

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

**Financial Statements**  
As of and for the Years Ended  
March 31, 2021 and 2020

## CONTENTS

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|                                                                                                                                                                                                                                 |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Independent Auditor's Report                                                                                                                                                                                                    | 1 – 2   |
| <hr/>                                                                                                                                                                                                                           |         |
| Management's Discussion and Analysis                                                                                                                                                                                            | 3 – 8   |
| <hr/>                                                                                                                                                                                                                           |         |
| Financial Statements                                                                                                                                                                                                            |         |
| Statements of Net Position                                                                                                                                                                                                      | 9       |
| Statements of Revenues, Expenses and Changes in Net Position                                                                                                                                                                    | 10      |
| Statements of Cash Flows                                                                                                                                                                                                        | 11      |
| Notes to Financial Statements                                                                                                                                                                                                   | 12 – 32 |
| <hr/>                                                                                                                                                                                                                           |         |
| Required Supplementary Information                                                                                                                                                                                              |         |
| Schedule of Employer Contributions and Proportionate Share of<br>Net Pension Liability                                                                                                                                          | 33      |
| <hr/>                                                                                                                                                                                                                           |         |
| Supplementary Information                                                                                                                                                                                                       |         |
| Schedule of Compensation, Benefits and Other Payments to Agency Head                                                                                                                                                            | 34      |
| <hr/>                                                                                                                                                                                                                           |         |
| Independent Auditor's Report on Internal Control Over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 35 – 36 |

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of St. James Parish Hospital Service District (the "Hospital"), a component unit of St. James Parish Council, as of and for the years ended March 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Hospital, as of March 31, 2021 and 2020, and the respective changes in 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 three through eight and the Schedule of Employer Contributions and Proportionate Share of Net Pension Liability on page 33 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 Supplementary Information*

The Schedule of Compensation, Benefits and Other Payments to Agency Head on page 34 is presented for the purpose of additional analysis, as required by Louisiana Revised Statute 24:513A(3) and is not a required part of the financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head 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. Such information has been subjected to the auditing procedures applied in the audit 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 schedule of net patient service revenues is fairly stated in all material respects in relation to the basic 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 October 4, 2021, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

*HORNE LLP*

Ridgeland, Mississippi  
October 4, 2021

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Years Ended March 31, 2021 and 2020**

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Management's Discussion and Analysis of St. James Parish Hospital's (the "Hospital") financial performance provides important background information and management's analysis of the Hospital's financial performance during the years ended March 31, 2021 and 2020. Please read it in conjunction with the Hospital's financial statements, which begin on page nine.

#### **REQUIRED FINANCIAL STATEMENTS**

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

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

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

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

#### **FINANCIAL ANALYSIS OF THE HOSPITAL**

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

#### **FINANCIAL HIGHLIGHTS**

For the year ended March 31, 2021, the Hospital's general financial highlights were:

- During the fiscal year 2021, the Hospital experienced several waves of COVID-19 that impacted operations.
- During the fiscal year 2021, the Hospital continued to focus on Hospital-owned clinics by expanding coverage in the existing clinics with the use of nurse practitioners. The Hospital also continued to focus on rehab services, surgical services and swing-bed utilization. The Hospital continued to enhance revenue cycle processes to sustain positive financial performance.
- Net patient service revenues decreased 5.8 percent from 2020 to 2021 and decreased 2.9 percent from 2019 to 2020.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Years Ended March 31, 2021 and 2020**

---

- The Hospital's payor mix is continuing to fluctuate slightly. From 2020 to 2021, the commercial mix increased by 1 percent, Medicaid decreased 2 percent and Medicare and Medicare Advantaged increased a total of 2 percent. From 2019 to 2020, commercial mix decreased by 1 percent, Medicaid increased 1 percent and the uninsured mix remained the same.
- The Hospital's total net position increased \$5,415,425 from 2020 to 2021 and \$4,562,818 from 2019 to 2020. As of 2021, the total net position was \$46,959,480 which consists of \$32,156,552 in unrestricted, \$10,677,611 in net investments in capital assets, \$1,888,307 in restricted funds related to debt obligations and \$2,237,010 in restricted funds related to pension benefits. As of 2020, the total net position was \$41,544,055 which consists of \$32,402,836 in unrestricted, \$6,734,940 in net investments in capital assets, \$1,786,578 in restricted funds related to debt obligations and \$619,701 in restricted funds related to pension benefits.

### **CAPITAL ASSETS**

#### Year Ended March 31, 2021

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

#### Year Ended March 31, 2020

At the end of fiscal year 2020, the Hospital had an investment in capital assets, net of depreciation, of approximately \$18.2 million, an increase of approximately \$647 thousand or 3.7 percent from 2019. The increase in capital assets is related primarily to current additions exceeding depreciation expense for the year.

### **LONG-TERM DEBT**

#### Year Ended March 31, 2021

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

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

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

#### Year Ended March 31, 2020

At the end of fiscal year 2020, the Hospital had two outstanding bond issues.

The Series 2008 R-1 bonds, which are reported in the statements of net position, had a carrying value of \$6.5 million, down 2.0 percent or \$118,237 from the previous year due to the scheduled bond payments. The bond bears an interest rate of 4.125 percent.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Years Ended March 31, 2021 and 2020**

The Series 2014 bonds, which are reported in the statements of net position, had a carrying value of \$5 million, down 8.4 percent or \$460,441 from the previous year due to the scheduled bond payments. The bond bears an interest rate of 3.09 percent.

**NET POSITION**

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

|                                      | Fiscal Year<br>2021 | Fiscal Year<br>2020 | Fiscal Year<br>2019 |
|--------------------------------------|---------------------|---------------------|---------------------|
| Current and other assets             | \$ 28,771,985       | \$ 23,482,871       | \$ 16,647,458       |
| Restricted assets                    | 16,181,775          | 13,544,333          | 16,577,419          |
| Capital assets, net                  | 21,563,725          | 18,219,068          | 17,571,301          |
| Net pension asset                    | 2,237,010           | 619,701             | -                   |
| Total assets                         | 68,754,495          | 55,865,973          | 50,796,178          |
| Total deferred outflows of resources | 1,354,566           | 1,274,267           | 3,310,875           |
| Current and other liabilities        | 10,161,996          | 3,134,140           | 2,699,116           |
| Long-term debt                       | 10,267,599          | 10,885,691          | 11,483,755          |
| Net pension liability                | -                   | -                   | 2,406,711           |
| Total liabilities                    | 20,429,595          | 14,019,831          | 16,589,582          |
| Total deferred inflows of resources  | 2,719,986           | 1,576,354           | 536,234             |
| Net position                         |                     |                     |                     |
| Net invested in capital assets       | 10,677,611          | 6,734,940           | 5,508,525           |
| Restricted                           | 4,125,317           | 2,406,279           | 1,653,295           |
| Unrestricted                         | 32,156,552          | 32,402,836          | 29,819,417          |
| Total net position                   | \$ 46,959,480       | \$ 41,544,055       | \$ 36,981,237       |

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

- From fiscal year 2020 to 2021, current assets increased by \$5,289,114 or 22.5 percent due to an increase in cash from receipt of the Paycheck Protection Program Loan and Provider Relief Funds and increases in estimated third-party payor settlements. In fiscal year 2020, current assets increased by \$6,835,413 or 41 percent due to the receipt of property tax revenue and grant funds received for the cost of providing services to uncompensated patients.
- In fiscal year 2021, restricted assets increased by \$2,637,442 or 19.5 percent due to the reinvestment of securities that had matured during prior year fiscal year-end. In fiscal year 2020, restricted assets decreased by \$3,033,086 or 18 percent due to securities maturing at fiscal year-end that were being held in cash accounts until reinvested.
- As of 2021, deferred outflows of resources include \$640,653 of refunding debt and \$713,913 to the Hospital's pension obligation. As of 2020, deferred outflows of resources include \$719,100 of refunding debt and \$555,167 to the Hospital's pension obligation. During fiscal

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Years Ended March 31, 2021 and 2020**

year 2017, the refunding resulted in a difference in the reacquisition and carrying value of the old bonds. These deferred outflows on debt refunds will be amortized and expensed to operations over the life of the new bonds which is through 2030. The pension obligation resulted in changes due to implementing GASB 68. These deferred pension outflows will be amortized and expensed to operations through 2023.

- From fiscal year 2020 to 2021, current liabilities increased by \$7,027,856 or 224 percent due to the addition of approximately \$2.3 million in Paycheck Protection Program Loans, the deferral of approximately \$2.6 million in Provider Relief Funds and the Medicare Accelerated and Advanced Payments of approximately \$1.8 million which were placed on the books as a contractual liability.

**SUMMARY OF REVENUE AND EXPENSES**

The following table presents a summary of the Hospital's historical revenues and expenses and changes in net position for each of the fiscal years ended March 31, 2021, 2020 and 2019:

|                                         | Fiscal Year<br>2021  | Fiscal Year<br>2020  | Fiscal Year<br>2019  |
|-----------------------------------------|----------------------|----------------------|----------------------|
| <b>Operating revenues</b>               |                      |                      |                      |
| Net patient service revenue             | \$ 23,022,756        | \$ 24,451,580        | \$ 25,189,738        |
| Other operating revenue                 | 3,113,142            | 3,430,190            | 2,484,631            |
| Total operating revenues                | <u>26,135,898</u>    | <u>27,881,770</u>    | <u>27,674,369</u>    |
| <b>Operating expenses</b>               |                      |                      |                      |
| Salaries and benefits                   | 15,146,597           | 15,636,391           | 15,902,685           |
| Medical supplies and drugs              | 2,853,249            | 2,710,654            | 2,568,281            |
| Provision for depreciation              | 1,459,878            | 1,409,064            | 1,368,713            |
| Other operating expense                 | 7,872,620            | 6,830,305            | 6,889,486            |
| Total operating expenses                | <u>27,332,344</u>    | <u>26,586,414</u>    | <u>26,729,165</u>    |
| Income (loss) from operations           | (1,196,446)          | 1,295,356            | 945,204              |
| <b>Nonoperating revenues (expenses)</b> |                      |                      |                      |
| Property taxes                          | 3,232,625            | 3,150,218            | 2,876,989            |
| Provider Relief Fund revenue            | 3,618,131            | -                    | -                    |
| Investment income                       | 43,438               | 567,184              | 503,460              |
| Other nonoperating expense, net         | (282,323)            | (449,940)            | (498,119)            |
| Total nonoperating revenue, net         | <u>6,611,871</u>     | <u>3,267,462</u>     | <u>2,882,330</u>     |
| Change in net position                  | 5,415,425            | 4,562,818            | 3,827,534            |
| Net position, beginning of year         | <u>41,544,055</u>    | <u>36,981,237</u>    | <u>33,153,703</u>    |
| Net position, end of year               | <u>\$ 46,959,480</u> | <u>\$ 41,544,055</u> | <u>\$ 36,981,237</u> |



**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Years Ended March 31, 2021 and 2020**

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

- During fiscal year 2021, net patient service revenue decreased \$1.4 million or 5.8 percent. This decrease was due to fewer inpatients and surgeries due to COVID-19 restrictions. During fiscal year 2020, net patient service revenue decreased \$738,158 or 2.9 percent. This decrease was due to small decreases in a variety of areas including inpatient and outpatient departments including laboratory, radiology and respiratory.
- In fiscal year 2021, the Hospital reported an increase in operating expenses of approximately \$746,000 or 2.8 percent. Professional fees for the Hospital increased \$753,000 or 48 percent due to contract changes from multiple service providers.
- In fiscal year 2020, the Hospital reported a decrease in operating expenses of \$142,751 or less than 1 percent. Salary and benefit cost for the Hospital's employees decreased \$266,294 or 1.7 percent. Benefits were 25 percent of salaries for the year ended March 31, 2020.
- In fiscal year 2021, the Hospital experienced an increase in net nonoperating revenues of \$3,344,409 or 102% percent. This increase was due to Provider Relief funding received for COVID-19 relief.
- Change in net position increased \$852,607 or 19% percent from fiscal year 2020 to 2021 and increased by \$735,284 or 19 percent from fiscal year 2019 to 2020.

**BUDGET-TO-ACTUAL RESULTS**

The Hospital's budget-to-actual results are presented below for the year ended March 31, 2021:

|                                        | Actual              | Budget             | Favorable<br>(Unfavorable)<br>Variance |               |
|----------------------------------------|---------------------|--------------------|----------------------------------------|---------------|
| <b>Operating revenues</b>              |                     |                    |                                        |               |
| Net patient service revenue            | \$ 23,022,756       | \$ 22,167,624      | \$ 855,132                             | 3.9%          |
| Other operating revenue                | 3,113,142           | 3,815,096          | (701,954)                              | -18.4%        |
| <b>Total operating revenues</b>        | <b>26,135,898</b>   | <b>25,982,720</b>  | <b>153,178</b>                         | <b>0.6%</b>   |
| <b>Operating expenses</b>              |                     |                    |                                        |               |
| Salaries and benefits                  | 15,146,597          | 14,507,444         | (639,153)                              | 4.4%          |
| Medical supplies and drugs             | 2,853,249           | 2,890,723          | 37,474                                 | -1.3%         |
| Provision for depreciation             | 1,459,878           | 1,427,526          | (32,352)                               | 16.4%         |
| Other operating expenses               | 7,872,620           | 9,418,955          | 1,546,335                              | -2.3%         |
| <b>Total operating expenses</b>        | <b>27,332,344</b>   | <b>28,244,648</b>  | <b>912,304</b>                         | <b>-3.2%</b>  |
| <b>Operating income (loss)</b>         | <b>(1,196,446)</b>  | <b>(2,261,928)</b> | <b>1,065,482</b>                       | <b>-47.1%</b> |
| <b>Nonoperating revenue (expense)</b>  |                     |                    |                                        |               |
| Property taxes                         | 3,232,625           | 3,079,690          | 152,935                                | 5%            |
| Investment income                      | 43,438              | 79,045             | (35,607)                               | -45.0%        |
| Provider Relief Fund revenue           | 3,618,131           | -                  | 3,618,131                              | 100%          |
| Grants and donations                   | 210,298             | 116,574            | 93,724                                 | 80%           |
| Other nonoperating expense, net        | (492,621)           | (494,442)          | 1,821                                  | -0.4%         |
| <b>Total nonoperating revenue, net</b> | <b>6,611,871</b>    | <b>2,780,867</b>   | <b>3,831,004</b>                       | <b>137.8%</b> |
| <b>Change in net position</b>          | <b>\$ 5,415,425</b> | <b>\$ 518,939</b>  | <b>\$ 4,896,486</b>                    | <b>943.6%</b> |

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended March 31, 2021 and 2020

---

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

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Hospital's appointed officials and management considered many factors when setting the budget for the fiscal year ending March 31, 2022. Included in those factors are the status of the economy and the healthcare environment, which take into account market forces and environmental factors such as:

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

#### **CONTACTING THE HOSPITAL FINANCIAL MANAGER**

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

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

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Statements of Net Position  
March 31, 2021 and 2020

|                                                                                                         | 2021          | 2020          |
|---------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>ASSETS</b>                                                                                           |               |               |
| Current assets                                                                                          |               |               |
| Cash and cash equivalents                                                                               | \$ 21,316,606 | \$ 16,804,244 |
| Patient receivables, net of allowance for doubtful accounts<br>of \$488,174 and \$679,460, respectively | 2,116,800     | 2,279,878     |
| Estimated third-party payor settlements                                                                 | 4,512,090     | 3,525,113     |
| Inventories                                                                                             | 608,912       | 543,914       |
| Taxes receivable                                                                                        | 16,598        | -             |
| Other current assets                                                                                    | 200,979       | 329,722       |
| Total current assets                                                                                    | 28,771,985    | 23,482,871    |
| Restricted and internally designated assets                                                             |               |               |
| Held by trustee for debt service                                                                        | 1,888,307     | 1,786,578     |
| Internally designated by Board for capital improvements                                                 | 14,293,468    | 11,757,755    |
| Total restricted and internally designated assets                                                       | 16,181,775    | 13,544,333    |
| Capital assets, net                                                                                     | 21,563,725    | 18,219,068    |
| Net pension asset                                                                                       | 2,237,010     | 619,701       |
| Total assets                                                                                            | 68,754,495    | 55,865,973    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                                                   |               |               |
| Deferred outflows on debt refunds                                                                       | 640,653       | 719,100       |
| Deferred pension outflows                                                                               | 713,913       | 555,167       |
| Total deferred outflows of resources                                                                    | 1,354,566     | 1,274,267     |
| Total assets and deferred outflows of resources                                                         | \$ 70,109,061 | \$ 57,140,240 |
| <b>LIABILITIES</b>                                                                                      |               |               |
| Current liabilities                                                                                     |               |               |
| Current maturities of long-term debt                                                                    | 618,515       | 598,437       |
| Paycheck Protection Program Loan                                                                        | 2,281,814     | -             |
| Accounts payable                                                                                        | 1,203,419     | 994,172       |
| Accrued salaries and wages                                                                              | 1,697,086     | 1,541,531     |
| Medicare Accelerated and Advance Payment contractual liability                                          | 1,760,376     | -             |
| Provider Relief Fund deferred revenue                                                                   | 2,600,786     | -             |
| Total current liabilities                                                                               | 10,161,996    | 3,134,140     |
| Long-term debt, less current maturities                                                                 | 10,267,599    | 10,885,691    |
| Total liabilities                                                                                       | 20,429,595    | 14,019,831    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                                    |               |               |
| Deferred pension inflows                                                                                | 2,719,986     | 1,576,354     |
| <b>NET POSITION</b>                                                                                     |               |               |
| Net investment in capital assets                                                                        | 10,677,611    | 6,734,940     |
| Restricted for debt service                                                                             | 1,888,307     | 1,786,578     |
| Restricted for pension benefits                                                                         | 2,237,010     | 619,701       |
| Unrestricted                                                                                            | 32,156,552    | 32,402,836    |
| Total net position                                                                                      | \$ 46,959,480 | \$ 41,544,055 |

See accompanying notes.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Statements of Revenues, Expenses and Changes in Net Position  
Years Ended March 31, 2021 and 2020

|                                                                                                        | 2021                 | 2020                 |
|--------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Operating revenues                                                                                     |                      |                      |
| Net patient service revenue, net of provision for bad debts of \$882,520 and \$1,392,468, respectively | \$ 23,022,756        | \$ 24,451,580        |
| Other operating revenue                                                                                | 3,113,142            | 3,430,190            |
| Total operating revenues                                                                               | <u>26,135,898</u>    | <u>27,881,770</u>    |
| Operating expenses                                                                                     |                      |                      |
| Salaries and wages                                                                                     | 12,922,533           | 12,540,074           |
| Employee benefits                                                                                      | 2,224,064            | 3,096,317            |
| Professional fees                                                                                      | 2,309,502            | 1,555,598            |
| Contracted services                                                                                    | 2,517,039            | 2,584,246            |
| Supplies and other                                                                                     | 2,853,249            | 2,710,654            |
| Noncapital equipment, rental, and maintenance contracts                                                | 1,514,192            | 1,141,960            |
| Telephone and utilities                                                                                | 534,230              | 509,131              |
| Insurance                                                                                              | 507,267              | 482,408              |
| Other operating expenses                                                                               | 490,390              | 556,962              |
| Provision for depreciation                                                                             | 1,459,878            | 1,409,064            |
| Total operating expenses                                                                               | <u>27,332,344</u>    | <u>26,586,414</u>    |
| Income (loss) from operations                                                                          | <u>(1,196,446)</u>   | <u>1,295,356</u>     |
| Nonoperating revenues (expenses)                                                                       |                      |                      |
| Property taxes                                                                                         | 3,232,625            | 3,150,218            |
| Investment income                                                                                      | 43,438               | 567,184              |
| Provider Relief Fund revenue                                                                           | 3,618,131            | -                    |
| Grants and donations                                                                                   | 210,298              | 61,996               |
| Interest expense                                                                                       | (492,621)            | (511,936)            |
| Total nonoperating revenues                                                                            | <u>6,611,871</u>     | <u>3,267,462</u>     |
| Increase in net position                                                                               | 5,415,425            | 4,562,818            |
| Net position, beginning of year                                                                        | <u>41,544,055</u>    | <u>36,981,237</u>    |
| Net position, end of year                                                                              | <u>\$ 46,959,480</u> | <u>\$ 41,544,055</u> |

See accompanying notes.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Statements of Cash Flows  
Years Ended March 31, 2021 and 2020

|                                                                                                        | 2021           | 2020          |
|--------------------------------------------------------------------------------------------------------|----------------|---------------|
| <b>Cash flows from operating activities</b>                                                            |                |               |
| Receipts from and on behalf of patients                                                                | \$ 27,072,375  | \$ 27,188,486 |
| Payments to suppliers and contractors                                                                  | (10,554,606)   | (9,450,389)   |
| Payments to employees                                                                                  | (15,545,018)   | (15,501,538)  |
| Net cash provided by operating activities                                                              | 972,751        | 2,236,559     |
| <b>Cash flows from noncapital financing activities</b>                                                 |                |               |
| Property taxes                                                                                         | 3,216,027      | 3,150,218     |
| Noncapital grants and contributions                                                                    | 210,298        | 61,996        |
| Proceeds from Provider Relief Fund                                                                     | 6,218,917      | -             |
| Net cash provided by noncapital financing activities                                                   | 9,645,242      | 3,212,214     |
| <b>Cash flows from capital and related financing activities</b>                                        |                |               |
| Proceeds from issuance of Paycheck Protection Program loan                                             | 2,281,814      | -             |
| Principal paid on long-term debt                                                                       | (598,014)      | (578,648)     |
| Interest paid on long-term debt                                                                        | (492,621)      | (511,936)     |
| Purchases of capital assets                                                                            | (4,804,535)    | (2,071,171)   |
| Net cash used in capital and related financing activities                                              | (3,613,356)    | (3,161,755)   |
| <b>Cash flows from investing activities</b>                                                            |                |               |
| Purchases of investments                                                                               | (34,054,053)   | (26,027,660)  |
| Proceeds from sale of investments                                                                      | 31,441,191     | 29,317,516    |
| Interest on investments                                                                                | 120,587        | 443,697       |
| Net cash provided by (used in) investing activities                                                    | (2,492,275)    | 3,733,553     |
| Net increase in cash and cash equivalents                                                              | 4,512,362      | 6,020,571     |
| Cash and cash equivalents, beginning of year                                                           | 16,804,244     | 10,783,673    |
| Cash and cash equivalents, end of year                                                                 | \$ 21,316,606  | \$ 16,804,244 |
| <b>Reconciliation of income from operations to net cash provided by operating activities</b>           |                |               |
| Income (loss) from operations                                                                          | \$ (1,196,446) | \$ 1,295,356  |
| Adjustments to reconcile income from operations to net cash provided by (used in) operating activities |                |               |
| Depreciation and amortization                                                                          | 1,459,878      | 1,409,064     |
| Provision for bad debts                                                                                | 882,520        | 1,392,468     |
| Loss on disposal of fixed assets                                                                       | -              | 14,340        |
| Changes in assets and liabilities                                                                      |                |               |
| Patient receivables                                                                                    | (719,442)      | (1,108,454)   |
| Inventories                                                                                            | (64,998)       | (77,722)      |
| Estimated third-party payor settlements                                                                | (986,977)      | (977,298)     |
| Other current assets                                                                                   | 27,014         | (177,119)     |
| Accounts payable                                                                                       | 209,247        | 331,071       |
| Accrued salaries and compensated absences                                                              | 155,555        | 84,537        |
| Other accrued                                                                                          | 1,760,376      | -             |
| Net pension liability and related accounts                                                             | (553,976)      | 50,316        |
| Net cash provided by operating activities                                                              | \$ 972,751     | \$ 2,236,559  |

See accompanying notes.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

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

Nature of Operations and Reporting Entity

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

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

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

St. James Foundation (the "Foundation") is a nonstock, nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is organized and operated exclusively for charitable, scientific and educational purposes for the benefit of the Hospital. The primary sources of financial support for the Foundation are gifts, grants and contributions from the general public, corporations and charitable organizations.

Use of Estimates

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

Basis of Presentation

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

Cash and Cash Equivalents

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

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Continued**

Patient Receivables

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

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

Allowance for Doubtful Accounts

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

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

Inventories

Inventories are valued using an average cost method.

Prepaid Expenses

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

Restricted and Internally Designated Assets

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

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

Capital Assets, Net

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

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

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**Note 1. Continued**

Property Taxes

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

Deferred Outflows/Inflows of Resources

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

Pensions

The Hospital follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") on the financial statements to recognize the net pension liability, deferred outflows and deferred inflows of resources, pension expense and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans. The Hospital recognizes benefit payments when due and payable in accordance with benefit terms. Invested assets are reported at fair value. More information on pension activity for the Hospital is included in Note 7.

Compensated Absences

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

Risk Management

The Hospital is exposed to various risks of loss from torts, theft of, damage to and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, medical malpractice and dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self-Insurance Claims

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



ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Continued**

Income Taxes

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

Net Position

The net position of the Hospital is classified in components. Net investment in capital assets net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used to finance the purchase, improvements or construction of those assets. Restricted net position reflects limitations imposed on the assets use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted for debt service represents those assets that are externally restricted by creditors for debt service. Restricted for pension benefits represents assets restricted for providing contributions to the cost-sharing defined benefit pension plan which provides pensions in accordance with the benefit terms of the plan. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets net of related debt or restricted.

Patient Service Revenue

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

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

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Records of charges foregone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

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Note 1. Continued

Operating Revenue and Expenses

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

New Accounting Standards Adopted

*Governmental Accounting Standards Board Statement No. 84 ("GASB 84")*

The Hospital adopted GASB 84, *Fiduciary Activities*. This statement is meant to provide guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. Fiduciary activities meeting certain criteria (i.e., pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds and custodial funds) will now be reported in a fiduciary fund as part of the basic financial statements. The adoption of GASB 84 did not have a significant impact on the Hospital's financial position or results of operations.

Accounting Pronouncements Issued Not Yet Adopted

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

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

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

The Hospital will adopt GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement will improve financial reporting by (1) enhancing the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplifying accounting for interest cost incurred before the end of a construction period. This statement will supersede GASB 62, requiring that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost was incurred. The Hospital is currently assessing the impact of the adoption of this GASB and its effect on the Hospital's financial position or results of operations.

*Governmental Accounting Standards Board Statement No. 95 ("GASB 95")*

The Hospital will adopt GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement postpones by one year the effective dates of certain GASB pronouncements including GASB 89 for fiscal year 2022. This statement also postpones the effective date for GASB 87 by 18 months to fiscal year 2023.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Cash Deposits and Investments**

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to them. As of March 31, 2021, \$8,303,353 of the Hospital's bank balance totaling \$8,836,723 was exposed to custodial credit risk. At each institution, \$250,000 of deposits was secured by federal deposit insurance coverage, which was not exposed to custodial credit risk. The remaining deposits, which were exposed to custodial credit risk, were secured by the pledge of securities owned by the fiscal agent bank.

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

The Hospital had the following recurring fair value measurements as of March 31, 2021 and 2020:

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

| <b>Investments by Fair Value Level</b> | <b>2020</b>   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|----------------------------------------|---------------|----------------|----------------|----------------|
| U.S. Agencies                          | \$ 11,757,755 | \$ 4,994,750   | \$ 6,763,005   | \$ -           |
| Total                                  | \$ 11,757,755 | \$ 4,994,750   | \$ 6,763,005   | \$ -           |

The Hospital had the following investment maturities as of March 31, 2021 and 2020:

| <b>March 31, 2021</b>  |                        | <b>Investment Maturities (in Years)</b> |              |               |                     |
|------------------------|------------------------|-----------------------------------------|--------------|---------------|---------------------|
| <b>Investment Type</b> | <b>Carrying Amount</b> | <b>Less than 1</b>                      | <b>1 - 5</b> | <b>6 - 10</b> | <b>More than 10</b> |
| U.S. Agencies          | \$ 14,293,468          | \$ 5,899,806                            | \$ 8,393,662 | \$ -          | \$ -                |
| Total                  | \$ 14,293,468          | \$ 5,899,806                            | \$ 8,393,662 | \$ -          | \$ -                |

| <b>March 31, 2020</b>  |                        | <b>Investment Maturities (in Years)</b> |              |               |                     |
|------------------------|------------------------|-----------------------------------------|--------------|---------------|---------------------|
| <b>Investment Type</b> | <b>Carrying Amount</b> | <b>Less than 1</b>                      | <b>1 - 5</b> | <b>6 - 10</b> | <b>More than 10</b> |
| U.S. Agencies          | \$ 11,757,755          | \$ 8,772,060                            | \$ 2,985,695 | \$ -          | \$ -                |
| Total                  | \$ 11,757,755          | \$ 8,772,060                            | \$ 2,985,695 | \$ -          | \$ -                |

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Continued**

Interest Rate Risk

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

Credit Risk

The Hospital's investment policy, in compliance with Louisiana Revised Statute 33:2955, allows the Hospital to invest in United States Treasuries, United States Agency securities and certificates of deposit. As of March 31, 2021, the Hospital's investment in U.S. Agencies was rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's.

Concentration of Credit Risk

The Hospital's investment policy does not limit the amount the Hospital may invest in any one issuer. More than 5 percent of the Hospital's investments are in the Federal Credit Bank, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal Agricultural Mortgage Corporation and the Federal National Mortgage Association. These investments are 10 percent, 40 percent, 40 percent, 4 percent and 6 percent of total investments, respectively, as of March 31, 2021.

**Note 3. Restricted and Internally Designated Assets**

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

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

|                                                | <u>2021</u>          | <u>2020</u>          |
|------------------------------------------------|----------------------|----------------------|
| Held by trustee for debt service               |                      |                      |
| Sinking fund                                   | \$ 137               | \$ 137               |
| Reserve fund – rural development               | 1,107,063            | 1,055,935            |
| Contingency fund                               | 712,396              | 661,477              |
| Rural Development transfer account             | 68,711               | 69,029               |
| Internally designated for capital acquisitions | <u>14,293,468</u>    | <u>11,757,755</u>    |
| Total                                          | <u>\$ 16,181,775</u> | <u>\$ 13,544,333</u> |

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

**Note 4. Patient Accounts Receivable**

Patient accounts receivable consist of the following:

|                                                                   | 2021                | 2020                |
|-------------------------------------------------------------------|---------------------|---------------------|
| Receivable from patients and their insurance carriers             | \$ 1,975,311        | \$ 2,139,419        |
| Receivable from Medicare                                          | 1,960,844           | 2,597,686           |
| Receivable from Medicaid                                          | 1,152,814           | 963,273             |
| Total patient receivables                                         | 5,088,969           | 5,700,378           |
| Less: Allowance for contractual adjustments and doubtful accounts | 2,972,169           | 3,420,500           |
| Patient accounts receivable, net                                  | <u>\$ 2,116,800</u> | <u>\$ 2,279,878</u> |

**Note 5. Capital Assets**

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

|                                             | March 31,<br>2020    | Additions           | Disposals             | March 31,<br>2021    |
|---------------------------------------------|----------------------|---------------------|-----------------------|----------------------|
| Capital assets not being depreciated:       |                      |                     |                       |                      |
| Land                                        | \$ 1,480,915         | \$ -                | \$ -                  | \$ 1,480,915         |
| Construction in progress                    | 1,180,421            | 4,521,948           | (4,754,092)           | 948,277              |
| Total capital assets not being depreciated  | 2,661,336            | 4,521,948           | (4,754,092)           | 2,429,192            |
| Capital assets being depreciated:           |                      |                     |                       |                      |
| Buildings and improvements                  | 24,702,529           | 512,612             | -                     | 25,215,141           |
| Equipment                                   | 10,720,866           | 4,524,067           | -                     | 15,244,933           |
| Total capital assets being depreciated      | 35,423,395           | 5,036,679           | -                     | 40,460,074           |
| Less: total accumulated depreciation        | (19,865,663)         | (1,459,878)         | -                     | (21,325,541)         |
| Total capital assets being depreciated, net | 15,557,732           | 3,576,801           | -                     | 19,134,533           |
| Capital assets, net                         | <u>\$ 18,219,068</u> | <u>\$ 8,098,749</u> | <u>\$ (4,754,092)</u> | <u>\$ 21,563,725</u> |

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Continued**

Capital assets and depreciation activity for the year ended March 31, 2020 follows:

|                                             | March 31,<br>2019    | Additions          | Disposals           | March 31,<br>2020    |
|---------------------------------------------|----------------------|--------------------|---------------------|----------------------|
| Capital assets not being depreciated:       |                      |                    |                     |                      |
| Land                                        | \$ 1,227,036         | \$ 253,879         | \$ -                | \$ 1,480,915         |
| Construction in progress                    | 92,939               | 1,181,209          | (93,727)            | 1,180,421            |
| Total capital assets not being depreciated  | <u>1,319,975</u>     | <u>1,435,088</u>   | <u>(93,727)</u>     | <u>2,661,336</u>     |
| Capital assets being depreciated:           |                      |                    |                     |                      |
| Buildings and improvements                  | 24,702,529           | -                  | -                   | 24,702,529           |
| Equipment                                   | 10,255,357           | 729,809            | (264,300)           | 10,720,866           |
| Total capital assets being depreciated      | <u>34,957,886</u>    | <u>729,809</u>     | <u>(264,300)</u>    | <u>35,423,395</u>    |
| Less: total accumulated depreciation        | <u>(18,706,560)</u>  | <u>(1,409,064)</u> | <u>249,961</u>      | <u>(19,865,663)</u>  |
| Total capital assets being depreciated, net | <u>16,251,326</u>    | <u>(679,255)</u>   | <u>(14,339)</u>     | <u>15,557,732</u>    |
| Capital assets, net                         | <u>\$ 17,571,301</u> | <u>\$ 755,833</u>  | <u>\$ (108,066)</u> | <u>\$ 18,219,068</u> |

For the years ended March 31, 2021 and 2020, depreciation expense was \$1,459,878 and \$1,409,064, respectively.

At March 31, 2021, the Hospital had various commitments totaling approximately \$862,739. These commitments related to various capital equipment purchases.

**Note 6. Long-Term Debt**

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

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

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 6. Continued**

A schedule of changes in the Hospital's long-term debt for the year ended March 31, 2020 follows:

|                 | Balance<br>March 31,<br>2019 | Additions   | Retirements         | Balance<br>March 31,<br>2020 | Due<br>Within One<br>Year |
|-----------------|------------------------------|-------------|---------------------|------------------------------|---------------------------|
| Revenue Bonds   |                              |             |                     |                              |                           |
| Series 2008 R-1 | \$ 6,597,047                 | \$ -        | \$ (118,237)        | \$ 6,478,810                 | \$ 123,596                |
| Series 2014     | 5,465,729                    | -           | (460,411)           | 5,005,318                    | 474,841                   |
| Total debt      | <u>\$ 12,062,776</u>         | <u>\$ -</u> | <u>\$ (578,648)</u> | <u>\$ 11,484,128</u>         | <u>\$ 598,437</u>         |

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

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

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,176,708. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2030 using the straight-line method. For the years ended March 31, 2021 and 2020, the deferred amount on refunding totaled \$640,653 and \$719,100, respectively.

The bonds are collateralized by a pledge of the Hospital Service District's revenue, land, building and improvements and personal property thereon. Under the terms of the revenue note indenture, the Hospital is required to maintain certain deposits with a trustee, as mentioned in Note 3. Such deposits are included in restricted and internally designated assets in the statements of net position. These funds are maintained at the trustee and require monthly funding by the Hospital Service District. The revenue note indenture also requires that the Hospital satisfy certain measures of financial performance as long as the notes are outstanding. The Hospital was in compliance with all covenants of its outstanding bond issues at March 31, 2021 and 2020.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 6. Continued**

Scheduled interest and principal payments on long-term debt at March 31, 2021 are as follows:

| Year Ending<br>March 31, | Principal            | Interest            |
|--------------------------|----------------------|---------------------|
| 2022                     | \$ 618,515           | \$ 392,815          |
| 2023                     | 639,278              | 372,052             |
| 2024                     | 660,750              | 350,581             |
| 2025                     | 682,954              | 328,376             |
| 2026                     | 705,918              | 305,412             |
| 2027 - 2031              | 2,784,047            | 1,182,673           |
| 2032 - 2036              | 1,057,307            | 885,253             |
| 2037 - 2041              | 1,299,034            | 643,526             |
| 2042 - 2046              | 1,596,028            | 410,921             |
| 2047 - 2049              | 842,283              | 84,008              |
|                          | <b>\$ 10,886,114</b> | <b>\$ 4,955,617</b> |

**Note 7. Pension Plan**

Plan Description

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

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



ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 7. Continued**

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

Contributions

Contributions to Plan B include one-fourth of 1 percent of the taxes shown to be collectible by the tax rolls of each parish except Orleans and East Baton Rouge parishes. Plan B members are required to contribute 3 percent of their annual covered salary. The Hospital is required to contribute at an actuarially determined rate. The current rate is 7.50 percent of annual covered salary for the years ended March 31, 2021 and 2020. As provided by LRS 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior year. The Hospital's contributions to Plan B for the years ended March 31, 2021 and 2020, were \$760,700 and \$720,500, respectively, which is equal to the required contribution.

Net Pension Asset

At March 31, 2021 and 2020, the Hospital reported an asset of \$2,237,010 and \$619,701, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and 2019 and was determined by actuarial valuation as of that date. The Hospital's proportion of the net pension asset was based on a projection of the Hospital's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At December 31, 2020 and 2019, the Hospital's proportion was 8.713610 percent and 8.565762 percent, respectively.

For the years ended March 31, 2021 and 2020, the Hospital recognized pension expense of \$757,766 and \$700,210, respectively. At March 31, 2021 and 2020, the Hospital reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

|                                                                                  | 2021                | 2020                |
|----------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Deferred outflows of resources</b>                                            |                     |                     |
| Pension contributions subsequent to measurement date                             | \$ 180,438          | \$ 167,966          |
| Difference between expected and actual experience                                | 141,897             | 18,340              |
| Changes of assumptions                                                           | 383,105             | 365,599             |
| Change in Hospital's proportion                                                  | 8,473               | 3,262               |
| Total deferred outflows of resources                                             | <u>\$ 713,913</u>   | <u>\$ 555,167</u>   |
| <b>Deferred inflows of resources</b>                                             |                     |                     |
| Difference between expected and actual experience                                | \$ 64,174           | \$ 264,293          |
| Net difference between projected and actual earnings on pension plan investments | 2,643,774           | 1,294,003           |
| Change in Hospital's proportion                                                  | 12,038              | 18,058              |
| Total deferred inflows of resources                                              | <u>\$ 2,719,986</u> | <u>\$ 1,576,354</u> |

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 7. Continued**

In the years ended March 31, 2021 and 2020, respectively, \$180,438 and \$167,966 reported as deferred outflows of resources related to pensions resulting from the Hospital's contributions subsequent to the measurement date will be recognized as an addition (reduction) to net pension asset.

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

|      |                       |
|------|-----------------------|
| 2022 | \$ (662,944)          |
| 2023 | (189,644)             |
| 2024 | (895,404)             |
| 2025 | <u>(438,519)</u>      |
|      | <u>\$ (2,186,511)</u> |

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of March 31, 2021, is as follows:

|                                  |                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date                   | December 31, 2020                                                                                                                                                                                                                                                                                                                         |
| Actuarial cost                   | Method entry age normal                                                                                                                                                                                                                                                                                                                   |
| Investment return                | 6.40% (Net of investment expense, including inflation)                                                                                                                                                                                                                                                                                    |
| Expected remaining service lives | Four years                                                                                                                                                                                                                                                                                                                                |
| Projected salary increases       | 4.25% (1.95% merit/2.30% inflation)                                                                                                                                                                                                                                                                                                       |
| Cost of living adjustments       | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.                                                |
| Mortality                        | PUB-2010 Public Retirement Plans Mortality Table for General Employees selected for employees. Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees were selected for annuitants and beneficiaries. PUB-2010 Public Retirement Plans Mortality Table for General Disabled Retirees was selected for disabled annuitants. |

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 7. Continued**

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2020, are summarized in the following table:

| <b>Asset Class</b>              | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|---------------------------------|--------------------------|-----------------------------------------------|
| Fixed income                    | 33%                      | 0.86%                                         |
| Equity                          | 51%                      | 3.36%                                         |
| Alternatives                    | 14%                      | 0.67%                                         |
| Real assets                     | 2%                       | 0.11%                                         |
|                                 | <u>100%</u>              | <u>5.00%</u>                                  |
| Inflation                       |                          | <u>2.00%</u>                                  |
| Expected arithmetic normal rate |                          | <u>7.00%</u>                                  |

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00 percent and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00 percent, for the year ended December 31, 2020.

The discount rate used to measure the total pension liability was 6.40 percent and 6.50 percent for Plan B as of March 31, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and nonemployer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 7. Continued**

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

The following presents the net pension asset (liability) of the Hospital as of March 31, 2021 and 2020, using the discount rate of 6.40 percent and 6.50 percent as of March 31, 2021 and 2020, respectively.

|      | 1% Decrease<br>(5.40%) | Current<br>Discount Rate<br>(6.40%) | 1% Increase<br>(7.40%) |
|------|------------------------|-------------------------------------|------------------------|
| 2021 | \$ (2,091,299)         | \$ 2,237,010                        | \$ 5,853,894           |
|      | (5.50%)                | (6.50%)                             | (7.50%)                |
| 2020 | \$ (3,329,046)         | \$ 619,701                          | \$ 3,920,141           |

**Note 8. Paycheck Protection Program**

On March 27, 2020, the CARES Act was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the COVID-19 pandemic. The Hospital applied under the Paycheck Protection Program ("PPP") within the CARES Act and, on May 4, 2020, received approximately \$2,280,000 under the PPP Loan. The PPP Loan is subject to a 1 percent interest rate which will only be applied if the loan is not forgiven. Accrued interest associated with the PPP Loan has not been recorded as management has determined it to be immaterial to the financial statements.

Current rules stipulate that some or all of the PPP Loan will be forgiven if the sum of payments made during the covered period (either the eight-week or 24-week period after the distribution date) for payroll, building rents and utilities, and state taxes, equal or exceed the PPP Loan amount. The Hospital received confirmation of forgiveness on August 27, 2021. As of March 31, 2021, the total PPP Loan is included in current liabilities on the accompanying statements of net position.

**Note 9. Patient Service Revenue**

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

Medicare

Since obtaining critical access designation, inpatient and outpatient services rendered to Medicare programs beneficiaries are reimbursed under cost reimbursement methodologies. The Hospital is reimbursed by the Medicare fiscal intermediary at a tentative interim rate with final settlement determined with the submission of annual cost reports and audits. The Hospital's Medicare cost reports have been filed with the Medicare fiscal intermediary through March 31, 2020. Desk reviews have been performed on reports issued through March 31, 2019.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 9. Continued**

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been filed with the fiscal intermediary through March 31, 2020. A desk review has been performed on Medicaid reports issued through March 31, 2016.

Other

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

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

|                                                                                             | 2021                 | 2020                 |
|---------------------------------------------------------------------------------------------|----------------------|----------------------|
| Gross patient service revenue                                                               | \$ 48,152,410        | \$ 55,150,826        |
| Less provisions for                                                                         |                      |                      |
| Contractual adjustments under third-party reimbursement programs and managed care contracts | 24,247,134           | 29,306,778           |
| Uncollectible accounts                                                                      | 882,520              | 1,392,468            |
| Net patient service revenue                                                                 | <u>\$ 23,022,756</u> | <u>\$ 24,451,580</u> |

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

|                      | 2021        | 2020        |
|----------------------|-------------|-------------|
| Medicare             | 15%         | 17%         |
| Medicare Advantage   | 31          | 27          |
| Medicaid             | 24          | 26          |
| Commercial Providers | 27          | 26          |
| Self-pay             | 3           | 4           |
| Total                | <u>100%</u> | <u>100%</u> |

**Note 10. Charity Care**

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated \$134,701 and \$182,383 for the years ended March 31, 2021 and 2020, respectively. The estimated cost of charity care, estimated using a ratio of cost-to-gross charges, totaled approximately \$76,000 and \$88,000 for the years ended March 31, 2021 and 2020, respectively.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 11. COVID-19 Pandemic and CARES Act**

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

The Hospital experienced significantly lower inpatient and outpatient volumes while also dealing with increased costs associated with personal protective equipment and managing the pandemic, causing the significant decline in operating income from the prior year.

Provider Relief Fund

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

Medicare Accelerated and Advance Payment Program

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

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

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 12. Insurance Programs**

Risk Management

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

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

The Hospital is self-insured for its employees' health claims. The Hospital has commercial insurance that provides coverage for claims in excess of certain self-insured limits. The Hospital accrued approximately \$200,000 and \$280,510 at March 31, 2021 and 2020, respectively.

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

| Year ended<br>March 31, | Beginning of<br>fiscal year<br>liability | Current year<br>claims and<br>change in<br>estimate | Claims paid    | Balance at<br>fiscal year<br>end |
|-------------------------|------------------------------------------|-----------------------------------------------------|----------------|----------------------------------|
| 2021                    | \$ 280,510                               | \$ 1,256,676                                        | \$ (1,337,186) | \$ 200,000                       |
| 2020                    | \$ 412,451                               | \$ 1,397,094                                        | \$ (1,529,035) | \$ 280,510                       |

**Note 13. Louisiana Medicaid Supplemental Payment Program**

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

The Hospital recognized total revenue of approximately \$2,211,000 and \$2,796,000 in 2021 and 2020, respectively. The revenue earned from this agreement is included as a component of other operating revenue in the accompanying statements of revenues, expenses and changes in net position.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT**  
**A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL**  
Years Ended March 31, 2021 and 2020

**NOTES TO FINANCIAL STATEMENTS**

**Note 14. Blended Component Units**

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

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



ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

Note 14. Continued

|                                                                               | March 31, 2020       |                   |                      |
|-------------------------------------------------------------------------------|----------------------|-------------------|----------------------|
|                                                                               | SJPH                 | SJPA              | Total                |
| <b>Condensed Statements of Net Position</b>                                   |                      |                   |                      |
| <b>Assets</b>                                                                 |                      |                   |                      |
| Current assets                                                                | \$ 23,280,447        | \$ 202,424        | \$ 23,482,871        |
| Restricted and internally designated assets                                   | 13,544,333           | -                 | 13,544,333           |
| Capital assets                                                                | 18,219,068           | -                 | 18,219,068           |
| Net pension asset                                                             | 619,701              | -                 | 619,701              |
| <b>Total assets</b>                                                           | <b>55,663,549</b>    | <b>202,424</b>    | <b>55,865,973</b>    |
| Deferred outflows of resources                                                | 1,274,267            | -                 | 1,274,267            |
| <b>Total assets and deferred outflows of resources</b>                        | <b>\$ 56,937,816</b> | <b>\$ 202,424</b> | <b>\$ 57,140,240</b> |
| <b>Liabilities</b>                                                            |                      |                   |                      |
| Current liabilities                                                           | \$ 3,035,563         | \$ 98,577         | \$ 3,134,140         |
| Long-term liabilities                                                         | 10,885,691           | -                 | 10,885,691           |
| <b>Total liabilities</b>                                                      | <b>13,921,254</b>    | <b>98,577</b>     | <b>14,019,831</b>    |
| Deferred inflows of resources                                                 | 1,576,354            | -                 | 1,576,354            |
| <b>Net position</b>                                                           | <b>41,440,208</b>    | <b>103,847</b>    | <b>41,544,055</b>    |
| <b>Total liabilities and deferred inflows of resources and net position</b>   | <b>\$ 56,937,816</b> | <b>\$ 202,424</b> | <b>\$ 57,140,240</b> |
| <b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b> |                      |                   |                      |
| Operating revenues                                                            | \$ 25,976,108        | \$ 1,905,662      | \$ 27,881,770        |
| Depreciation                                                                  | (1,409,064)          | -                 | (1,409,064)          |
| Other operating expenses                                                      | (23,289,923)         | (1,887,427)       | (25,177,350)         |
| Nonoperating revenues                                                         | 3,267,462            | -                 | 3,267,462            |
| <b>Change in net position</b>                                                 | <b>\$ 4,544,583</b>  | <b>\$ 18,235</b>  | <b>\$ 4,562,818</b>  |
| <b>Condensed Statements of Cash Flows</b>                                     |                      |                   |                      |
| <b>Net cash provided by (used in)</b>                                         |                      |                   |                      |
| Operating activities                                                          | \$ 2,495,581         | \$ (259,022)      | \$ 2,236,559         |
| Noncapital financing activities                                               | 3,212,214            | -                 | 3,212,214            |
| Capital and related financing activities                                      | (3,161,755)          | -                 | (3,161,755)          |
| Investing activities                                                          | 3,733,553            | -                 | 3,733,553            |
| <b>Change in cash</b>                                                         | <b>6,279,593</b>     | <b>(259,022)</b>  | <b>6,020,571</b>     |
| <b>Beginning cash</b>                                                         | <b>10,354,130</b>    | <b>429,543</b>    | <b>10,783,673</b>    |
| <b>Ending cash</b>                                                            | <b>\$ 16,633,723</b> | <b>\$ 170,521</b> | <b>\$ 16,804,244</b> |

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Years Ended March 31, 2021 and 2020

NOTES TO FINANCIAL STATEMENTS

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**Note 15. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued October 4, 2021, and determined that no events occurred that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ST. JAMES PARISH HOSPITAL**  
Schedule of Employer Contributions and Proportionate Share of Net Pension Liability  
PERS Pension Plan  
March 31, 2021

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

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

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

See independent auditor's report.

## SUPPLEMENTARY INFORMATION

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended March 31, 2021

Agency Head

Mary Ellen Pratt, Chief Executive Officer

| Purpose                                | Amount     |
|----------------------------------------|------------|
| Salary                                 | \$ 239,239 |
| Benefits - Insurance                   | 7,828      |
| Benefits - Retirement                  | 16,963     |
| Benefits - Other - Employer 457 Match  | 7,927      |
| Benefits - Other - FICA Medicare       | 3,611      |
| Benefits - Other - FICA OADS           | 8,380      |
| Car Allowance                          | 11,250     |
| Vehicle Provided by Government         | -          |
| Cellphone                              | -          |
| Per Diem                               | -          |
| Reimbursements                         | -          |
| Travel                                 | -          |
| Registration Fees                      | -          |
| Conference Travel                      | -          |
| Continuing Professional Education Fees | -          |
| Housing                                | -          |
| Unvouchered Expenses                   | -          |
| Other - Dues                           | -          |



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of St. James Parish Hospital Service District (the "Hospital"), as of March 31, 2021, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements and have issued our report thereon dated October 4, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

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

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

### **Compliance and Other Matters**

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

*HORNE LLP*

Ridgeland, Mississippi  
October 4, 2021