

**St. Helena Parish Hospital Service
District No. 1 and Subsidiary
Greensburg, Louisiana
Financial Report
October 31, 2020**

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**St. Helena Parish Hospital Service District No. 1 and Subsidiary
Management's Discussion and Analysis
October 31, 2020**

This portion of St. Helena Parish Hospital Service District No. 1 and Subsidiary's ("District") annual financial report presents background information and management's review of the District's financial performance during the fiscal year ended October 31, 2020. This section should be interpreted within the context of the consolidated financial statements as displayed in this report.

Financial Highlights

- Cash and cash equivalents increased by approximately \$7.2 million as of October 31, 2020 compared to an increase of approximately \$2.1 million as of October 31, 2019. The increase in fiscal year 2020 was mainly due to approximately \$7.1 million received for Coronavirus, Aid, Relief, and Economic Security Act (CARES Act) funding received in 2020.
- The District's assets exceeded its liabilities by \$12,418,689 at the end of the 2020 fiscal year, which represents an increase of approximately \$1.8 million (or 16.8%) from the end of the 2019 fiscal year. Of this amount, \$10,964,499 represents unrestricted net position and may be used to meet the District's ongoing obligations to the Hospital's employees, patients, and creditors.
- For fiscal year 2020, the District's financial statements reveal an excess of revenue over expenses of \$1,783,540. If depreciation and amortization expense were not included, then an excess of \$2,218,288 would have occurred.
- For fiscal year 2020, the District's net patient revenue increased \$150,454 (or 1.3%); other revenues increased \$494,671 (or 14.1%) and expenses increased \$159,032 (1.2%).
- Ad valorem tax for the nursing home and hospital combined to generate \$1,047,486 and \$971,946 in revenue during the years ended October 31, 2020 and 2019, respectively.
- The District received \$3,992,760 in Provider Relief Funds from the CARES Act, of which \$364,825 was applied to lost revenues and COVID-19 expenses for related supplies and equipment. At October 31, 2020, a balance remains of \$3,627,935 available for COVID-19 which may be recognized in the subsequent period.
- The District received advances totaling \$1,384,983 from the CARES Act funding specific to Medicare Accelerated Advance Payments, with recoupments beginning in April 2021 and continuing up to 17 months.

Required Financial Statements

The basic financial statements of the District report information regarding the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Consolidated Statements of Net Position include all of the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the District's 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 District.

All of the current year's revenues and expenses are accounted for in the Consolidated Statements of Revenue, Expenses, and Changes in Net Position. This statement measures improvements in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its patient service and other revenue sources.

**St. Helena Parish Hospital Service District No. 1 and Subsidiary
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Required Financial Statements (Continued)

The final required financial statement is the Consolidated Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash flows from operations and financial activities, as well as define the sources of cash, its uses, 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 Consolidated Statements of Net Position and Consolidated Statements of Revenue, Expenses, and Changes in Net Position report data about the District's activities. These two statements report the net position of the District and the change in net position. Increases or decreases in net position are one indicator regarding the financial integrity of the District. 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.

Net Position

Summaries of the District's Consolidated Statements of Net Position as of October 31, 2020, 2019, and 2018 are displayed in the following table:

Condensed Consolidated Statements of Net Position			
October 31,			
	2020	2019	2018
Current assets	\$ 18,646,612	\$ 10,697,719	\$ 8,817,566
Assets limited as to use	635,875	584,813	524,400
Property, plant, and equipment, net	<u>4,285,145</u>	<u>4,559,603</u>	<u>4,562,156</u>
Total assets	<u>\$ 23,567,632</u>	<u>\$ 15,842,135</u>	<u>\$ 13,904,122</u>
Current liabilities	\$ 6,456,298	\$ 1,741,112	\$ 1,073,246
Long-term liabilities	<u>4,692,645</u>	<u>3,465,874</u>	<u>3,493,174</u>
Total liabilities	11,148,943	5,206,986	4,566,420
Total net position	<u>12,418,689</u>	<u>10,635,149</u>	<u>9,337,702</u>
Total liabilities and net position	<u>\$ 23,567,632</u>	<u>\$ 15,842,135</u>	<u>\$ 13,904,122</u>

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

	2020	2019	2018
Net investment in capital assets	\$ 818,315	\$ 863,331	\$ 882,121
Restricted for debt service	635,875	584,813	524,401
Unrestricted	<u>10,964,499</u>	<u>9,187,005</u>	<u>7,931,180</u>
Total net position	<u>\$ 12,418,689</u>	<u>\$ 10,635,149</u>	<u>\$ 9,337,702</u>

**St. Helena Parish Hospital Service District No. 1 and Subsidiary
Management's Discussion and Analysis
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Financial Analysis of the Hospital Service District (Continued)

Property, Plant, and Equipment

The following table presents the components of property, plant, and equipment as of October 31, 2020, 2019, and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 428,005	\$ 428,005	\$ 412,705
Construction in progress	1,000	1,000	26,000
Buildings	8,164,616	8,154,515	8,154,515
Equipment	3,466,282	3,388,730	2,931,691
Vehicles	234,259	198,890	198,890
Equipment under capital leases	413,431	413,431	447,064
	<u>12,707,593</u>	<u>12,584,571</u>	<u>12,170,865</u>
Less accumulated depreciation	<u>8,422,448</u>	<u>8,024,968</u>	<u>7,608,707</u>
Property, plant, and equipment, net	<u>\$ 4,285,145</u>	<u>\$ 4,559,603</u>	<u>\$ 4,562,158</u>

Summary of Revenue, Expenses, and Changes in Net Position

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

**Condensed Consolidated Statements of Revenue, Expenses, and Changes in Net Position
Years Ended October 31,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net patient service revenue	\$ 11,706,385	\$ 11,555,931	\$ 10,495,508
Other operating revenue	2,031,731	2,084,859	2,038,641
Apartment revenue	<u>289,528</u>	<u>290,241</u>	<u>289,775</u>
Total operating revenue	<u>14,027,644</u>	<u>13,931,031</u>	<u>12,823,924</u>
Salaries	7,565,161	7,331,379	7,071,455
Other operating expenses	5,543,075	5,622,819	5,587,744
Depreciation and amortization	434,748	416,261	510,057
Apartment expense	<u>236,740</u>	<u>245,590</u>	<u>254,841</u>
Total operating expenses	<u>13,779,724</u>	<u>13,616,049</u>	<u>13,424,097</u>
Net non-operating revenue	<u>1,535,620</u>	<u>982,465</u>	<u>1,342,860</u>
Change in net position	1,783,540	1,297,447	742,687
Net position, at beginning of fiscal year	<u>10,635,149</u>	<u>9,337,702</u>	<u>8,595,015</u>
Net position, at end of fiscal year	<u>\$ 12,418,689</u>	<u>\$ 10,635,149</u>	<u>\$ 9,337,702</u>

**St. Helena Parish Hospital Service District No. 1 and Subsidiary
Management's Discussion and Analysis
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Sources of Revenue

The District derives the majority of its total revenue from patient service operations. St. Helena Parish Hospital is a Critical Access Hospital and, as such, has been reimbursed for Medicare services on a cost basis since 2000.

The following table displays payor mix percentages as a function of total billed charges during the years ended October 31, 2020, 2019, and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Medicare	22%	26%	26%
Medicaid	30%	31%	31%
Commercial	44%	39%	38%
Self-Pay	4%	4%	5%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The District derives additional revenue from ad valorem taxes, grants, donations, and meals sold in the cafeteria.

Long-Term Debt

Long-term debt including current portion increased by approximately \$2.8 million, or 75.9%, during the year ended October 31, 2020.

Operating and Financial Performance

The District's primary source of revenue is derived from patient services and is driven by admissions, which 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 and days in accounts receivable for the years ended October 31, 2020, 2019, and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Inpatient Days	1,498	1,983	1,514
Outstanding Days in Accounts Receivable	35	41	37

The District's statistical measure of days in accounts receivable is 35 days. The District does make aggressive attempts to procure payment from self-pay patients, but these receivables must stay on the books for a statutory amount of time to make a claim for uncompensated care reimbursement.

Budget and Strategy for Fiscal Year 2021

The 2021 budget was approved by the Board of Commissioners during its regular meeting in October 2020. Highlights and expectations regarding 2021 follow:

Concerning revenue and patient utilization, the hospital expects an inpatient census of 6, which is consistent with 2020. The ancillary departments of the hospital are budgeted for the same or modest utilization increases. Areas for outpatient growth opportunity include IOP, Lab, Observation, Radiology, and Therapy. Property taxes for 2021 are budgeted for \$1,008,000.

**St. Helena Parish Hospital Service District No. 1 and Subsidiary
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Budget and Strategy for Fiscal Year 2021 (Continued)

The Board of Commissioners consider many factors during the budget approval process each year. For fiscal year 2021, the primary focus was the status of the economy and health care environment, which takes into account market forces and environmental factors such as:

- Impact of COVID-19 on the Hospital, primarily to revenue and additional supplies
- Payor mix and reimbursement changes
- Continuation at the current level of Uncompensated Care Program
- Workforce shortages, primarily in nursing and other clinically skilled positions and related employee costs

Contacting the District's Chief Financial Officer

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

Chief Financial Officer
St. Helena Parish Hospital and Nursing Home
16874 Highway 43 North
Greensburg, LA 70441



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

Louis C. McKnight, III, CPA
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Independent Auditor's Report

Mr. Naveed Awan, Chief Executive Officer,
and the Board of Commissioners of
St. Helena Parish Hospital Service District No. 1 and Subsidiary
Greensburg, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of St. Helena Parish Hospital Service District No. 1, a component unit of St. Helena Parish Police Jury, and Subsidiary, as of and for the years ended October 31, 2020 and 2019, and the related notes to the consolidated financial statements, which collectively comprise St. Helena Parish Hospital Service District No. 1 and Subsidiary's basic consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Helena Parish Hospital Service District No. 1 and Subsidiary, as of October 31, 2020 and 2019, and the changes in its financial position and 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 7 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of net patient service revenue, operating expenses, and the schedule of compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements.

The consolidated schedules of net patient service revenue, operating expenses, and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated 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 consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedules of net patient service revenue, operating expenses, and the schedule of compensation, benefits and other payments to agency head or chief executive officer are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021, on our consideration of St. Helena Parish Hospital Service District No. 1 and Subsidiary'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 St. Helena Parish Hospital Service District No. 1 and Subsidiary'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 St. Helena Parish Hospital Service District No. 1 and Subsidiary's internal control over financial reporting and compliance.

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

May 7, 2021

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Consolidated Statements of Net Position
October 31, 2020 and 2019

Assets	2020	2019
Current Assets		
Cash and cash equivalents	\$ 13,652,141	\$ 6,463,484
Patient accounts receivable (net of estimated uncollectibles of \$771,403 for 2020 and \$966,457 for 2019)	1,119,035	1,554,140
Accounts receivable - other	1,644,794	1,640,710
Estimated third-party payor settlements	1,634,380	509,787
Inventory	415,283	342,081
Prepaid expenses	180,979	187,517
Total current assets	18,646,612	10,697,719
Assets Limited as to Use	635,875	584,813
Property, Plant, and Equipment, Net	4,285,145	4,559,603
Total assets	\$ 23,567,632	\$ 15,842,135
Liabilities and Net Position		
Current Liabilities		
Current maturities of notes payable	\$ 1,107,873	\$ 10,679
Current maturities of bonds payable	156,129	149,630
Current maturities of obligations under capital leases	63,680	70,089
Current maturities of advance payments	479,941	-
Unearned COVID-19 grants	3,627,935	-
Accounts payable	281,289	372,541
Estimated third-party payor settlements	-	415,828
Accrued liabilities	739,451	722,345
Total current liabilities	6,456,298	1,741,112
Long-term Liabilities		
Notes payable, less current maturities	1,202,252	660,921
Bonds payable, less current maturities	2,443,942	2,599,788
Obligations under capital leases, less current maturities	141,409	205,165
Advance payments, less current maturities	905,042	-
Total long-term liabilities	4,692,645	3,465,874
Total liabilities	11,148,943	5,206,986
Net Position		
Net investment in capital assets	818,315	863,331
Restricted for debt service	635,875	584,813
Unrestricted	10,964,499	9,187,005
Total net position	12,418,689	10,635,149
Total liabilities and net position	\$ 23,567,632	\$ 15,842,135

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

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Consolidated Statements of Revenue, Expenses, and Changes in Net Position
Years Ended October 31, 2020 and 2019

	2020	2019
Operating Revenue		
Net patient service revenue	\$ 11,706,385	\$ 11,555,931
Other operating revenue	2,031,731	2,084,859
Apartment revenue	289,528	290,241
Total operating revenue	14,027,644	13,931,031
Operating Expenses		
Salaries	7,565,161	7,331,379
Outside services	1,595,963	1,657,073
Supplies and other	1,335,790	1,455,288
General and administrative	2,611,322	2,510,458
Depreciation and amortization	434,748	416,261
Apartment expense	236,740	245,590
Total operating expenses	13,779,724	13,616,049
Operating income	247,920	314,982
Non-operating Revenue (Expense)		
Ad valorem taxes	1,047,486	971,946
Grant income	492,175	32,638
Other income	58,941	19,472
Interest income	71,078	98,006
Interest expense	(134,954)	(139,597)
Gain on sale of property, plant, and equipment	894	-
Non-operating revenue (expense)	1,535,620	982,465
Change in Net Position	1,783,540	1,297,447
Net Position		
Beginning of year	10,635,149	9,337,702
End of year	\$ 12,418,689	\$ 10,635,149

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

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Consolidated Statements of Cash Flows
Years Ended October 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Receipts from patients and third-party payors	\$ 10,890,597	\$ 12,327,108
Receipts from other operating revenue	2,072,509	2,165,305
Payments to employees and for employee-related costs	(7,546,857)	(7,179,351)
Payments to suppliers for goods and services	(5,937,731)	(5,801,400)
Net cash provided by (used in) operating activities	(521,482)	1,511,662
 Cash Flows from Non-capital Financing Activities		
Ad valorem tax receipts	995,894	986,075
Grant income	134,080	26,752
Other income	58,941	19,472
Net cash provided by non-capital financing activities	1,188,915	1,032,299
 Cash Flows from Capital and Related Financing Activities		
Purchases of property, plant, and equipment	(160,290)	(186,963)
Proceeds from issuance of notes payable	1,648,455	-
Proceeds from advance payments	1,384,983	-
Proceeds from COVID-19 grant	3,992,760	-
Principal payments on bonds payable	(149,347)	(142,107)
Principal payments on notes payable	(9,930)	(9,102)
Principal payments under capital lease obligations	(70,165)	(59,299)
Interest paid on long-term debt	(136,152)	(139,074)
Net cash provided by (used in) capital and related financing activities	6,500,314	(536,545)
 Cash Flows from Investing Activities		
Interest received	71,078	98,006
Proceeds from the sale of property	894	-
Net cash provided by investing activities	71,972	98,006
 Net Increase in Cash and Cash Equivalents	7,239,719	2,105,422
 Cash and Cash Equivalents, Beginning of Year		
Including \$584,813 and \$524,401 limited as to use for 2020 and 2019, respectively	7,048,297	4,942,875
 Cash and Cash Equivalents, End of Year		
Including \$635,875 and \$584,813 limited as to use for 2020 and 2019, respectively	\$ 14,288,016	\$ 7,048,297

(Continued)

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

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Consolidated Statements of Cash Flows
Years Ended October 31, 2020 and 2019

(Continued)

	2020	2019
Reconciliation of Operating Income to Net Cash		
Provided By (Used In) Operating Activities:		
Operating income	\$ 247,920	\$ 314,982
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	434,748	416,261
Provision for bad debts	379,301	717,768
(Increase) decrease in assets:		
Patient accounts receivable	55,804	(1,028,533)
Accounts receivable - other	40,778	80,446
Estimated third-party payor settlements	(1,124,593)	375,873
Inventory	(73,202)	28,292
Prepaid expenses	6,538	(17,235)
Increase (decrease) in liabilities:		
Accounts payable	(91,252)	55,952
Estimated third-party payor settlements	(415,828)	415,828
Accrued liabilities	18,304	152,028
Total adjustments	(769,402)	1,196,680
Net cash provided by (used in) operating activities	\$ (521,482)	\$ 1,511,662

Noncash Capital Financing Activities:

Capital assets of \$0 and \$226,743 were acquired through capital leases during the years ended October 31, 2020 and 2019, respectively.

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

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies

A. Legal Organization

On December 29, 1962, St. Helena Parish Police Jury passed a resolution creating St. Helena Parish Hospital Service District No. 1 (“District”) under the authority of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, as amended.

The governing authority of the District consists of a board of six (6) commissioners, all of whom are qualified electors of the Parish of St. Helena. The Commissioners serve without pay, per diem, or reimbursement of expense, except actual out-of-pocket expenses incurred in the performance of their duties.

B. Nature of Business

The District primarily earns revenue by providing inpatient, outpatient, and emergency care services to patients in the St. Helena Parish area. The District also operates a 72-bed nursing home and a 24-unit apartment complex for the elderly and handicapped.

C. Principles of Consolidation

The financial statements are consolidated as of and for the years ended October 31, 2020 and 2019. These consolidated financial statements include the District and its subsidiary, St. Helena Medical Foundation, Inc. All intercompany accounts and transactions have been eliminated in consolidation. Operations in these consolidated financial statements are predominantly from the District.

D. Basis of Accounting and Presentation

The District’s financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 District 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 District’s proprietary fund are charges to customers related to patient services. Operating expenses for the District’s proprietary fund include patient care expenses, general and administrative expenses, and depreciation of property, plant, and equipment. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The District 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 District has elected not to follow subsequent private-sector guidance.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting and Presentation (Continued)

The District 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 and reduced by outstanding balances for bonds, notes, and other debt that are attributed 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 net asset use by creditors, grantors, contributors or laws through constitutional provisions or enabling legislation.
- 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 components of net position. Unrestricted net position is often designated to indicate that management does not consider them to be available for general operations; however, these designations can be removed or modified.

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

E. Reporting Entity

As the governing authority of the Parish, for reporting purposes, St. Helena Parish Police Jury is the financial reporting entity for St. Helena Parish. The financial reporting entity consists of (a) the primary government (Police Jury), (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 St. Helena Parish Police Jury for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit.
2. Financial accountability:
 - a. The primary government appoints a voting majority of the potential component unit's governing body (and) the primary government is able to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefit/burden relationship between the Police Jury and the potential component unit.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

E. Reporting Entity (Continued)

4. Misleading to exclude: Paragraph 111 of Section 2100 covers other potential component units 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.

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

F. 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 consolidated 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 Consolidated 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 in which they are determined.

G. Cash and Cash Equivalents

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

H. Patient Accounts Receivable

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 District 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 District 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 subsequently written off based on individual credit evaluation and specific circumstances of the account.

I. Inventory

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

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

J. Assets Limited as to Use

Assets whose use is limited under the terms of bond indentures are classified as assets limited as to use as shown in Note 3.

K. Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, except for assets donated to the District. Donated assets are recorded at the appraised value at the date of donation.

Equipment under capital leases is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements.

Maintenance, repairs, replacements and improvements of minor amounts are expensed. Major renewals and betterments that extend the useful lives of capital assets are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	10 – 40 years
Equipment	5 – 15 years
Vehicles	5 years

L. Operating Revenue and Expenses

The District's consolidated 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 District's principal activity. Non-exchange revenue, including taxes, contributions received for purposes other than capital asset acquisition, and other revenue not associated with the District's principal activity, are reported as non-operating revenue. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

M. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

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

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

M. Net Patient Service Revenue (Continued)

As a CAH, inpatient services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are reimbursed based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through October 31, 2018.

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. Inpatient costs are reimbursed at the prospectively determined peer group per diem, and outpatient costs are reimbursed at cost per the cost report. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through October 31, 2014.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. 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 District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. To the extent management's estimates differ from actual results, the differences will be recorded in the year such differences arise.

N. Charity Care

The District 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 District does not pursue collection of amounts qualifying as charity care, they are not included in gross patient service revenue.

O. Property Taxes

The Sheriff of St. Helena Parish, as provided by state law, is the official tax collector of property taxes levied by the Parish and the Parish's special districts. The 2020 property tax calendar follows:

Millage rates adopted	June 29, 2020
Tax bills mailed	November 16, 2020
Due date	December 31, 2020
Certified delinquent notice	March 1, 2021

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

O. Property Taxes (Continued)

The District records the expected revenues to be received based on factors such as previous years' collections of assessments and the estimated taxable assessed value for the current year. State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. After notice is given to the delinquent taxpayers, the sheriff is required by the constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

P. Paid Time Off

Paid time off (PTO) includes vacation and holiday pay. Sick pay is not vested and therefore not accrued. The District's policy is to recognize the cost of sick pay when actually paid to employees. Full-time employees earn and vest in PTO according to length of service as follows.

Length of Service	PTO Earned
90 days - 2 years	1.08 days per month
3 - 5 years	1.50 days per month
6 - 15 years	1.92 days per month
Over 16 years	2.33 days per month

Unused PTO hours accumulate and carry over from year to year. Employees may accrue a maximum of 272 hours of PTO, including holidays. Accrued compensated absences at October 31, 2020 and 2019 were \$301,534 and \$248,314, respectively.

Q. Income Taxes

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

R. Risk Management

The District 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 and accident benefits.

The District is a member of a separate trust fund established by the Louisiana Hospital Association that encompasses self-insurance of statutory workers' compensation. The District continues to carry commercial insurance for portions of all other risks of loss. The management of the trust fund for statutory workers' compensation has complete control over the rate setting process.

The District has medical malpractice insurance up to \$100,000 through the Louisiana Hospital Association Trust Fund and an additional \$400,000 through the Patients Compensation Fund. Under current Louisiana law, its liability is limited to the statutory maximum of \$500,000.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 1-Summary of Significant Accounting Policies (Continued)

S. Reclassifications

Certain reclassifications have been made to the prior year's consolidated financial statements to conform with the current year's consolidated financial statement presentation. The reclassifications had no effect on net position or the change in net position as of and for the year ended October 31, 2019.

T. New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87. The objective of GASB Statement No. 87, *Leases*, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement 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. Management is still evaluating the potential impact of the adoption on the District's consolidated financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Note 2-Cash and Cash Equivalents

Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with any bank domiciled or having a branch office in the State of Louisiana. The District had cash and cash equivalents and cash under indenture agreements (book balances) totaling \$14,288,016 and \$7,048,297 as of October 31, 2020 and 2019, respectively.

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance and/or the pledge of securities owned by the fiscal agent bank. The pledged securities are held in the name of the District in a holding or custodial bank that is mutually agreeable to both parties.

As of October 31, 2020, the District had \$14,450,650 in deposits (collected bank balances). These deposits were fully secured from risk by federal deposit insurance and pledged securities.

As of October 31, 2019, the District had \$6,971,188 in deposits (collected bank balances). These deposits were fully secured from risk by federal deposit insurance and pledged securities.

In order to comply with debt agreements, the District deposits funds into reserve accounts on a monthly basis.

Note 3-Assets Limited as to Use

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets whose use is limited as of October 31, 2020 and 2019, is set forth in the following table.

	2020	2019
Under indenture agreement		
Cash and cash equivalents	\$ 635,875	\$ 584,813

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 4-Property, Plant, and Equipment

A schedule of changes in the District's property, plant, and equipment during the year ended October 31, 2020 is as follows:

	<u>Balance 10/31/19</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 10/31/20</u>
Non-depreciable Assets				
Land				
Hospital	\$ 392,005	\$ -	\$ -	\$ 392,005
Morgan Hills	36,000	-	-	36,000
Construction in progress	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total non-depreciable assets	<u>429,005</u>	<u>-</u>	<u>-</u>	<u>429,005</u>
Depreciable Assets				
Buildings				
Hospital	6,233,558	-	-	6,233,558
Morgan Hills	818,997	10,101	-	829,098
Nursing Home	1,101,960	-	-	1,101,960
Equipment	3,388,730	77,552	-	3,466,282
Vehicles	198,890	72,637	(37,268)	234,259
Equipment under capital leases	<u>413,431</u>	<u>-</u>	<u>-</u>	<u>413,431</u>
Total depreciable assets	<u>12,155,566</u>	<u>160,290</u>	<u>(37,268)</u>	<u>12,278,588</u>
Accumulated Depreciation and Amortization				
Buildings				
Hospital	3,127,137	181,647	-	3,308,784
Morgan Hills	571,285	25,119	-	596,404
Nursing Home	1,098,398	151	-	1,098,549
Equipment	2,952,558	141,112	-	3,093,670
Vehicles	171,271	21,431	(37,268)	155,434
Equipment under capital leases	<u>104,319</u>	<u>65,288</u>	<u>-</u>	<u>169,607</u>
Total accumulated depreciation and amortization	<u>8,024,968</u>	<u>434,748</u>	<u>(37,268)</u>	<u>8,422,448</u>
Depreciable assets, net	<u>4,130,598</u>	<u>(274,458)</u>	<u>-</u>	<u>3,856,140</u>
Property, plant, and equipment, net	<u>\$ 4,559,603</u>	<u>\$ (274,458)</u>	<u>\$ -</u>	<u>\$ 4,285,145</u>

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 4-Property, Plant, and Equipment (Continued)

A schedule of changes in the District's property, plant, and equipment during the year ended October 31, 2019 is as follows:

	<u>Balance 10/31/18</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 10/31/19</u>
Non-depreciable Assets				
Land				
Hospital	\$ 376,705	\$ 15,300	\$ -	\$ 392,005
Morgan Hills	36,000	-	-	36,000
Construction in progress	<u>26,000</u>	<u>-</u>	<u>(25,000)</u>	<u>1,000</u>
Total non-depreciable assets	<u>438,705</u>	<u>15,300</u>	<u>(25,000)</u>	<u>429,005</u>
Depreciable Assets				
Buildings				
Hospital	6,233,558	-	-	6,233,558
Morgan Hills	818,997	-	-	818,997
Nursing Home	1,101,960	-	-	1,101,960
Equipment	2,931,691	163,015	294,024	3,388,730
Vehicles	198,890	-	-	198,890
Equipment under capital leases	<u>447,064</u>	<u>235,391</u>	<u>(269,024)</u>	<u>413,431</u>
Total depreciable assets	<u>11,732,160</u>	<u>398,406</u>	<u>25,000</u>	<u>12,155,566</u>
Accumulated Depreciation and Amortization				
Buildings				
Hospital	2,944,368	182,769	-	3,127,137
Morgan Hills	546,208	25,077	-	571,285
Nursing Home	1,098,247	151	-	1,098,398
Equipment	2,579,462	152,884	220,212	2,952,558
Vehicles	164,366	6,905	-	171,271
Equipment under capital leases	<u>276,056</u>	<u>48,475</u>	<u>(220,212)</u>	<u>104,319</u>
Total accumulated depreciation and amortization	<u>7,608,707</u>	<u>416,261</u>	<u>-</u>	<u>8,024,968</u>
Depreciable assets, net	<u>4,123,453</u>	<u>(17,855)</u>	<u>25,000</u>	<u>4,130,598</u>
Property, plant, and equipment, net	<u>\$ 4,562,158</u>	<u>\$ (2,555)</u>	<u>\$ -</u>	<u>\$ 4,559,603</u>

Depreciation and amortization expense for the years ended October 31, 2020 and 2019 was \$434,748 and \$416,261, respectively.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 5-Notes Payable

A schedule of changes in the District's notes payable during the year ended October 31, 2020 is as follows:

	Balance October 31, 2019	Additions	Reductions	Balance October 31, 2020	Amount Due within One Year
Notes Payable					
USDA Rural Development	\$ 671,600	\$ -	\$ (9,930)	\$ 661,670	\$ 11,652
Paycheck Protection Program (PPP) Loan	-	1,648,455	-	1,648,455	1,096,221
	<u>\$ 671,600</u>	<u>\$ 1,648,455</u>	<u>\$ (9,930)</u>	<u>\$ 2,310,125</u>	<u>\$ 1,107,873</u>

A schedule of changes in the District's note payable during the year ended October 31, 2019 is as follows:

	Balance October 31, 2018	Additions	Reductions	Balance October 31, 2019	Amount Due within One Year
Note Payable					
USDA Rural Development	<u>\$ 680,702</u>	<u>\$ -</u>	<u>\$ (9,102)</u>	<u>\$ 671,600</u>	<u>\$ 10,679</u>

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

2021	\$ 1,107,873
2022	564,947
2023	13,871
2024	15,135
2025	16,513
Thereafter	<u>591,786</u>
	<u>\$ 2,310,125</u>

Note Payable – USDA Rural Development

Note payable to USDA Rural Development with interest at 8.75% for 50 years with a monthly payment of \$5,735. Note is secured by the Morgan Hills Apartments.

Note Payable – Paycheck Protection Program (PPP) Loan

Small Business Administration Paycheck Protection Program (PPP) Loan payable to First Guaranty Bank 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 15, the loan has been fully forgiven.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 6-Bonds Payable

A schedule of changes in the District's bonds payable during 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					
25 Year	\$ 747,005	\$ -	\$ (49,712)	\$ 697,293	\$ 52,984
40 Year	<u>1,631,413</u>	<u>-</u>	<u>(30,635)</u>	<u>1,600,778</u>	<u>32,145</u>
Total hospital revenue bonds payable	<u>2,378,418</u>	<u>-</u>	<u>(80,347)</u>	<u>2,298,071</u>	<u>85,129</u>
Limited Tax Bonds					
Series 2016A	296,000	-	(55,000)	241,000	57,000
Series 2016B	<u>75,000</u>	<u>-</u>	<u>(14,000)</u>	<u>61,000</u>	<u>14,000</u>
Total limited tax bonds payable	<u>371,000</u>	<u>-</u>	<u>(69,000)</u>	<u>302,000</u>	<u>71,000</u>
Total bonds payable	<u>\$ 2,749,418</u>	<u>\$ -</u>	<u>\$ (149,347)</u>	<u>\$ 2,600,071</u>	<u>\$ 156,129</u>

A schedule of changes in the District's bonds payable during 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					
25 Year	\$ 793,713	\$ -	\$ (46,708)	\$ 747,005	\$ 49,782
40 Year	<u>1,660,812</u>	<u>-</u>	<u>(29,399)</u>	<u>1,631,413</u>	<u>30,848</u>
Total hospital revenue bonds payable	<u>2,454,525</u>	<u>-</u>	<u>(76,107)</u>	<u>2,378,418</u>	<u>80,630</u>
Limited Tax Bonds					
Series 2016A	349,000	-	(53,000)	296,000	55,000
Series 2016B	<u>88,000</u>	<u>-</u>	<u>(13,000)</u>	<u>75,000</u>	<u>14,000</u>
Total limited tax bonds payable	<u>437,000</u>	<u>-</u>	<u>(66,000)</u>	<u>371,000</u>	<u>69,000</u>
Total bonds payable	<u>\$ 2,891,525</u>	<u>\$ -</u>	<u>\$ (142,107)</u>	<u>\$ 2,749,418</u>	<u>\$ 149,630</u>

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 6-Bonds Payable (Continued)

Hospital Revenue Bonds – 25 Year

Hospital Revenue Bonds of \$1,200,000 due in monthly installments of \$7,916 (principal and interest) for 25 years at an annualized rate of 6.125%. Bonds are secured by a pledge of net revenue from the operations of the District.

Hospital Revenue Bonds – 40 Year

Hospital Revenue Bonds of \$1,900,000 due in monthly installments of \$8,113 (principal and interest) for 40 years at an annualized rate of 4.125%. Bonds are secured by a pledge of net revenue from the operations of the District.

As required by the bond agreement, the District 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 principal and interest on the bonds. The Reserve Fund must have an amount paid to it equal to 10% of the amount paid to the Sinking Fund each month. The amount shall continue until the Reserve Fund has accumulated a sum equal to the combined principal and interest falling due in any year on the bonds.

The Contingency Fund shall have deposited \$170 per month to cover depreciation, additions, improvements and replacements necessary to properly operate the District. These amounts have been classified as assets limited as to use.

Limited Tax Bonds – Series 2016A

Limited Tax Bonds of \$400,000 due in annual principal installments ranging from \$51,000 to \$63,000 and semi-annual interest installments for seven years at an annualized rate of 2.75%. Bonds are secured by a pledge of the proceeds of a special five mills tax.

Limited Tax Bonds – Series 2016B

Limited Tax Bonds of \$100,000 due in annual principal installments ranging from \$12,000 to \$17,000 and semi-annual interest installments for seven years at an annualized rate of 4.0%. Bonds are secured by a pledge of the proceeds of a special five mills tax.

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	\$ 156,129	\$ 115,223	\$ 271,352
2022	163,888	108,295	272,183
2023	171,925	100,994	272,919
2024	180,252	93,303	273,555
2025	105,890	86,458	192,348
Thereafter	<u>1,821,987</u>	<u>820,700</u>	<u>2,642,687</u>
	<u>\$ 2,600,071</u>	<u>\$ 1,324,973</u>	<u>\$ 3,925,044</u>

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 7-Obligations under Capital Leases

The District has entered into lease agreements for financing the acquisition of equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. Assets under capital leases at October 31, 2020 and 2019, totaled \$243,824 and \$309,112, respectively, net of accumulated amortization of \$169,607 and \$104,319, respectively.

Interest rates on capitalized leases vary from 2.69% through 6.17% and are imputed based on the lower of the District's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

A schedule of changes in the District's obligations under capital leases during the year ended October 31, 2020 is as follows:

	Balance October 31, 2019	Additions	Reductions	Balance October 31, 2020	Amount Due within One Year
Capital Leases					
Coag analyzer	\$ 9,027	\$ -	\$ (9,027)	\$ -	\$ -
Omniceil server	8,192	-	(4,418)	3,774	3,774
Telephone system	54,697	-	(14,837)	39,860	15,698
Optima x-ray	121,774	-	(25,082)	96,692	26,475
Optima portable x-ray	81,564	-	(16,801)	64,763	17,733
Total obligations under capital leases	<u>\$ 275,254</u>	<u>\$ -</u>	<u>\$ (70,165)</u>	<u>\$ 205,089</u>	<u>\$ 63,680</u>

A schedule of changes in the District's obligations under capital leases during the year ended October 31, 2019 is as follows:

	Balance October 31, 2018	Additions	Reductions	Balance October 31, 2019	Amount Due within One Year
Capital Leases					
Coag analyzer	\$ 26,667	\$ -	\$ (17,640)	\$ 9,027	\$ 9,027
Omniceil server	12,493	-	(4,301)	8,192	4,418
Telephone system	68,650	-	(13,953)	54,697	14,762
Optima x-ray	-	135,790	(14,016)	121,774	25,082
Optima portable x-ray	-	90,953	(9,389)	81,564	16,800
Total obligations under capital leases	<u>\$ 107,810</u>	<u>\$ 226,743</u>	<u>\$ (59,299)</u>	<u>\$ 275,254</u>	<u>\$ 70,089</u>

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 7-Obligations under Capital Leases (Continued)

The following are the aggregate future maturities of the capital leases:

2021	\$	63,680
2022		63,359
2023		56,817
2024		<u>21,233</u>
	\$	<u>205,089</u>

Note 8-Operating Leases

The District leases equipment under various operating leases which expire at various times through July 2023. Rent expense on these operating leases was \$9,185 and \$32,934 during the years ended October 31, 2020 and 2019, respectively. Future minimum operating lease payments on non-cancelable leases are as follows:

2021	\$	2,424
2022		2,424
2023		<u>1,818</u>
	\$	<u>6,666</u>

Note 9-Pension Plan

The District has a 403(b) defined contribution plan. Contributions are matched based on years of service of full-time employees, not to exceed 3% of salary. Contributions to the plan totaled \$129,879 and \$118,630 during the years ended October 31, 2020 and 2019, respectively.

Note 10-Grant Income included in Other Operating Revenue

The District (Grantee) entered into a cooperative endeavor agreement with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer (IGT) grant 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 was \$1,331,593 and \$1,393,777 during the years ended October 31, 2020 and 2019, respectively.

The District entered into an IGT agreement with the Louisiana Department of Health (LDH) in order to receive Medicaid supplemental payments for qualifying nursing facilities owned or operated by non-state governmental organizations. The aggregate IGT grant income was \$628,246 and \$537,004 during the years ended October 31, 2020 and 2019, respectively.

The District entered into an IGT agreement with the LDH as part of Louisiana Physician IPA, Inc., which is a physician supplemental program. The aggregate IGT grant income was \$12,094 and \$64,616 during the years ended October 31, 2020 and 2019, respectively.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

Note 11-Reconciliation of Cash and Cash Equivalents for Consolidated Statement of Cash Flows

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 13,652,141	\$ 6,463,484
Assets limited as to use	<u>635,875</u>	<u>584,813</u>
Total cash and cash equivalents	<u>\$ 14,288,016</u>	<u>\$ 7,048,297</u>

Note 12-Concentration of Credit Risk

The District is located in Greensburg, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Revenue from patients and third-party payors was as follows during the years ended October 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Medicare and Medicaid	52%	57%
Commercial	44%	39%
Self-Pay	<u>4%</u>	<u>4%</u>
	<u>100%</u>	<u>100%</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 District suspended non-emergent or noncritical procedures and appointments beginning in mid-March through early-May 2020 due to COVID-19.

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

CARES Act Program	
Provider Relief Funds	\$ 3,992,760
Medicare Accelerated and Advance Payment Program	1,384,983
Paycheck Protection Program Loan	<u>1,648,455</u>
CARES Act funding received	<u>\$ 7,026,198</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 District received funding from during the year ended October 31, 2020 are included below.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated 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 District 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 District 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 grants in the consolidated statements 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	\$	3,992,760
Funds recognized as non-operating revenue due to:		
Lost revenues		(137,778)
COVID-19 related expenses		<u>(227,047)</u>
Unearned COVID-19 grants	\$	<u>3,627,935</u>

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

Medicare Accelerated and Advance Payment Program

On March 28, 2020, the Centers for Medicare and Medicaid Services (CMS) expanded the existing Accelerated and Advance Payments Program (AAPP) to a broader group of Medicare Part A and Part B providers. An accelerated or advance payment is a payment intended to provide necessary funds when there is a disruption in claims submission and/or claims processing. Additionally, these payments can be offered in circumstances of national emergencies to accelerate cash flow to the impacted health care providers and suppliers. For the year ended October 31, 2020, the District received accelerated Medicare payments in the amount of \$1,384,983. The District has classified these advances as advance payments on its consolidated statements of net position.

Through the Continuing Appropriations Act, 2021 and Other Extensions Act (the CA Act) that was enacted October 1, 2020, the District will not be subject to recoupments of their Medicare payments for a period of one year from the date they received their AAPP payments. Beginning on the date that is one year from receipt of the AAPP payments, repayment will be made out of the District's future Medicare payments.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Notes to Consolidated Financial Statements
October 31, 2020

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

Medicare Accelerated and Advance Payment Program

The schedule for such repayments will be as follows:

- Twenty five percent (25%) of the District's Medicare payments will first offset against the outstanding AAPP balance for the next eleven months.
- Fifty percent (50%) of the District's Medicare payments will first offset against the outstanding AAPP balance for the next six months.
- The District will receive a letter setting forth their remaining balance and will have thirty days to pay the balance in full.
- Any unpaid balance after the thirty days will accrue interest at a rate of four percent (4%).

Based on the terms of repayment, the District has classified \$479,941 of advance payments as a current liability and \$905,042 as a long-term liability.

Paycheck Protection Program

On May 7, 2020, the District 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 5 to the consolidated financial statements.

Note 14-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 District related to credit, operations, and liquidity.

Note 15-Subsequent Events

Management evaluated all subsequent events through May 7, 2021, the date the consolidated financial statements were available to be issued. On January 11, 2021, the Small Business Administration approved the District's application for forgiveness of the PPP loan described in Note 5.

Supplementary Information

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Consolidated Schedules of Net Patient Service Revenue
Years Ended October 31, 2020 and 2019

	2020	2019
Patient Service Revenue		
Cardiopulmonary	\$ 210,182	\$ 296,623
CT scan	1,075,060	1,281,595
Emergency services	1,205,443	1,558,971
Intensive outpatient psychiatry	129,535	272,580
Laboratory	1,940,564	2,154,910
Medical supplies	207,410	242,155
Nursing home	2,833,907	3,118,627
Nursing services	284,051	47,417
Observation	106,330	75,810
Occupational therapy	134,161	146,698
Pharmacy	590,452	1,017,237
Physical therapy	280,871	346,211
Professional services	1,030,753	1,230,083
Room and board	897,725	1,206,235
Rural health clinic	348,100	251,261
Speech therapy	17,997	37,095
Ultrasound	60,397	65,200
X-ray	361,354	402,085
Gross patient service revenue	11,714,292	13,750,793
Contractual adjustments and discounts	371,394	(1,477,094)
Provision for bad debts	(379,301)	(717,768)
Net patient service revenue	\$ 11,706,385	\$ 11,555,931

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Consolidated Schedules of Operating Expenses
Years Ended October 31, 2020 and 2019

	2020	2019
Operating Expenses		
Salaries		
Administration	\$ 900,246	\$ 794,635
Business office	254,602	215,787
Cardiopulmonary	152,578	148,532
Central supply	53,019	56,526
Dietary	270,835	287,045
Emergency services	452,872	338,108
Housekeeping	250,639	245,503
Information technology	76,952	56,015
Intensive outpatient psychiatry	139,463	151,621
Laboratory	439,114	443,263
Maintenance	208,404	178,949
Medical records	77,984	68,074
Nursing home	1,935,405	1,932,778
Nursing services	1,077,458	1,160,114
Occupational therapy	167,963	177,830
Pharmacy	142,436	132,792
Physical therapy	400,313	390,687
Radiology	271,274	272,709
Rural health clinic	228,307	204,554
Speech therapy	17,197	19,174
Transportation	48,100	56,683
Total salaries	7,565,161	7,331,379
Outside services		
Professional fees	939,922	989,664
Contract services	654,305	666,785
Other	1,736	624
Total outside services	1,595,963	1,657,073
Supplies and other		
Food cost	230,930	244,601
Pharmacy	130,782	146,955
Medical supplies	974,078	1,063,732
Total supplies and other	1,335,790	1,455,288

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Consolidated Schedules of Operating Expenses
Years Ended October 31, 2020 and 2019

	2020	2019
Operating Expenses (continued)		
General and administrative		
Advertising	\$ 145	\$ 833
Bank charges	4,774	4,530
Bed tax	245,007	269,324
Dues and subscriptions	27,956	22,294
Education	4,874	9,116
Employee benefits	129,879	118,630
Gas	14,358	46,345
Group insurance	792,981	627,058
Insurance	346,367	341,084
Lease and rental expense	65,350	87,039
Maintenance contracts	23,481	39,763
Other	86,284	116,053
Payroll taxes	558,177	520,028
Penalties and interest	24,922	2,474
Postage	3,137	3,331
Repairs and maintenance	88,846	98,865
Sewerage	3,810	3,800
Taxes-Property	1,422	1,814
Telephone	59,805	54,917
Travel	3,766	4,375
Utilities	124,841	137,619
Water	1,140	1,166
Total general and administrative	2,611,322	2,510,458
Depreciation and amortization	434,748	416,261
Apartment expenses	236,740	245,590
Total operating expenses	\$ 13,779,724	\$ 13,616,049

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer
Year Ended October 31, 2020

Agency Head Name: Naveed Awan, Chief Executive Officer

Purpose	Amount
Salary	\$ 285,274
Benefits - insurance	20,981
Benefits - retirement	33,656
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	1,139
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***

Mr. Naveed Awan, Chief Executive Officer,
and the Board of Commissioners of
St. Helena Parish Hospital Service District No. 1 and Subsidiary
Greensburg, 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 consolidated financial statements of St. Helena Parish Hospital Service District No. 1, a component unit of St. Helena Parish Police Jury, and Subsidiary, as of and for the years ended October 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise St. Helena Parish Hospital Service District No. 1 and Subsidiary's basic consolidated financial statements and have issued our report thereon dated May 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audits of the consolidated financial statements, we considered St. Helena Parish Hospital Service District No. 1 and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Helena Parish Hospital Service District No. 1 and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Helena Parish Hospital Service District No. 1 and Subsidiary'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 audits 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 St. Helena Parish Hospital Service District No. 1 and Subsidiary's consolidated 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 determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

May 7, 2021

St. Helena Parish Hospital Service District No. 1 and Subsidiary
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 St. Helena Parish Hospital Service District No. 1 and Subsidiary, 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) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 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 for the year ended October 31, 2020.

Part II – Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

- 1) No findings were noted.

St. Helena Parish Hospital Service District No. 1 and Subsidiary
Summary Schedule of Prior Year Findings
Year Ended October 31, 2020

Part I – Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

- 1) No findings were noted.
- 2) A management letter was not issued.