u>2,909,763</u>	<u>2,844,324</u>
Total operating expenses	<u>25,316,264</u>	<u>25,435,111</u>
Operating loss	<u>(56,306)</u>	<u>(1,138,122)</u>
Non-Operating Revenue (Expenses)		
Provider Relief Funds	2,068,988	-
Interest income	145,739	138,901
Interest expense	(979,470)	(985,658)
Tax revenue	1,678,003	2,401,014
Gain (loss) on disposal of assets	(78,837)	(2,534)
Other non-operating revenue	<u>244,099</u>	<u>335,494</u>
Non-operating revenue, net	<u>3,078,522</u>	<u>1,887,218</u>
Change in Net Position	<u>3,022,216</u>	<u>749,096</u>
Net Position, beginning of year	<u>29,238,302</u>	<u>28,489,206</u>
Net Position, end of year	<u>\$ 32,260,518</u>	<u>\$ 29,238,302</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	\$ 24,428,010	\$ 21,762,938
Payments for goods and services	(11,213,815)	(12,011,331)
Payments to employees for services	<u>(11,402,880)</u>	<u>(10,853,675)</u>
Net cash provided by (used in) operating activities	<u>1,811,315</u>	<u>(1,102,068)</u>
Cash Flows from Non-Capital Financing Activities		
Tax receipts	1,692,385	2,391,830
Receipt of Provider Relief Funds	4,045,316	-
Proceeds from Paycheck Protection Program loan	1,871,702	-
Other income	<u>241,711</u>	<u>329,044</u>
Net cash provided by non-capital financing activities	<u>7,851,114</u>	<u>2,720,874</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(703,615)	(1,315,569)
Principal payments on bonds payable	(504,719)	(276,866)
Principal payments on note payable	(30,000)	(30,000)
Interest paid	<u>(979,803)</u>	<u>(986,953)</u>
Net cash used in capital and related financing activities	<u>(2,218,137)</u>	<u>(2,609,388)</u>
Cash Flows from Investing Activities		
Purchases of certificates of deposit	(549,116)	(1,571,745)
Sales and maturities of certificates of deposit	141,936	1,341,117
Purchases of investments	(2,018,792)	(1,103,711)
Interest income	151,102	134,571
Proceeds from the sale of property	<u>85</u>	<u>2,338</u>
Net cash used in investing activities	<u>(2,274,785)</u>	<u>(1,197,430)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,169,507	(2,188,012)
Cash and Cash Equivalents, beginning of year		
Including \$10,257,501 and \$11,711,807 limited as to use for 2020 and 2019, respectively	<u>13,894,018</u>	<u>16,082,030</u>
Cash and Cash Equivalents, end of year		
Including \$8,795,909 and \$10,257,501 limited as to use for 2020 and 2019, respectively	<u>\$ 19,063,525</u>	<u>\$ 13,894,018</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, 2020 and 2019

(Continued)

	2020	2019
Reconciliation of Operating Loss to Net Cash Used in		
Operating Activities:		
Operating loss	\$ (56,306)	\$ (1,138,122)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	2,909,765	2,844,324
Provision for doubtful accounts	1,496,577	2,123,865
(Increase) Decrease in assets:		
Patient accounts receivable	(216,356)	(3,124,964)
Due from third party payors	(1,929,100)	(442,073)
Other receivables	(240,859)	(1,153,372)
Inventory	(54,247)	27,551
Prepaid expenses	86,501	55,249
Increase (Decrease) in liabilities:		
Accounts payable	301,857	(72,414)
Accrued expenses	(214,687)	(493,942)
Due to third party payors	(271,830)	271,830
Net cash provided by (used in) operating activities	\$ 1,811,315	\$ (1,102,068)

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, 2020

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, 2020 and 2019, the Hospital had \$8,795,909 and \$10,255,428, respectively, of net position restricted for debt service.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, 2020 and 2019, the Hospital had \$35,130 and \$36,932, respectively, 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, 2020

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.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

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 following estimated useful lives are used:

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, 2015.

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, 2014.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

L. Net Patient Service Revenue (Continued)

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.

M. Charity Care

The Hospital provides care, without charge or at amounts less than its established rates, to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts qualifying as charity care, they are not included in gross patient service revenue.

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 \$137,470 and \$154,274 were expensed in 2020 and 2019, 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.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

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, 2020 and 2019, the Hospital has no known claims exceeding its coverage.

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. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

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>2020</u>	<u>2019</u>
Operations		
Cash and cash equivalents	\$ 10,267,616	\$ 3,636,517
Certificates of deposit	3,715,502	3,308,322
Investments	3,121,744	1,102,952
Assets Limited As to Use		
Cash and cash equivalents	8,795,909	10,257,501
Certificates of deposit	<u>35,130</u>	<u>34,859</u>
Total	<u>\$ 25,935,901</u>	<u>\$ 18,340,151</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, 2020 and 2019, investments held by the Hospital consisted of \$3,121,744 and \$1,102,952, 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, 2020

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, 2020, the WAM for LAMP's total investments was 54 days.

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, 2019. 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, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Cash in banks	<u>\$ 23,063,363</u>	<u>\$ 16,952,007</u>
Insured by FDIC	<u>\$ 2,788,880</u>	<u>\$ 2,808,003</u>
Collateralization by fair market value of securities held by the pledging institution	<u>\$ 19,693,817</u>	<u>\$ 14,144,004</u>
Uncollateralized	<u>\$ 580,666</u>	<u>\$ -</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

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>2020</u>	<u>2019</u>
Cash – Held as Security Interest for the Hospital Revenue Bonds		
Whitney Bank - Savings yielding .10%	\$ -	\$ 2,075
Investar Bank - Money Market account yielding .55%	6,877,501	8,487,372
Investar Bank - Reserve Fund yielding .10%	1,491,458	1,489,737
Investar Bank - Contingency Fund	<u>426,950</u>	<u>278,317</u>
Total cash limited as to use	<u>\$ 8,795,909</u>	<u>\$ 10,257,501</u>
Certificates of Deposit – Board designated		
Merrill Lynch - CDs/Equivalents yielding .042%	<u>\$ 35,130</u>	<u>\$ 34,859</u>
Total certificates of deposit limited as to use	<u>\$ 35,130</u>	<u>\$ 34,859</u>
Total assets limited as to use	<u>\$ 8,831,039</u>	<u>\$ 10,292,360</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 0.45% to 3.92% per annum and have terms ranging from six months to six years.

Note 5-Accounts Receivable - Patients

Patient account receivables consisted of the following at October 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Total patient accounts receivable	\$ 4,520,894	\$ 6,542,714
Less: allowance for uncollectible accounts	<u>(2,573,419)</u>	<u>(3,315,080)</u>
Net patient accounts receivable	<u>\$ 1,947,475</u>	<u>\$ 3,227,634</u>

Note 6-Accounts Receivable - Other

Accounts receivable - other consisted of the following at October 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Accrued uncompensated care	\$ 2,105,353	\$ 2,041,961
Uncollected sales tax revenue	126,620	157,392
Uncollected ad valorem tax revenue	199,044	182,654
All other	<u>253,224</u>	<u>78,732</u>
Total accounts receivable - other	<u>\$ 2,684,241</u>	<u>\$ 2,460,739</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

Note 7-Capital Assets

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

	Balance October 31, 2019	Additions	Deductions	Transfers	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	<u>11,461,769</u>	<u>473,564</u>	<u>(531,521)</u>	-	<u>11,403,812</u>
Total capital assets	43,795,270	703,615	(705,771)	-	43,793,114
Accumulated depreciation	<u>(14,355,851)</u>	<u>(2,909,765)</u>	<u>626,848</u>	-	<u>(16,638,767)</u>
Total capital assets, net	<u>\$ 29,439,419</u>	<u>\$ (2,206,150)</u>	<u>\$ (78,923)</u>	<u>\$ -</u>	<u>\$ 27,154,347</u>

A summary of capital assets additions, deductions, and balances for the year ended October 31, 2019 follows:

	Balance October 31, 2018	Additions	Deductions	Transfers	Balance October 31, 2019
Land and land improvements	\$ 2,329,750	\$ 96,330	\$ -	\$ 22,208	\$ 2,448,288
Buildings and leasehold improvements	28,649,181	9,722	-	1,226,310	29,885,213
Equipment	11,069,925	313,349	(72,579)	151,074	11,461,769
Construction in progress	<u>503,424</u>	<u>896,168</u>	-	<u>(1,399,592)</u>	-
Total capital assets	42,552,280	1,315,569	(72,579)	-	43,795,270
Accumulated depreciation	<u>(11,579,229)</u>	<u>(2,844,324)</u>	<u>67,702</u>	-	<u>(14,355,851)</u>
Total capital assets, net	<u>\$ 30,973,051</u>	<u>\$ (1,528,755)</u>	<u>\$ (4,877)</u>	<u>\$ -</u>	<u>\$ 29,439,419</u>

Note 8-Bonds Payable

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>(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>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

Note 8-Bonds Payable (Continued)

The schedule of changes in the Hospital's bonds payable for the year ended October 31, 2019 is as follows:

	Balance October 31, 2018	Additions	Reductions	Balance October 31, 2019	Amount Due Within One Year
Bonds Payable					
Hospital Revenue Bonds					
20 Year	\$ 7,745,483	\$ -	\$ (276,866)	\$ 7,468,617	\$ 277,921
40 Year	<u>17,575,000</u>	<u>-</u>	<u>-</u>	<u>17,575,000</u>	<u>225,811</u>
Total bonds payable	<u>\$ 25,320,483</u>	<u>\$ -</u>	<u>\$ (276,866)</u>	<u>\$ 25,043,617</u>	<u>\$ 503,732</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, 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 with the first two payments being for interest only due on October 19, 2018 and October 19, 2019. Thereafter, the bonds will be 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, 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, 2020 and 2019. 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, 2020

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>
2021	\$ 514,077	\$ 970,149	\$ 1,484,226
2022	533,240	950,986	1,484,226
2023	557,508	926,718	1,484,226
2024	582,924	901,302	1,484,226
2025	609,544	874,682	1,484,226
Thereafter	<u>21,741,605</u>	<u>12,589,735</u>	<u>34,331,340</u>
	<u>\$ 24,538,898</u>	<u>\$ 17,213,572</u>	<u>\$ 41,752,470</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 22, the loan has been fully forgiven.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

Note 9-Notes Payable (Continued)

The schedule of changes in the Hospital's note 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>

The schedule of changes in the Hospital's note payable for the year ended October 31, 2019 is as follows:

	Balance October 31, 2018	Additions	Reductions	Balance October 31, 2019	Amount Due Within One Year
Fire Protection District No. 1 note	<u>\$ 205,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ 175,000</u>	<u>\$ 30,000</u>

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

2021	\$ 1,176,501
2022	755,201
2023	30,000
2024	30,000
2025	<u>25,000</u>
	<u>\$ 2,016,702</u>

Note 10-Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges foregone, based on established rates, were approximately \$20,486 and \$40,941 for the years ended October 31, 2020 and 2019, respectively. These charges are included in the provision for bad debts.

Management estimates that approximately \$21,700 and \$36,740 of costs were related to charity care for the years ended October 31, 2020 and 2019, respectively. This estimate is based on a ratio of total cost to gross patient charges applied to gross uncompensated charges associated with providing care to charity patients.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

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, 2020 and 2019 was \$4,422,492 and \$3,211,145, 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Sales tax	\$ 1,472,927	\$ 2,212,934
Ad valorem tax	199,111	182,119
State revenue sharing	<u>5,965</u>	<u>5,961</u>
Total tax revenues	<u>\$ 1,678,003</u>	<u>\$ 2,401,014</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.

The Hospital suspended non-emergent or non-critical procedures and appointments beginning in mid-March through early-May 2020 due to COVID-19.

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

CARES Act Program	
Provider Relief Funds	\$ 4,045,316
Paycheck Protection Program Loan	<u>1,871,702</u>
CARES Act funding received	<u>\$ 5,917,018</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 year ended October 31, 2020 are included below.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

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 are presented as unearned COVID-19 Provider Relief Funds on the statement of net position for possible recognition in the fiscal year ending October 31, 2021. Funds received in excess of the reported expenses and lost revenues, if any, will be returned to DHHS.

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

Provider Relief Funds received		\$ 4,045,316
Funds recognized as non-operating revenue due to:		
Lost revenues		(2,068,988)
Unearned COVID-19 Provider Relief Funds		\$ 1,976,328

Funds expended under the Provider Relief Fund program will be subject to single audit requirements beginning with the Hospital's October 31, 2021 year-end.

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. In accordance with the Program, the loan can be partially or completely forgiven if certain criteria are met. Any amounts not forgiven will be repaid based on the terms described in Note 9 to the financial statements.

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 \$121,981 in 2020 and \$155,502 in 2019. 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, 2020

Note 15-Cash Flows Supplemental Information

Total cash and cash equivalents for October 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 10,267,616	\$ 3,636,517
Assets whose use is limited - cash	<u>8,795,909</u>	<u>10,257,501</u>
Total cash and cash equivalents	<u>\$ 19,063,525</u>	<u>\$ 13,894,018</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, 2020 and 2019 were \$448,144 and \$375,463, respectively.

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, 2020 and 2019 was \$9,035,983 and \$8,539,152, respectively. Covered payroll for 2020 and 2019 was \$9,025,029 and \$8,414,274, respectively. Total pension expense was \$305,790 and \$334,781 for 2020 and 2019, 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, 2020:

	<u>Fair Value</u>	<u>Assets at Fair Value as of</u>		
		<u>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 Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

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, 2019:

	Fair Value	Assets at Fair Value as of October 31, 2019		
		Level 1	Level 2	Level 3
Louisiana Asset Management Pool	\$ 1,102,952	\$ -	\$ 1,102,952	\$ -
	<u>\$ 1,102,952</u>	<u>\$ -</u>	<u>\$ 1,102,952</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, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Medicare	41.9%	52.5%
Medicaid	15.6%	14.6%
Commercial and other third-party payors	38.5%	29.7%
Self-pay	<u>4.0%</u>	<u>3.2%</u>
	<u>100.0%</u>	<u>100.0%</u>

Note 20-Payments to Board Members

The following schedule shows the amount of board per diems paid during the years ended October 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Melvin Harvey	\$ 440	\$ 360
Olton Scott	<u>560</u>	<u>-</u>
	<u>\$ 1,000</u>	<u>\$ 360</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2020

Note 21-Risks and Uncertainties

The COVID-19 pandemic has caused extensive disruptions to the global, national and regional economy. Governments, businesses, and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and legislation designed to deliver monetary aid and other relief. While the scope, duration, and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted economic activity and supply chains. If these implications continue for a prolonged period or result in sustained economic stress or recession, there could be a material adverse effect on the Hospital related to credit, operations, and liquidity.

Note 22-Subsequent Events

Management evaluated all subsequent events through June 29, 2021, the date the financial statements were available to be issued. On April 28, 2021, the PPP loan described in Note 9 was fully forgiven by the Small Business Administration.

Supplementary Information



**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 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, 2020 and 2019, and our report thereon dated June 29, 2021, 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. 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.

June 29, 2021

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Net Patient Service Revenue
Years Ended October 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Patient Service Revenue		
Ambulance service	\$ 1,355,713	\$ 1,512,672
Anesthesiology	44,455	26,103
Blood bank	19,836	16,074
Bone density	24,982	22,968
Central services	58,767	58,269
CT scan	2,784,511	3,505,879
Echocardiogram	49,078	99,128
Electrocardiology	127,672	135,880
Emergency services	3,987,867	4,877,626
Family medicine	-	5,512
Intensive outpatient psychiatry	551,760	1,309,770
Laboratory	4,405,319	4,597,083
Mammography	137,880	183,600
MRI scan	717,967	1,018,545
Nursing services	1,045,484	1,111,303
Occupational therapy	257,761	354,966
Pharmacy	631,988	662,210
Physical therapy	1,692,157	2,193,333
Physician's fees	1,000,634	1,201,022
Radiology	1,451,625	1,843,090
Respiratory therapy	276,916	129,718
Sleep studies	105,000	243,600
Speech therapy	239,815	377,025
St. Francis Clinic	2,842,008	2,877,127
Surgery	312,959	282,526
Ultrasound	382,264	490,658
Wound care	<u>320,878</u>	<u>306,128</u>
Gross patient service revenue	24,825,296	29,441,816
Less: contractual adjustments and discounts	2,678,926	6,332,486
Less: provision for bad debts	<u>1,496,577</u>	<u>2,123,865</u>
Net patient service revenue	<u>\$ 20,649,793</u>	<u>\$ 20,985,465</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Salaries, Wages, and Benefits
Years Ended October 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Salaries, Wages and Benefits		
Administrative	\$ 523,182	\$ 454,390
Ambulance	346,323	674,460
Business office	731,922	693,492
Central supply	154,564	145,039
CT scan	39,834	54,626
Dietary management	189,220	180,058
Echocardiogram	23,305	20,008
Emergency room	1,466,154	1,028,813
Housekeeping	310,743	285,868
Information technology	254,748	272,177
Intensive outpatient psychiatry	453,879	476,313
Medical records	235,715	227,614
MRI scan	62,001	52,625
Nursing services	1,222,594	1,052,122
Plant operations	216,722	190,648
Purchasing	68,248	68,067
Radiology	475,453	428,260
Respiratory therapy	375,400	388,396
Social services	18,183	12,921
St. Francis Clinic	1,535,473	1,493,795
Surgery	57,987	61,894
Ultrasound	150,876	148,966
Utilization review	111,500	108,050
All other	<u>11,957</u>	<u>20,550</u>
Total salaries and wages	9,035,983	8,539,152
Total benefits	<u>2,175,132</u>	<u>2,128,364</u>
Total salaries, wages, and benefits	<u>\$ 11,211,115</u>	<u>\$ 10,667,516</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Professional Services
Years Ended October 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Professional Services		
Administrative	\$ 411,353	\$ 390,873
Ambulance	24,103	18,164
Anesthesia	33,840	20,920
Dietary	11,838	19,840
EKG	10,467	11,223
Emergency room physician fees	1,527,444	1,527,444
Information technology	88,801	176,239
Intensive outpatient psychiatry	264,156	256,606
Laboratory	1,886,629	2,007,061
Laundry/linen	25,350	41,681
Mammography	80,128	69,316
Medical records	15,815	30,536
Nursing services	17,291	450
Occupational therapy	136,360	181,793
Pharmacy	140,136	136,225
Physical therapy	766,245	989,215
Physician medical director fee	29,700	32,175
Physician IP/OP fees	31,850	33,150
Plant operations	404,551	311,146
Radiology	30,183	32,370
Respiratory therapy	3,361	2,450
Sleep studies	16,785	39,600
Speech therapy	91,391	142,707
St. Francis Clinic	7,722	12,965
Ultrasound	-	25,730
Wound care	147,825	134,650
All other	28,219	30,718
	<u>6,231,543</u>	<u>6,675,247</u>
Total professional services	<u>\$ 6,231,543</u>	<u>\$ 6,675,247</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Supplies and Other Expenses
Years Ended October 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Supplies and Other Expenses		
Administrative	\$ 20,790	\$ 22,880
Ambulance	105,810	84,622
Business office	19,248	18,784
Central services	92,778	67,594
CT scan	11,495	12,583
Dietary	97,146	111,777
Emergency room	29,582	35,580
Housekeeping	58,013	73,637
Information technology	28,424	24,751
Intensive outpatient psychiatry	16,905	17,929
Laboratory	1,868	1,176
Medical records	5,728	10,192
Nursing services	121,012	76,536
Pharmacy	301,978	456,411
Physical therapy	30,798	41,326
Plant operations	69,993	73,634
Radiology	25,779	13,424
Respiratory therapy	37,502	38,270
St. Francis Clinic	227,970	353,420
Surgery	12,090	23,747
All other	<u>13,471</u>	<u>12,203</u>
Total supplies and other expenses	<u>\$ 1,328,380</u>	<u>\$ 1,570,477</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Other Operating Expenses
Years Ended October 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Other Operating Expenses		
Administrative	\$ 56,306	\$ 41,830
Audit and legal fees	162,548	250,048
Collection fees	1,084,339	873,071
CT scan	88,116	92,911
Dues and subscriptions	104,894	60,717
Education	57,015	88,786
Insurance	364,170	304,457
Intensive outpatient psychiatry	7,207	23,934
Laboratory	30,450	31,796
Mammography	30,540	50,640
Nursing services	46,992	43,398
Office space and resource sharing	-	271,361
Physician FMP match	259,760	350,178
Physical therapy	750	7,200
Plant operations and utilities	420,581	421,143
Postage	11,587	11,797
Public relations	136,784	138,748
Radiology	101,647	107,449
St. Francis Clinic	158,209	146,433
Telephone, internet, and cable	156,140	96,398
Ultrasound	23,494	17,726
All other	<u>333,934</u>	<u>247,526</u>
Total other operating expenses	<u>\$ 3,635,463</u>	<u>\$ 3,677,547</u>

**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, 2020**

Agency Head Name: Ledoux Chastant, III, CEO

Purpose	Amount
Salary	\$ 183,525
Benefits - insurance	15,909
Benefits - retirement	6,500
Benefits - disability and life insurance	-
Car allowance	4,800
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	745
Conference travel	562
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 years ended October 31, 2020 and 2019, 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 June 29, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Hospital Service District 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Finding 2020-001.

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 responses. 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.

June 29, 2021

The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Findings and Responses
Year Ended October 31, 2020

Part I - Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of The Hospital Service District of West Feliciana Parish Louisiana, as of and for the year ended October 31, 2020, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) One instance of noncompliance that is required to be reported under *Government Auditing Standards* was identified. See Finding 2020-001 in Part II below.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II – Financial Statement Findings

Noncompliance with State Laws and Regulations

2020-001: Uncollateralized Deposits

Condition:

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.

Criteria:

Louisiana law requires deposits in excess of FDIC insured limits to be secured by collateral (LA R.S. 39:1218).

Cause:

The Hospital relies on each bank to ensure that its deposits are properly collateralized; however, it is ultimately the responsibility of management of the Hospital.

Effect:

This condition represents a violation of Louisiana Revised Statute 39:1218.

Auditor's Recommendation:

As part of internal control over cash collateralization, the Hospital should implement procedures to ensure all cash deposits are properly collateralized. This includes monitoring the bank balances of all accounts and working with the financial institutions to ensure that collateral is adequate. Management should monitor pledged securities on a monthly basis.

The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Findings and Responses
Year Ended October 31, 2020

Part II – Financial Statement Findings (Continued)

Noncompliance with State Laws and Regulations (Continued)

2020-001: Uncollateralized Deposits (Continued)

Management's Response:

The uncollateralized deposits were with a lockbox account set up through the Hospital's billing vendor. The monies sweep from the account weekly to a collateralized account with another bank. This was the first instance where the amounts were over the \$250,000 FDIC insurance. As of November 2020, an agreement has been implemented with this bank where all accounts are collateralized.

Status:

This finding has been resolved.

**The Hospital Service District of West Feliciana Parish Louisiana
Summary Schedule of Prior Audit Findings
Year Ended October 31, 2020**

Part I – Financial Statement Findings

No findings were noted.

Part II – Management Letter

A management letter was not issued for the year ended October 31, 2019.