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# REPORT





Carr, Riggs & Ingram, LLC 111 Veterans Boulevard Suite 350 Metairie, LA 70005

504.837.9116 504.837.0123 (fax) CRIcpa.com

#### INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of St. Charles Parish Hospital Service District Luling, Louisiana

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

We have audited the accompanying financial statements of St. Charles Parish Hospital Service District (the Hospital), a component unit of St. Charles Parish, as of and for the years ended December 31, 2020 and 2019, 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.

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

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, a component unit of St. Charles Parish, as of December 31, 2020 and 2019, and the changes in its net 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

Management has elected to omit Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Board of Commissioners and Compensation, and the Schedule of Bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Board of Commissioners and Compensation, and the Schedule of Bonds are the responsibility of management and were derived from and relate 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 Board of Commissioners and Compensation, and the Schedule of Bonds are fairly stated, in all material respects, in relation to the 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 June 30, 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 reporting and compliance.

Can, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana June 30, 2021



# **FINANCIAL STATEMENTS**



# St. Charles Parish Hospital Service District Statements of Net Position

| As of December 31,  |    | 2020        |    | 2019        |  |
|---|----|-------------|----|-------------|--|
| Assets  |    |             |    |             |  |
| Current assets  |    |             |    |             |  |
| Cash and cash equivalents                                       | \$ | 13,602,334  | \$ | 3,399,824   |  |
| Restricted cash   |    | 188,574     |    | 144,656     |  |
| Receivables   |    |             |    |             |  |
| Patient accounts receivable, net of estimated                   |    |             |    |             |  |
| uncollectibles and allowances of \$14,469,305 in 2020 and       |    |             |    |             |  |
| \$14,575,965 in 2019  |    | 3,828,062   |    | 5,210,823   |  |
| Ad valorem receivable   |    | 9,000,587   |    | 8,403,881   |  |
| MCIP receivable   |    | 1,317,604   |    | 877,391     |  |
| Other receivables   |    | 2,664,011   |    | 4,155,584   |  |
| Estimated third-party settlements                               |    | 3,908,762   |    | 2,909,127   |  |
| Assets whose use is limited, by board for indenture reserves    |    | 3,189,085   |    | 2,115,286   |  |
| Inventory   |    | 484,850     |    | 397,766     |  |
| Prepaid expenses  |    | 502,334     |    | 297,846     |  |
| Total current assets  |    | 38,686,203  |    | 27,912,184  |  |
| Noncurrent assets and investments                               |    |             |    |             |  |
| Assets whose use is limited:                                    |    |             |    |             |  |
| By board for indenture reserves                                 |    | 3,189,085   |    | 2,115,286   |  |
| By indenture agreement for capital acquisition                  |    | 607,786     |    | 846,491     |  |
| Total assets whose use is limited                               |    | 3,796,871   |    | 2,961,777   |  |
| Less: amounts by board for indentures reserves required to meet |    |             |    |             |  |
| current obligations   |    | (3,189,085) |    | (2,115,286) |  |
| Total noncurrent cash and investments                           |    | 607,786     |    | 846,491     |  |
| Capital assets, net   |    | 39,075,648  |    | 40,013,627  |  |
| Other assets - note receivable                                  |    | 629,904     |    | 629,904     |  |
|   |    |             |    |             |  |
| Total assets  |    | 78,999,541  |    | 69,402,206  |  |
| Deferred Outflows   |    |             |    |             |  |
| Deferred outflow - bond refundings                              |    | 158,494     |    | 196,532     |  |
| Total deferred outflows   |    | 158,494     |    | 196,532     |  |
| Total assets and deferred outflows                              | \$ | 79,158,035  | \$ | 69,598,738  |  |
|   |    |             | (  | Continued)  |  |

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

# St. Charles Parish Hospital Service District Statements of Net Position

| As of December 31,                                    |              | 2020                                    | 2019          |
|---|--------------|---|---------------|
| Liabilities and Net Position                          |              |   |               |
| Current liabilities                                   |              |   |               |
| Accounts payable                                      | \$           | 1,138,974                               | 1,459,433     |
| Due to Hospital manager                               |              | 760,196                                 | 4,770,634     |
| Accrued salaries and benefits                         |              | 1,098,174                               | 566,263       |
| Accrued interest payable                              |              | 300,771                                 | 365,213       |
| Full Medicaid Payment Program payable                 |              | 2,910,690                               | 4,291,839     |
| Current maturities of long-term debt                  |              |   |               |
| and capital lease obligations                         |              | 4,881,827                               | 4,590,913     |
| Current maturities of multi-employer                  |              |   |               |
| pension withdrawal liability                          |              | 564,096                                 | 528,568       |
| Current maturities of Paycheck Protection Program     |              |   |               |
| note payable  |              | 115,930                                 | -             |
| HHS CARES Act Provider Relief Fund - deferred revenue |              | 2,641,161                               | -             |
| CMS Accelerated and Advanced Payment Program          |              | 2,100,000                               | -             |
| Other liabilities and accrued expenses                |              | 5,102                                   | 5,025         |
|   |              |   |               |
| Total current liabilities                             |              | 16,516,921                              | 16,577,888    |
| Long-term debt and other liabilities                  |              |   |               |
| Long-term debt and capital lease obligations,         |              |   |               |
| net of current maturities                             |              | 47,712,073                              | 52,615,733    |
| Multi-employer pension withdrawal liability,          |              |   |               |
| net of current maturities                             |              | 1,088,822                               | 1,607,424     |
| Paycheck Protection Program note payable,             |              |   |               |
| net of current maturities                             |              | 1,615,370                               | -             |
| Lease deposits  |              | 20,202                                  | 20,202        |
|   |              |   |               |
| Total long-term debt and other liabilities            |              | 50,436,467                              | 54,243,359    |
| Total liabilities                                     |              | 66,953,388                              | 70,821,247    |
| Net position  |              |   |               |
| Net position<br>Net investment in capital assets      |              | (12,606,741)                            | (16,113,145)  |
| Unrestricted  |              | 24,811,388                              | 14,890,636    |
|   |              | 27,011,300                              | 14,050,030    |
| Total net position (deficit)                          |              | 12,204,647                              | (1,222,509)   |
| Total liabilities and net position                    | Ś            | 79,158,035                              | \$ 69,598,738 |
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# St. Charles Parish Hospital Service District Statements of Revenues, Expenses, and Changes in Net Position

| For the Years Ended December 31,          | 2020                       | 2019        |
|---|----------------------------|-------------|
| Operating Revenue                         |                            |             |
| Net patient service revenues              | \$<br><b>37,463,243</b> \$ | 36,821,329  |
| Rural Hospital Grant                      | 6,130,460                  | 6,460,660   |
| Other operating revenues                  | 3,996,029                  | 4,300,542   |
| Total operating revenues                  | 47,589,732                 | 47,582,531  |
| Operating Expenses                        |                            |             |
| Salaries and wages                        | 10,495,323                 | 9,439,379   |
| Employee benefits                         | 2,024,983                  | 1,870,452   |
| Supplies and other                        | 12,227,980                 | 11,479,764  |
| Purchased services                        | 1,818,776                  | 5,480,518   |
| Medicaid program support                  | 17,715,493                 | 15,572,691  |
| Depreciation and amortization             | 3,357,599                  | 3,375,448   |
| Total operating expenses                  | 47,640,154                 | 47,218,252  |
| Operating (loss) income                   | (50,422)                   | 364,279     |
| Nonoperating Revenue (Expenses)           |                            |             |
| Ad valorem taxes - maintenance            | 4,005,093                  | 3,737,999   |
| Ad valorem taxes - debt service           | 5,139,878                  | 4,737,291   |
| Contributions                             | 600,000                    | -           |
| HHS CARES Act Provider Relief Funds       | 5,912,818                  | ল ১         |
| Interest income                           | 104,094                    | 60,635      |
| Loss on sale of interest in joint venture | -3                         | (769,435)   |
| Interest expense                          | (2,284,305)                | (2,487,352) |
| Total nonoperating revenue (expense)      | 13,477,578                 | 5,279,138   |
| Change in net position                    | 13,427,156                 | 5,643,417   |
| Net position - beginning of year          | (1,222,509)                | (6,865,926) |
| Net position - end of year                | \$<br><b>12,204,647</b> \$ | (1,222,509) |

# St. Charles Parish Hospital Service District Statements of Cash Flows

| For the Years Ended December 31,                           | 2020             | 2019                 |
|--|------------------|----------------------|
| Operating Activities                                       |                  |                      |
| Revenue collected  | \$<br>49,743,069 | \$<br>47,013,668     |
| Payments for supplies, services, and other operations      | (36,384,641)     | (31,753,379)         |
| Payments to employees and for employee-related costs       | <br>(11,988,395) | (11,255,881)         |
| Net cash provided by operating activities                  | 1,370,033        | 4,004,408            |
| Noncapital Financing Activities                            |                  |                      |
| Ad valorem taxes - maintenance                             | 3,743,762        | 3,400,487            |
| Ad valorem taxes - debt service                            | 4,804,503        | 4,358,552            |
| Noncapital grants and contributions                        | <br>6,512,818    | 10 ANI<br>124        |
| Net cash provided by noncapital financing activities       | 15,061,083       | 7,759,039            |
| Capital and Related Financing Activities                   |                  |                      |
| Principal payments on general obligation bonds             | (2,815,000)      | (2,490,000)          |
| Principal payments on limited tax bonds                    | (1,575,000)      | (1,560,000)          |
| Principal payment on other long term debt                  | (212,989)        | (200,612)            |
| Principal payments on multi-employer pension liability     | (483,074)        | (492,357)            |
| Principal payments on capital leases                       | (36,181)         | (70,734)             |
| Cash paid for interest on debt obligations                 | (2,310,709)      | (2,376,151)          |
| Proceeds from Paycheck Protection Program note payable     | 1,731,300        | 140 K. 140 K.<br>121 |
| Proceeds from HHS CARES Act Provider Relief Fund           | 2,641,161        |                      |
| Purchase of capital assets (property, plant and equipment) | (2,393,196)      | (5,324,751)          |
| Net cash used in capital and related financing activities  | (5,453,688)      | (12,514,605)         |
| Investing Activities                                       |                  |                      |
| Cash received as interest                                  | 104,094          | 6,770                |
| Changes in assets whose use is limited and restricted cash | (879,012)        | 1,217,884            |
| Net cash (used in) provided by investing activities        | (774,918)        | 1,224,654            |
| Net increase in cash and cash equivalents                  | 10,202,510       | 473,496              |
| Cash and cash equivalents - beginning of year              | 3,399,824        | 2,926,328            |
| Cash and cash equivalents- end of year                     | \$<br>13,602,334 | \$<br>3,399,824      |
|  |                  | (Continued)          |

# St. Charles Parish Hospital Service District Statements of Cash Flows

| For the Years Ended December 31,                                      |        | 2020        |    | 2019        |
|---|--------|-------------|----|-------------|
| Reconciliation of Operating Income to Net                             |        |             |    |             |
| Cash Provided by Operating Activities:                                |        |             |    |             |
| Operating (loss) income   | \$     | (50,422)    | Ś  | 364,279     |
| Adjustments to reconcile operating (loss) income to net cash provided | 11.654 |             |    |             |
| by operating activities   |        |             |    |             |
| Depreciation and amortization   |        | 3,331,175   |    | 3,349,368   |
| Amortization of premium/discount on long term debt                    |        | 26,424      |    | 26,080      |
| Provision for bad debts   |        | 3,532,513   |    | 3,768,701   |
| Changes in operating assets and liabilities:                          |        |             |    | N 253       |
| Patient accounts receivable   |        | (2,149,752) |    | (4,882,200  |
| MCIP receivable   |        | (440,213)   |    | (877,391    |
| Other receivable  |        | 1,491,573   |    | 3,091,950   |
| Estimated third-party payor settlements                               |        | (999,635)   |    | (1,669,923  |
| Inventory   |        | (87,084)    |    | (122,766    |
| Prepaid expenses  |        | (204,488)   |    | (49,050     |
| Accounts payable  |        | (320,459)   |    | 852,017     |
| Due to Hospital manager   |        | (4,010,438) |    | (4,190,170  |
| Accrued salaries and benefits   |        | 531,911     |    | 124,566     |
| Other accrued expenses  |        | 77          |    | (72,892     |
| Full Medicaid Payment Program payable                                 |        | (1,381,149) |    | 4,291,839   |
| CMS Accelerated and Advanced Payment Program                          |        | 2,100,000   |    |             |
| let cash provided by operating activities                             | \$     | 1,370,033   | \$ | 4,004,408   |
|   |        |             |    | (Concluded) |
| CHEDULE ON NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVIT          | IFS    |             |    |             |
| Debt refunded through the issuance of new debt                        | \$     | 3,135,000   | \$ | _           |

#### **Note 1: DESCRIPTION OF ORGANIZATION**

#### **Reporting Entity**

St. Charles Parish Hospital Service District (the Hospital), a special district and component of St. Charles Parish (the Parish), was formed for the purpose of operating St. Charles Parish Hospital, a non-profit community hospital established in 1956. The Board of Commissioners is the governing authority for the Hospital and is responsible for obtaining voter approval for the levy of tax or debt issuance, but all related Louisiana State Bond Commission approvals must be obtained through the Parish.

On September 1, 2014, the Hospital entered into a management agreement with a wholly-owned subsidiary of Ochsner Health System, to provide management, staff, and other assistance to operate the Hospital. This expanded affiliation enables the Hospital to further enhance existing clinical services while simultaneously improving resources, including operational efficiencies (see Note 18).

#### **Component Units**

The Hospital follows the requirements under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34.* The financial statements of the Hospital include the accounts of the Hospital and its wholly owned component units, St. Charles Hospital Continuum of Care Corporation, St. Charles Hospital Services Corporation, and Plantation View Medical Offices. The significant intercompany transactions and balances have been eliminated.

The St. Charles Hospital Continuum of Care Corporation (SCHCCC) was incorporated on August 10, 2006 with a subsequent name change to St. Charles Health Initiatives, Inc. (SCHII). SCHII is a non-profit hospital that principally provides housing, healthcare, and other related services to residents. SCHII maintains a shared governing board and receives funding through the Hospital Service District. Due to the level of control and the financial benefit/burden relationship with the District that exists, SCHII is considered a blended component unit of the District for accounting purposes. The operations of SCHII are included in the financial statements of the Hospital for the years ended December 31, 2020 and 2019.

St. Charles Hospital Services Corporation (the Corporation) is a non-profit entity that, while legally separate from the Hospital, is reported as if it were a part of the Hospital because of the presence of a shared governing body with the Hospital. As a component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital; however, the operations of the Corporation became dormant. During the year ended December 31, 2007, the Corporation changed its name to the St. Charles Continuum of Care Corporation after the SCHCCC mentioned above changed its name to St. Charles Health Initiatives, Inc. As a blended component unit of the Hospital, the operations of the Corporation are included in the financial statements of the financial statements of the Hospital for the years ended December 31, 2020 and 2019.

#### Note 1: DESCRIPTION OF ORGANIZATION (Continued)

#### **Component Units (Continued)**

On December 2, 2013, Plantation View Medical Offices (PVMO) was formed with St. Charles Parish Hospital being the sole member. PVMO was formed as a not-for-profit corporation for the purpose of building a medical office building on the east bank of St. Charles Parish. On January 13, 2014, PVMO received a donation of land that was appraised at \$714,000. PVMO also secured financing in the amount of \$14,700,000, to build the medical office building. The financing is a mixture of New Markets Tax Credits, a commercial loan, and a grant from the Hospital. Construction was substantially completed in March of 2016. As a blended component unit of the Hospital, the operations of PVMO are included in the financial statements of the Hospital for the years ended December 31, 2020 and 2019.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The Hospital reports in accordance with accounting principles generally accepted in the United States as specified by the American Institute of Certified Public Accountants' Audits of Health Care Entities and, as a governmental entity, also reports in accordance with accounting principles promulgated by the Governmental Accounting Standards Board (GASB), for proprietary funds. As such, the Hospital utilizes the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis. SCHII, the Corporation, and PVMO also use the accrual method.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change in the near term are related to the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payer settlements. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 employee health, 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.

#### Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with maturities of three months or less, excluding amounts whose use is limited by board designation, other arrangements under trust agreements, or with third-party payors.

#### **Restricted** Cash

The Hospital's restricted cash includes cash received through the New Markets Tax Credits transaction whose use is restricted for the PVMO project (See Note 9 for further discussion of the New Markets Tax Credits transaction).

#### Assets Whose Use is Limited

Assets whose use is limited include assets set aside by the Board of Commissioners for future capital improvements and future indenture agreements, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets set aside in accordance with agreements with third-party payors; and assets held by trustees under indenture agreements and self-insurance trust agreements.

#### Patient Accounts Receivable, Net

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payer sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Patient Accounts Receivable, Net (Continued)

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Hospital has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2020 and did not have significant write-offs from third-party payers related to collectability in fiscal years 2020 or 2019.

#### Inventory

Inventories are stated at the lower of cost or market, determined using the first-in, first-out method.

#### Prepaid Expenses

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

#### Capital Assets, net

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Capital Assets, net (Continued)

The following estimated useful lives are being used by the Hospital:

| Buildings and improvements | 20 - 40 years |
|----------------------------|---------------|
| Leasehold improvements     | 5 - 15 years  |
| Equipment                  | 3 - 7 years   |
| Vehicle                    | 4 - 12 years  |
| Software                   | 1 - 3 years   |

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in the statement of revenues, expenses and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives of the respective assets are capitalized. Routine maintenance and repairs are charged to expense when incurred.

#### Cost of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Costs incurred in connection with the obtaining of financing are deferred and amortized over the period the obligation is outstanding using the interest method. Premiums or discounts incurred in connection with the issuance of bonds and indentures are amortized over the life of the obligations on the interest method, and the unamortized amount is included in the balance of the outstanding debt. There was no interest capitalized during 2020 and 2019.

#### Impairment of Long-Lived Assets

The Hospital evaluates, on an ongoing basis, the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved.

Based on management's evaluations, no long-lived assets impairments were recognized during the years ended December 31, 2020 and 2019.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Compensated Absences**

Employees accumulate general purpose time at varying rates according to years of service. Employees are immediately vested in accrued general purpose time when earned. Upon termination, all unused paid time off hours are paid to the employee at the employee's current rate of pay. Accrued compensated absences, included as a component of accrued salaries and benefits on the Hospital's statements of net position, was \$281,303 and \$228,893 as of December 31, 2020 and 2019, respectively.

#### Net Position

Net position of the Hospital is classified in three components, as follows:

*Net investment in capital assets* – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

*Restricted net position* – made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. There are no restricted net position amounts at December 31, 2020 and 2019.

*Unrestricted net position* – the remaining net position that does not meet the definitions of net investment in capital assets or restricted net position described above.

The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

#### **Operating Revenue and Expenses**

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

#### Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payers.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Patient Service Revenue (Continued)

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor ("RAC") and Medicaid Integrity Contractor ("MIC") programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RAC's have authority to pursue 'improper' (in their judgment) payments with a three year look back from the date the claim was paid.

#### **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. The Hospital maintains records to identify and monitor the level of charity care it provides to all of its qualifying patients. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. As presented in Note 4, the Hospital reduced its gross revenues for its cost of charity care. For the years ended December 31, 2020 and 2019, charity care totaled \$457,766 and \$996,022, respectively.

#### Managed Care Incentive Payment Revenue

The Hospital participates in the State of Louisiana's Managed Care Incentive Payment (MCIP) Program which provides incentive payments to healthcare entities for achieving quality reforms that increase access to health care, improve the quality care, and/or enhance the health of patients they serve. Incentive payments received after the specified activities, targets, performance measures, or quality-based outcomes achieved by the healthcare entity. The revenue associated with MCIP incentive payments is recognized by the Hospital as soon as the amounts are estimable. Any changes resulting from the change in estimate is recognized within operation in the period in which they occur.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Grants and Contributions

From time to time, the Hospital receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisition are reported after nonoperating revenue and expenses.

Government grants are recognized as income when there is reasonable assurance that the Hospital will comply with the conditions attached to them, and that the grants will be received. This revenue is recorded as either operating revenue or non-operating revenue dependent upon how the transaction is classified on the statements of cash flows. Cash flows that do not meet the reporting criteria for investing, capital financing or non-capital financing would be reported as operating activities, with their associated revenue reported as operating revenue within the statements of revenues, expenses, and changes in net position.

#### Ad Valorem Tax Revenues

The Hospital receives dedicated property tax revenues in amounts sufficient to fund annual debt maturities of the general obligation bonds and related interest costs. Such revenues are considered non-operating in the accompanying statements of revenues, expenses and changes in net position.

Ad valorem taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied due to the extent they are determined to be currently collectible. Ad valorem taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Charles Parish. For the year ended December 31, 2020 the millage rates have been set at 2.43 mills for Maintenance and Operations and 3.16 mills for Bonds. For the year ended December 31, 2019 the millage rates have been set at 2.48 mills for Maintenance and Operations and 3.16 mills for Bonds. The ad valorem taxes receivable for the years ended December 31, 2020 and 2019 totaled \$9,000,587 and 8,403,881, respectively on the accompanying statements of net position.

#### Electronic Health Records (EHR) Incentive Payments

The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that adopt and meaningful use certified EHR technology. These incentive payments are determined based on a formula, including inputs such as charity care charges and total discharges.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Electronic Health Records (EHR) Incentive Payments (Continued)

The revenue associated with EHR incentive payments is recognized by the Hospital when management can provide reasonable assurance that the Hospital will be able to demonstrate compliance with the meaningful use objectives for that reporting period and that the incentive payments will be received by the Hospital. Because these incentive payments are based on management's best estimate, the amounts recognized are subject to change. Any changes resulting from a change in estimate would be recognized within operations in the period in which they occur. In addition, these payments and the related attestation of compliance with meaningful use objectives are subject to audit by the federal government or its designee.

For the year ended December 31, 2020, the Hospital recognized EHR incentive payments of \$78,483. No such incentive payments were received or recognized in fiscal 2019, and management believes it is unlikely that any additional significant meaningful use incentives will be received in the future, as the terms of the program are coming to a close. However, prior incentive payments remain subject to future audits and recoupments. These amounts were recognized in full at the date of attestation and are included within other operating revenues on the statement of revenues, expenses, and changes in net position.

#### Current Healthcare Environment

The Hospital monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Hospital in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry.

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on the Hospital's financial position and operating results.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Advertising Costs

Advertising costs are expensed as incurred. Marketing media/advertising expenses included advertising costs of \$19,527 and \$5,120 for the years ended December 31, 2020 and 2019, respectively.

#### Income Tax Status

The Hospital is a governmental unit which is exempt from Federal income taxes on related income pursuant to Section 115 of the Internal Revenue Code.

SCHCCC, the Corporation and PVMO, the component units of the Hospital as noted in Note 1, are exempt from taxes on income other than unrelated business income under section 501(c)(3) of the Internal Revenue Code.

#### Pronouncements Issued But Not Yet Effective

**GASB Statement No. 87, Leases** - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lesse is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for the Hospital for the year ended December 31, 2021 and management is currently estimating the impact this statement will have on its financial statements.

#### Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2021. See Note 23 for relevant disclosures. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

#### Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

#### **Note 3: DEPOSITS AND INVESTMENTS**

The Hospital has various deposits and investments. The amounts reflected on the accompanying statements of net position at December 31, 2020 and 2019 is \$17,587,779 and \$6,506,257, respectively, held in depository and money market accounts.

Under state law, these deposits must be secured by either Federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent bank.

At December 31, 2020, the Hospital had \$24,425,852 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, \$16,979,797 was over the federal deposit insurance limit, all of which were secured by collateral owned by the fiscal agent bank in the name of the Hospital. At December 31, 2019, the Hospital had \$16,074,572 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, \$6,483,567 was over the federal deposit insurance. Imit, all of which were secured by the fiscal agent bank in the name of the hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, \$6,483,567 was over the federal deposit insurance limit, all of which were secured by collateral owned by the fiscal agent bank in the name of the Hospital.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Hospital may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in direct obligations of the U.S. Government, federally insured instruments, guaranteed investment contracts issued by certain financial institutions, and mutual or trust funds registered with the Securities and Exchange Commission.

#### Note 4: PATIENT ACCOUNTS RECEIVABLE AND REVENUE

#### Account Receivables

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at December 31, 2020 and 2019 was:

|   | 2020            | 2019            |
|---|-----------------|-----------------|
| Medicare                                  | \$<br>6,316,052 | \$<br>6,085,728 |
| Medicaid                                  | 4,658,779       | 6,714,459       |
| Other third-party payers                  | 5,598,329       | 5,467,457       |
| Patients                                  | 1,724,207       | 1,519,144       |
| Total patient accounts receivables        | 18,297,367      | 19,786,788      |
| Less allowance for uncollectible accounts | (14,469,305)    | (14,575,965)    |
| Patient accounts receivables, net         | \$<br>3,828,062 | \$<br>5,210,823 |

#### Note 4: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

#### Account Receivables (Continued)

The mix of accounts receivable due from patients and third-party payors as of December 31, 2020 and 2019 was as follows:

|                          | 2020  | 2019  |
|--------------------------|-------|-------|
| Medicare                 | 34.5% | 30.8% |
| Medicaid                 | 25.5% | 33.9% |
| Other third-party payers | 30.6% | 27.6% |
| Patients                 | 9.4%  | 7.7%  |
| Total                    | 100%  | 100%  |

#### Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates.

A summary of the payment arrangements with major third-party payors is as follows:

*Medicare* – The Hospital is reimbursed under the Medicare Prospective Payment System for acute care inpatient services provided to Medicare beneficiaries and is paid a predetermined amount for these services based, for the most part, on the Diagnosis Related Group (DRG) assigned to the patient.

In addition, the Hospital is paid prospectively for Medicare inpatient capital costs based on the federal specific rate. The District qualifies as a disproportionate share provider under the Medicare regulations. As such, the Hospital receives an additional payment for Medicare inpatients served. Except for Medicare disproportionate share reimbursement and Medicare bad debts, there is no retroactive settlement for inpatient costs under the Medicare inpatient prospective payment methodology.

Medicare outpatient services (excluding clinical lab and outpatient therapy) are reimbursed by the Outpatient Prospective Payment System (OPPS), which establishes a number of Ambulatory Payment Classifications (APC) for outpatient procedures in which the Hospital is paid a predetermined amount per procedure. Medicare outpatient clinical lab services are reimbursed based upon the Medicare fee schedules.

*Medicaid* – The Hospital is paid a prospective per diem rate for Medicaid inpatients. The per diem rate is based on a peer grouping methodology, which assigns a per diem rate to each hospital in the peer group. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. Medicaid outpatient clinical lab and Medicaid ambulatory surgery and outpatient therapy services are reimbursed based upon the Medicare fee schedules.

#### Note 4: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

#### Net Patient Service Revenue (Continued)

Retroactive cost settlements, based upon annual cost reports, are estimated for those programs subject to retroactive settlement and recorded in the financial statements. Final determination of retroactive cost settlements to be received under the Medicare and Medicaid regulations is subject to review by program representatives. The difference between a final settlement and an estimated settlement in any year is reported as an adjustment of net patient service revenue in the year the final settlement is made.

Revenue derived from the Medicare and Medicaid programs is subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services (HHS) before settlement amounts become final. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the intermediary's audit of filed cost reports and additional information becoming available. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through July 31, 2014.

*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 and prospectively determined daily rates.

A summary of gross revenue from patient services provided under contracts with third-party payers for the years ended December 31, 2020 and 2019 is as follows:

|   | 2020  | 2019  |
|---|-------|-------|
| Medicare  | 31.2% | 33.7% |
| Medicaid  | 29.2% | 30.7% |
| Other commercial and preferred provider organizations | 39.6% | 35.6% |
| Total   | 100%  | 100%  |

A summary of the Hospital's net patient service revenue for the years ended December 31, 2020 and 2019 is as follows:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Gross patient service revenue                                | \$<br>142,705,862 | \$<br>140,177,698 |
| Less provision for contractual adjustments under third-party |                   |                   |
| reimbursement programs and other adjustments                 | (101,252,340)     | (98,591,646)      |
| Provision for bad debts                                      | (3,532,513)       | (3,768,701)       |
| Charity care   | (457,766)         | (996,022)         |
| Net patient service revenue                                  | \$<br>37,463,243  | \$<br>36,821,329  |

#### Note 5: ASSETS WHOSE USE IS LIMITED

Assets whose use is limited that are required for bond obligations classified as current liabilities are also reported as current assets as these amounts have been designated by the board to pay the debt. The composition of assets whose use is limited at December 31, 2020 and 2019 is set forth in the following table:

|  | 2020            | 2019            |
|--|-----------------|-----------------|
| By board for indenture reserves                      |                 |                 |
| Cash and cash equivalents                            | \$<br>3,189,085 | \$<br>2,115,286 |
| By indenture agreement for capital asset acquisition |                 |                 |
| Cash and cash equivalents                            | <br>607,786     | <br>846,491     |
| Total  | \$<br>3,796,871 | \$<br>2,961,777 |

#### Note 6: INVESTMENT IN JOINT VENTURE

The Hospital contributed land with a cost of \$1,049,435, in exchange for a 9.9% membership interest in an LLC, Ashton Plantation Real Property, LLC. During 2019, the Hospital sold its membership interest in the joint venture for \$280,000. The Hospital recognized a loss on the sale of its membership interest of \$769,435 for the year ended December 31, 2019.

#### Note 7: NOTE RECEIVABLE

As part of the New Markets Tax Credits transaction (discussed in Note 9 below), the Hospital issued a note receivable to FNBC NMTC Hybrid Fund, LLC (the Investment Fund) in the amount of \$629,904, with an interest rate of 1% (the Junior Leverage Loan). The Investment Fund pays interest only on the Junior Leverage Loan quarterly in arrears on the 25<sup>th</sup> day of each March, June, September and December for the previous quarter, commencing on January 10, 2014, through January 10, 2044. On the date of maturity, the Investment Fund will pay the balance of all outstanding principal and accrued and unpaid interest. The Investment Fund pledged rights, title and interest in the CDE (defined in Note 9) to secure the note receivable.

#### **Note 8: CAPITAL ASSETS**

Capital assets activity as of and for the year ended December 31, 2020, is as follows:

|                                       | Deo | cember 31,<br>2019 | Ac   | ditions   | Disposals/<br>Transfers | December 31,<br>2020 |
|---------------------------------------|-----|--------------------|------|-----------|-------------------------|----------------------|
| Nondepreciable capital assets:        |     |                    |      |           |                         |                      |
| Land                                  | \$  | 1,586,681          | \$   | 41,455    | \$-                     | \$ 1,628,136         |
| Construction in progress              |     | 4,071,491          |      | -         | (3,849,964)             | 221,527              |
| Total nondepreciable capital assets   |     | 5,658,172          |      | 41,455    | (3,849,964)             | 1,849,663            |
| Depreciable capital assets:           |     |                    |      |           |                         |                      |
| Building and improvements             |     | 65,070,693         |      | -         | 9                       | 65,070,093           |
| Equipment                             |     | 21,303,832         | 2    | ,363,637  | (627,923)               | 23,039,546           |
| Leasehold improvements                |     | 492,227            | Э    | ,838,068  | -                       | 4,330,295            |
| Software                              |     | 4,440              |      | -         | -                       | 4,440                |
| Vehicles                              |     | 1,330,837          |      | -         | -                       | 1,330,837            |
| Total depreciable capital assets      |     | 88,202,029         | 6    | 5,201,705 | (627,923)               | 93,775,811           |
| Less accumulated depreciation:        |     |                    |      |           |                         |                      |
| Building and improvements             | (3  | 33,738,561)        | (1,  | 894,939)  |                         | (35,633,500)         |
| Equipment                             | (2  | 19,267,744)        | (1,  | 083,956)  | 571,329                 | (19,780,371)         |
| Leasehold improvements                |     | (30,242)           | (    | 350,800)  | 1 <u>11</u> 1           | (381,042)            |
| Software                              |     | (617)              |      | (1,480)   | -                       | (2,097)              |
| Vehicles                              |     | (809,410)          |      | =         | 56,594                  | (752,816)            |
| Total accumulated depreciation        | (!  | 53,846,574)        | (3,  | 331,175)  | 627,923                 | (56,549,826)         |
| Total depreciable capital assets, net |     | 34,355,455         | 2    | ,870,530  | ×=:                     | 37,225,985           |
| Total capital assets, net             | \$  | 40,013,627         | \$ 2 | ,911,985  | \$ (3,849,964)          | \$ 39,075,648        |

#### Note 8: CAPITAL ASSETS (Continued)

Capital assets activity as of and for the year ended December 31, 2019, is as follows:

|                                       | December 31,<br>2018 Ad |            | Additions    | Transfers<br>and<br>Disposals | [  | December 31,<br>2019 |
|---------------------------------------|-------------------------|------------|--------------|-------------------------------|----|----------------------|
| Nondepreciable capital assets:        |                         |            |              | <i>24</i>                     |    |                      |
| Land                                  | \$                      | 1,586,681  | \$ -         | \$-                           | \$ |                      |
| Construction in progress              |                         | 121,033    | 3,950,488    | -                             |    | 4,071,491            |
| Total nondepreciable capital assets   |                         | 1,707,684  | 3,950,488    | -                             |    | 5,658,172            |
| Depreciable capital assets::          |                         |            |              |                               |    |                      |
| Building and improvements             | 9                       | 65,003,580 | 67,113       | -                             |    | 65,070,693           |
| Equipment                             | 85<br>25                | 20,787,587 | 516,245      | -                             |    | 21,303,832           |
| Leasehold improvements                |                         | 22,110     | 470,117      | -                             |    | 492,227              |
| Software                              |                         |            | 4,440        | -                             |    | 4,440                |
| Vehicles                              |                         | 1,014,489  | 316,348      | -                             |    | 1,330,837            |
| Total depreciable capital assets      |                         | 86,827,766 | 1,374,263    | -                             |    | 88,202,029           |
| Less accumulated depreciation:        |                         |            |              |                               |    |                      |
| Building and improvements             | (3                      | 1,321,251) | (2,417,310)  |                               |    | (33,738,561)         |
| Equipment                             | (1                      | 8,401,029) | (866,715)    | -                             |    | (19,267,744)         |
| Leasehold improvements                |                         | (22,110)   | (8,132)      | -                             |    | (30,242)             |
| Software                              |                         | -          | (617)        | -                             |    | (617)                |
| Vehicles                              |                         | (752,816)  | (56,594)     | -                             |    | (809,410)            |
| Total accumulated depreciation        | (5                      | 0,497,206) | (3,349,368)  |                               |    | (53,846,574)         |
| Total depreciable capital assets, net |                         | 36,330,560 | (1,975,105)  | -                             |    | 34,355,455           |
| Total capital assets, net             | \$                      | 38,038,244 | \$ 1,975,383 | \$-                           | \$ | 40,013,627           |

Major projects included in constructions in progress as of December 31, 2019 were renovations of a rehab facility and a physical and occupational therapy office.

Depreciation expense reported in the year ended December 31, 2020, was \$3,331,175. Depreciation expense reported in the year ended December 31, 2019, was \$3,349,368.

#### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

The components of long-term debt and capital lease obligations as of December 31, 2020 and 2019 are as follows:

|  |     | 2020             | 2019             |
|--|-----|------------------|------------------|
| Hospital Revenue Bonds, Series 2009A             | (A) | \$<br>-          | \$<br>45,000     |
| Hospital Revenue Bonds, Series 2009B             | (B) | -                | 3,365,000        |
| Hospital Revenue Bonds, Series 2012A             | (C) | 6,205,000        | 6,595,000        |
| Hospital Revenue Bonds, Series 2012B             | (C) | 4,735,000        | 5,005,000        |
| Taxable GO Bonds, Series 2013                    | (D) | 340,000          | 445,000          |
| GO Refunding Bonds, Series 2013A                 | (E) | 1,340,000        | 1,625,000        |
| New Market Tax Credit-QLICI A Loan               | (F) | 1,914,596        | 1,914,596        |
| New Market Tax Credit-QLICI B Loan               | (F) | 1,585,404        | 1,585,404        |
| First National Bank Direct Loan                  | (G) | 9,293,749        | 9,506,738        |
| GO Refunding Bonds, Series 2016                  | (H) | 4,315,000        | 5,035,000        |
| GO Refunding Bonds, Series 2016A                 | (I) | 8,885,000        | 9,655,000        |
| Taxable Limited Tax Refunding Bonds, Series 2018 | (J) | 8,515,000        | 10,050,000       |
| Limited Tax Bonds, Series 2018A                  | (K) | 2,215,000        | 2,255,000        |
| Hospital Revenue Bonds, Series 2020              | (L) | 3,135,000        | 6-e0             |
| Capital leases                                   | (M) | -                | 36,181           |
| Paycheck protection program note payable         | (N) | 1,731,300        |                  |
| Unamortized discount/premium                     |     | 115,151          | 88,727           |
|  |     | 54,325,200       | 57,206,646       |
|  |     |                  |                  |
| Less: Current maturities                         |     | (4,997,757)      | (4,590,913)      |
|  |     |                  |                  |
| Total  |     | \$<br>49,327,443 | \$<br>52,615,733 |

#### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

Scheduled maturities of general obligation bonds, limited tax bonds, and long-term debt as of December 31, 2020 are as follows:

| Year Ending December 31,                           | Principal        | Interest         |
|--|------------------|------------------|
| 2021   | \$<br>4,997,757  | \$<br>1,579,135  |
| 2022   | 5,514,974        | 1,475,725        |
| 2023   | 5,661,456        | 1,310,939        |
| 2024   | 5,857,223        | 1,142,002        |
| 2025   | 5,281,612        | 972,705          |
| 2026-2030  | 14,963,433       | 3,130,504        |
| 2031-2035  | 4,415,710        | 1,633,163        |
| 2036-2040  | 2,672,696        | 1,031,641        |
| 2041-2045  | 3,315,152        | 389,184          |
| 2046-2050  | 61,515           | 223              |
|  | 52,741,528       | 12,665,221       |
|  |                  |                  |
| Plus: Unamortized discount/premium                 | 115,151          | -                |
| Plus: Debt forgiven in 2021, see (F) and (G) below | 1,468,521        |                  |
|  |                  |                  |
| Total  | \$<br>54,325,200 | \$<br>12,665,221 |

- (A) During the year ended July 31, 2010, the Hospital issued \$1,000,000 of General Obligation Bonds, Series 2009A, dated November 1, 2009. The purpose of the issue is purchasing, acquiring land and constructing buildings, machinery, equipment and furnishings, including both real and personal property, to be used in providing hospital facilities. In 2016, the Hospital had a partial defeasance \$630,000 of General Obligation Bonds, Series 2009A; by placing the proceeds of General Obligation Bonds, Series 2016A in an irrevocable trust to provide for all future debt service payments of the defeased bonds. The undefeased portion of the bonds was repaid in 4 annual installments ranging from \$35,000 to \$45,000 which began March 1, 2017, with the final installment due March 1, 2020. Interest is payable semiannually on March 1<sup>st</sup> and September 1<sup>st</sup> at rates from 3.20% to 5.00%. These bonds are secured by and payable from unlimited ad valorem taxes. On March 1, 2020, the Hospital made the final principal and interest installment.
- (B) During the year ended July 31, 2010, the Hospital issued \$5,000,000 of General Obligation Bonds, Series 2009B, dated November 1, 2009. The purpose of the issue is the refunding and extending of the Hospital's outstanding Limited Tax Bonds, Series 2008 and to represent said indebtedness. In 2020, the Hospital had a full defeasance \$3,125,000 of General Obligation Bonds, Series 2009B; by placing the proceeds of General Obligation Bonds, Series 2020 in an irrevocable trust to provide for all future debt service payments of the defeased bonds. These bonds are secured by and payable from unlimited ad valorem taxes.

#### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

(C) In April 2012, the residents of the Parish voted for a bond proposition authorizing the Hospital to issue up to \$15,000,000 of 20-year General Obligation Bonds for the purpose of purchasing, acquiring land and constructing buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities. These bonds are general obligations of the Hospital and payable from ad valorem taxes.

In August 2012, the Hospital adopted a resolution issuing \$8,000,000 General Obligation, Series 2012A bonds and \$6,000,000 Taxable General Obligation, Series 2012B bonds. Interest is payable semiannually on March 1 and September 1.

The Series 2012A bonds mature according to maturity schedules contained in the bond documents beginning on March 1, 2013, with scheduled maturities ranging from \$45,000 to \$635,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 3.25%.

The Series 2012B bonds mature, according to maturity schedules contained in the bond documents, beginning on March 1, 2013. Scheduled maturities range from \$50,000 to \$520,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 4.25%. These bonds are secured by and payable from unlimited ad valorem taxes.

- (D) During the year ended July 31, 2014, the Hospital issued \$1,000,000 of General Obligation Bonds, Series 2013, dated September 10, 2013. The purpose of the issue is purchasing, acquiring land and constructing buildings, machinery, equipment and furnishings, including both real and personal property, to be used in providing hospital facilities. The outstanding principal of the bonds will be repaid in ten annual installments ranging from \$85,000 to \$115,000 beginning March 1, 2014, with the final installment due March 1, 2023. Interest is payable semi-annually on March 1 and September 1 at a rate of 4.55%. These bonds are secured by and payable from unlimited ad valorem taxes.
- (E) During the year ended July 31, 2014, the Hospital issued \$4,350,000 of General Obligation Bonds, Series 2013A, dated September 10, 2013. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Refunding Bonds, Series 2003A, and General Obligation Bonds, Series 2004, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in eleven annual installments ranging from \$280,000 to \$555,000 beginning March 1, 2014, with the final installment due March 1, 2024. Interest is payable semi-annually on March 1 and September 1 at a rate of 3.05%. These bonds are secured by and payable from unlimited ad valorem taxes.

#### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

(F) PVMO began drawing down on its debt for construction of a medical center on the East Bank of St. Charles Parish (the Project) during fiscal 2014. The Facility A and B notes are intended to qualify as a "qualified low-income community investment" for the purposes of generating certain tax credits called New Markets Tax Credits (NMTCs) under section 45D of the Internal Revenue Code of 1986, as amended. To qualify, PVMO must comply with certain representations, warranties, and covenants. These include, but are not limited to, a covenant that the "portion of the business" (as defined) will operate to qualify as a qualified low-income community business. If, as a result of the breach of the agreement or loan documents by PVMO, the Lender is required to recapture all or any part of the New Markets Tax Credits previously claimed by the Lender, PVMO agrees to pay to the Lender an amount equal to the sum of the credits recaptured. Additionally, the QLICI Lender has a security interest in the assets of PVMO other than real property.

On January 10, 2014, PVMO issued a note payable (Facility A) to FNBC-CDE #13, LLC. The note is subject to credit and loan agreements executed by PVMO, as the community development entity (CDE) under the New Markets Tax Credit Program, and FNBC-CDE #13, LLC (Lender).

The Facility A Note, issued for \$1,914,596, is secured under the aforementioned credit and loan agreements. The Facility A Note was to mature on January 10, 2021. The note borne interest at a rate per annum equal to 3.74%. PVMO paid interest only on this note quarterly in arrears on March 15, June 15, September 15, and December 15 of each year, commencing March 15, 2014, and continued until December 15, 2020. PVMO could not prepay this note in full or in part any time prior to the expiration of the NMTC seven year compliance period. In January 2021, the remaining balance of the Facility A Note was included in the refinance disclosed below in (G).

The Facility B Note in the amount of \$1,585,404 was issued in connection with Facility A on January 10, 2014 to PVMO. The note is secured under the same aforementioned credit and loan agreements executed by PVMO for the Facility A Note. The note borne interest at a rate per annum equal to 3.74% and PVMO paid interest only on this note quarterly in arrears on March 15, June 15, September 15, and December 15 of each year commencing March 15, 2014, and continued until December 15, 2020. The entire principal was due on June 15, 2021. PVMO could not prepay this note in full or in part any time prior to the expiration of the NMTC compliance period. In January 2021, PVMO exercised a put option and paid a purchase price in the amount of \$1,000 and obtained a partial debt forgiveness and the remaining balance was extinguished.

#### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

In association with Facility Notes A and B (the NMTC Facilities), the Hospital, for the benefit of PVMO, unconditionally and irrevocably guaranteed the full, complete, and timely payment and, to the extent legally permissible, performance of all obligations owed to the Lender under the loan documents.

- (G) The First National Bank Direct Loan (the Direct Loan) is a \$10,000,000 note used in construction of PVMO. Interest is payable semi-annually at a rate of 6% and principal is payable annually through 2044. It is secured with a 1st mortgage and assignment of leases and rents on the Project. The Facility A and B Notes provide funding for PVMO through the NMTC transaction and are secured with a 2nd mortgage and assignment of leases and rents. In January 2021, PVMO refinanced the Direct Loan along with the outstanding balance of the Facility A Note. The new loan balance of \$11,318,218 is to be repaid in equal monthly installments of \$61,739 beginning February 15, 2021 with the final installment due January 15, 2046. Interest is paid monthly at a rate of 4.25%.
- (H) During the period from August 1, 2015 through December 31, 2016, the Hospital issued \$7,040,000 of General Obligation Refunding Bonds, Series 2016, dated May 31, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2005, and General Obligation Bonds, Series 2006, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in ten annual installments ranging from \$370,000 to \$840,000 beginning March 1, 2017, with the final installment due March 1, 2026. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.19%.
- (I) During the period from August 1, 2015 through December 31, 2016, the Hospital issued \$10,655,000 of General Obligation Refunding Bonds, Series 2016A, dated August 9, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2007, General Obligation Bonds, Series 2009, and General Obligation Bonds, Series 2009A, and paying the costs incurred in connection with the issuance thereof.

The outstanding principal of the bonds will be repaid in thirteen annual installments ranging from \$420,000 to \$1,305,000 beginning March 1, 2017, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.23%.

#### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

- (J) During the year ended December 31, 2018, the Hospital issued \$11,565,000 of Taxable Limited Tax Refunding Bonds, Series 2018, dated October 9, 2018. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Limited Tax Bonds, Series 2014 and Limited Tax Bonds, Series 2015, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in seven annual installments ranging from \$1,515,000 to \$1,785,000 beginning March 1, 2019, with the final installment due March 1, 2025. Interest is payable semi-annually on March 1 and September 1 at a rate of 4.06%.
- (K) During the year ended December 31, 2018, the Hospital issued \$2,300,000, of Limited Tax Bonds, Series 2018A, dated October 9, 2018. The purpose of the issue is construction, operating and maintaining the Hospital facilities, and paying the cost incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in eight annual installments ranging from \$35,000 to \$1,945,000 beginning March 1, 2019, with the final installment due March 1, 2026. Interest is payable semi-annually on March 1 and September 1 at a rate of 3.37%.
- (L) During the year ended December 31, 2020, the Hospital issued \$3,135,000 of General Obligation Refunding Bonds, Series 2020, dated March 24, 2020. The purpose of the issue is refunding all of the Hospital's outstanding General Obligation Bonds, Series 2009B, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in ten annual installments ranging from \$305,000 to \$400,000 beginning March 1, 2021, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.82%.
- (M) During 2017, the Hospital entered into a capital lease for the acquisition of two new ambulances. The capital lease commenced on August 26, 2017 with final payment being made on May 26, 2020. The outstanding principal on the capital lease was repaid in installments ranging from \$16,703 to \$18,159. Interest was payable quarterly at a rate of 3.05%.
- (N) In May 2020, the Hospital received a loan in the amount of \$1,731,300 under the Payroll Protection Program (PPP Loan). The loan accrues interest at a rate of 1% and has an original maturity date of two years which can be extended to five years by mutual agreement of the Hospital and the lender.

Payments are deferred during the deferral period, as defined in the agreement. The deferral period is the period beginning on the date of this note, May 2020, and ending ten (10) months after the last day of the covered period (Deferral Expiration Date). Any amounts not forgiven under the Program will be payable in equal installments of principal plus any interest owed on the payment date from the Deferral Expiration Date through the maturity date, as defined in the agreement.

#### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

Additionally, any accrued interest that is not forgiven under the Program will be due on the first payment date, which is the 15th of the month following the month in which the Deferral Expiration Date occurs.

Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act, 2021, proceeds may only be used for the Hospital's eligible payroll costs (with salary capped at \$100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest, utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, in each case paid during the 24-week period following disbursement.

The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA. The Hospital is of the opinion that all of the proceeds of the PPP Loan were used by the Hospital to pay eligible payroll costs and the Hospital maintained its headcount and otherwise complied with the terms of the PPP Loan.

While the Hospital believes that it has acted in compliance with the program and will seek forgiveness of the PPP Loan, no assurance can be provided that the Hospital will obtain forgiveness of the PPP Loan in whole or in part. The balance on this PPP loan was \$1,731,300 of December 31, 2020 and has been classified as current and non-current based on the contractual repayment terms.

### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

Long-term debt and other non-current liabilities activity as of and for the year ended December 31 2020, is as follows:

|  |      | Balance<br>cember 31,<br>2019 |    | Additions             | Re   | eductions                         | De | Balance<br>cember 31,<br>2020 | W      | Due<br>/ithin<br>e Year |
|--|------|-------------------------------|----|-----------------------|------|-----------------------------------|----|-------------------------------|--------|-------------------------|
| General Obligation Bonds                             | •    |                               |    |                       |      |                                   |    |                               |        |                         |
| Series 2009A   | \$   | 45,000                        | \$ | 1. Alternation (1997) | \$   | (45,000)                          | \$ |                               | \$     |                         |
|  | Ŷ    | 3,365,000                     | Ŷ  |                       | Ŷ    | (13,000)                          | T  |                               | Ŷ      |                         |
| Series 2009B   |      | 5,505,000                     |    | -                     | (    | 3,365,000)                        |    |                               |        | -                       |
| Series 2012A   |      | 6,595,000                     |    | 12                    | ,    | (390,000)                         |    | 6,205,000                     | 4      | 410,000                 |
| Series 2012B   |      | 5,005,000                     |    | -                     |      | (270,000)                         |    | 4,735,000                     |        | 285,000                 |
| Series 2013  |      | 445,000                       |    | -                     |      | (105,000)                         |    | 340,000                       |        | 110,000                 |
| Series 2013A   |      | 1,625,000                     |    | -                     |      | (285,000)                         |    | 1,340,000                     |        | 295,000                 |
| Series 2016  |      | 5,035,000                     |    | -                     |      | (720,000)                         |    | 4,315,000                     |        | 740,000                 |
| Series 2016A   |      | 9,655,000                     |    | 8 <u>75</u> 2         |      | (770,000)                         |    | 8,885,000                     |        | 365,000                 |
| Series 2020  |      | -                             |    | 3,135,000             |      | -                                 |    | 3,135,000                     |        | 305,000                 |
| Limited Tax Bonds:                                   |      |                               |    | 2 <b>5</b> 0 250      |      |                                   |    |                               |        | 2.53                    |
| Series 2018  | 1    | 0,050,000                     |    | -                     | (    | 1,535,000)                        |    | 8,515,000                     | 1,     | 595,000                 |
| Series 2018A   |      | 2,255,000                     |    | -                     | ,    | (40,000)                          |    | 2,215,000                     | 17     | 40,000                  |
| Total long-term debt                                 | Z    | 4,075,000                     |    | 3,135,000             | (    | 7,525,000)                        |    | 39,685,000                    | 4,0    | 545,000                 |
| Other Long-term Liabilitie<br>Multi-employer pension | es   |                               |    |                       |      | (                                 |    |                               |        |                         |
| withdrawal liability                                 |      | 2,135,992                     |    | -                     |      | (483,074)                         |    | 1,652,918                     |        | 564,096                 |
| NMTC QLICI A Loan                                    |      | 1,914,596                     |    | 4 <u>223</u>          |      | -                                 |    | 1,914,596                     |        | -                       |
| NMTC QLICI B Loan                                    |      | 1,585,404                     |    | 1                     |      | E.                                |    | 1,585,404                     |        |                         |
| FNBC Direct Loan                                     |      | 9,506,738                     |    | 1.                    |      | (212,989)                         |    | 9,293,749                     | 2      | 236,827                 |
| Paycheck protection                                  |      |                               |    |                       |      |                                   |    |                               |        |                         |
| program note payable                                 |      | -                             |    | 1,731,300             |      | -                                 |    | 1,731,300                     | 6      | 115,930                 |
| Capital lease  |      | 36,181                        |    | -                     |      | (36,181)                          |    | -                             |        |                         |
| Lease deposits                                       |      | 20,202                        |    | -                     |      |                                   |    | 20,202                        |        | 1 <del></del>           |
| Total other long-term                                |      |                               |    |                       |      |                                   |    |                               |        |                         |
| liabilities  | 1    | .5,199,113                    |    | 1,731,300             |      | (732,244)                         |    | 16,198,169                    | 9      | 916,853                 |
| Unamortized  |      |                               |    |                       |      | and page 1. Salar dama a subserve |    |                               |        |                         |
| discount/premium                                     |      | 88,727                        |    | 33,650                |      | (7,226)                           |    | 115,151                       |        | (B)<br>                 |
| Total long-term debt                                 |      |                               |    |                       |      |                                   |    |                               |        |                         |
| and other obligations                                | \$ 5 | 9,362,840                     | \$ | 4,899,950             | \$ ( | 8,264,470)                        | \$ | 55,998,320                    | \$ 5,! | 561,853                 |
### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

Long-term debt and other non-current liabilities activity as of and for the year ended December 31, 2019, is as follows:

|  | Balance<br>December 31,<br>2018 | Ac | ditions           | Re    | ductions   | Dece  | Balance<br>December 31,<br>2019 |        | ue<br>thin<br>Year |
|--|---------------------------------|----|-------------------|-------|------------|-------|---------------------------------|--------|--------------------|
| General Obligation Bond                                | ls:                             |    |                   |       |            |       |                                 |        |                    |
| Series 2009  | \$ 145,000                      | \$ | -                 | \$    | (145,000)  | \$    | -                               | \$     | -                  |
| Series 2009A   | 90,000                          |    | 2 <del></del> 8   |       | (45,000)   |       | 45,000                          |        | 45,000             |
| Series 2009B   | 3,585,,000                      |    |                   |       | (220,000)  | 60    | 3,365,000                       | 24     | 40,000             |
| Series 2012A   | 6,930,000                       |    |                   |       | (335,000)  | e     | 5,595,000                       | 3      | 90,000             |
| Series 2012B   | 5,235,000                       |    |                   |       | (230,000)  | 5     | 5,005,000                       | 2      | 70,000             |
| Series 2013  | 545,000                         |    |                   |       | (100,000)  |       | 445,000                         | 10     | 05,000             |
| Series 2013A   | 1,905,000                       |    | -                 |       | (280,000)  | 1     | L,625,000                       | 2      | 85,000             |
| Series 2016  | 5,725,000                       |    | ( <b></b> )       |       | (690,000)  | 5     | 5,035,000                       | 7      | 20,000             |
| Series 2016A   | 10,100,000                      |    | 11 <del>4</del> 1 |       | (445,000)  | 9     | 9,655,000                       | 7      | 70,000             |
| Limited Tax Bonds:                                     |                                 |    |                   |       |            |       |                                 |        |                    |
| Series 2018  | 11,565,000                      |    | 455               | (1    | ,515,000)  | 10    | ),050,000                       | 1,5    | 35,000             |
| Series 2018A   | 4,095,000                       |    | -                 |       | (45,000)   | 2     | 2,255,000                       | 2      | 40,000             |
| Total long-term debt                                   | 48,125,000                      |    | -                 | (4    | ł,050,000) | 44    | 1,075,000                       | 4,4    | 00,000             |
| Other Long-term Liabiliti<br>Multi-employer<br>pension | ies                             |    |                   |       |            |       |                                 |        |                    |
| withdrawal liability                                   | 2,628,349                       |    | 1                 |       | (492,357)  | 2     | 2,135,992                       | 5      | 28,568             |
| NMTC QLICI A Loan                                      | 1,914,596                       |    | 1155              |       | (73))      | 1     | L,914,596                       |        | <b>5</b> 0         |
| NMTC QLICI B Loan                                      | 1,585,404                       |    | 1.75              |       | -          | 1     | L,585,404                       |        |                    |
| FNBC Direct Loan                                       | 9,707,350                       |    | -                 |       | (200,612)  | 9     | 9,506,738                       | 1.     | 54,732             |
| Capital lease  | 106,915                         |    |                   |       | (70,734)   |       | 36,181                          |        | 36,181             |
| Lease deposits   | 20,202                          |    |                   |       | <u></u> 5  |       | 20,202                          |        | <u>19</u> 8        |
| Total other long-term                                  |                                 |    |                   |       |            |       |                                 |        |                    |
| liabilities  | 15,962,816                      |    | ( <b></b> )       |       | (863,703)  | 15    | 5,199,113                       | 7      | 19,481             |
| Unamortized  |                                 |    |                   |       |            |       |                                 |        |                    |
| discount/premium                                       | 62,647                          |    | 26,080            |       | -          |       | 88,727                          |        |                    |
| Total long-term debt                                   |                                 |    |                   |       |            |       |                                 |        |                    |
| and other obligations                                  | \$ 64,150,463                   | \$ | 26,080            | \$ (4 | l,813,703) | \$ 59 | 9,362,840                       | \$ 5,1 | 19,481             |

#### Note 9: LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

#### Defeasance of Debt

In 2020, the Hospital defeased \$3,125,000 of General Obligation Bonds, Series 2009B and issued \$3,135,000 of Taxable General Obligation Refunding Bonds, Series 2020. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt totaled \$653,931. An economic gain (difference between the present value of the old debt and new debt service payments) of \$520,726 resulted from the refunding. There were no deferred outflows recorded at December 31, 2020 relate to the defeasance of the Series 2009B bond.

In 2018, the Hospital defeased \$7,725,000 of Limited Tax Bonds, Series 2014 and \$3,520,000 of Limited Tax Bonds, Series 2015 and issued \$11,565,000 of Taxable Limited Tax Refunding Bonds, Series 2018 and \$2,300,000 of Limited Tax Bonds, Series 2018A. Deferred outflows of \$158,494 and \$196,532 at December 31, 2020 and 2019 relate to the defeasance of the Series 2014 and 2015 bonds, respectively.

#### Note 10: NET INVESTMENT IN CAPITAL ASSETS

The Hospital's net investment in capital assets for the years ended December 31, 2020 and 2019, as presented on the accompanying statements of net position is calculated as follows:

|  | 2020               | <br>2019           |
|--|--------------------|--------------------|
| Capital assets, net                    | \$<br>39,075,648   | \$<br>40,013,627   |
| Less debt related to capital assets    | (52,478,749)       | (57,155,538)       |
| Plus restricted cash                   | 188,574            | 182,275            |
| Plus cash held for capital acquisition | <br>607,786        | 846,491            |
| Net investment in capital assets       | \$<br>(12,606,741) | \$<br>(16,113,145) |

#### Note 11: RURAL HOSPITAL GRANT

Since the Hospital serves a disproportionate share of low-income patients, it qualifies for additional reimbursements from the State of Louisiana Department of Health and Hospitals rural hospital grant program. The rural hospital grant program was developed by the Rural Hospital Coalition, Inc., to assist rural hospitals in receiving adequate reimbursement for uninsured and indigent patients under the State of Louisiana Rural Hospital Preservation Act. The grant funds totaled \$6,130,460 for the year ended December 31, 2020, of which \$2,550,000 is recorded as other receivables as of December 31, 2020. The grant funds totaled \$6,460,660 for the year ended December 31, 2019, of which \$3,580,467 is recorded as other receivables as of December 31, 2019.

#### Note 12: MANAGED CARE INCENTIVE PAYMENT PROGRAM

As part of the State of Louisiana's MCIP Program, the Hospital participated in the Quality and Outcome Improvement Network (QIN), the network formed to contract with hospitals wishing to participate in the MCIP program and implemented measures designed by the QIN to achieve incentive arrangements in exchange for incentive payments form QIN. MCIP receivable for the years ended December 31, 2020 and 2019 totaled \$1,317,604 and 877,391 respectively on the accompanying statements of net position. MCIP revenue for the years ended December 31, 2020 and 2,779,648, respectively on the accompanying statements of revenue, expenses, and changes in net position.

#### Note 13: CARES ACT FUNDING

#### **Provider Relief Fund**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law by the President of the United States. Included in the CARES Act was a healthcare provider relief fund (PRF), administered by the Department of Health and Human Services (HHS), and to be distributed to healthcare providers. The purpose of the PRF is to help providers offset certain costs incurred as a result of COVID-19 including the impact to the provider's revenue if applicable. Providers were allocated a portion of the PRF based on prior revenue information reported to CMS in their annual Medicare cost reports. During the year ended December 31, 2020, the Hospital received \$8,553,979 in PRF payments. For year ended December 31, 2020, the Hospital determined that, based on the guidance provided by HHS, sufficient additional costs and lost revenues related to COVID-19 are allocable to PRF payments received and has recognized \$5,912,818 as Governmental support in the statements of revenues, expenses, and changes in net position.

In addition, the CARES Act permitted employers to defer payment of the 6.2% employer Social Security tax beginning March 27, 2020 through December 31, 2020. Deferred tax amounts are required to be repaid in equal amounts over two years, with payments due in December 2021 and December 2022. During the year ended December 31, 2020, the Hospital deferred employer Social Security tax payments totaling \$407,723 pursuant to the CARES Act. The full amount is included in accrued salaries and benefits in the statements of net position.

Additionally, in response to the COVID-19 pandemic, CMS advanced to all providers funds under the CMS Accelerated and Advance Payment Program. The funds advanced under this program are required to begin being repaid 12 months from the award date. Beginning 12 months after the advance payments were made, CMS will automatically recoup 25% of all payments otherwise owed to the providers for 11 months. After the 11 months have elapsed, if there are still amounts yet to be repaid from the advance payment, CMS will automatically recoup 50% of all payments otherwise owed to providers for 6 months. At the end of this six-month period, if there are any amounts still unpaid, CMS will send a letter to the provider requesting the full repayment of the amount still outstanding. The Hospital was advanced \$2,100,000 under this program. Recoupment began in April 2021. At December 31, 2020 the entire amount is recorded as a current liability in the statement of net position.

#### **Note 14: RENTAL REVENUES**

The Hospital leases the Medical Office Building from PVMO under a master lease agreement whereby the Hospital pays PVMO \$78,000 per month adjusted for Consumer Price Index every five years, which eliminates in consolidation for reporting purposes herein.

As part of this this agreement, the Hospital can sublease the office space to third parties. For the years ended December 31, 2020 and 2019, rental income related to this property and others rented by the Hospital totaled \$1,476,626 and \$1,607,435, respectively, and is recorded on the statements of revenues, expenses, and changes in net position as other operating revenues.

The Hospital has various office space leases with the Hospital's manager. Annual payments under the lease range from \$49,326 to \$214,616 and the leases expire at various dates through March 31, 2028. For the years ended December 31, 2020 and 2019, the Hospital recorded rental income of \$1,109,933 and \$1,085,059 respectively from the Hospital's manager. Rental income with the Hospital's manager is included in total rental income stated in the preceding paragraph.

Future minimum rent receipts are as follows:

| Year Ending December 31, | <b>Rent Receipts</b> |
|--------------------------|----------------------|
| 2020                     | \$<br>1,526,870      |
| 2021                     | 1,282,658            |
| 2022                     | 1,277,857            |
| 2023                     | 828,968              |
| 2024                     | 757,420              |
| Thereafter               | 700,890              |
| Total                    | \$<br>6,374,663      |

#### Note 15: MEDICAID PROGRAM SUPPORT

As part of the Hospital's continuing support of the State of Louisiana's Medicaid Program, the Hospital has, throughout the year, made intergovernmental transfers (IGT's) amounts to the State of Louisiana (State) restricted for use in support of the Medicaid Program. For the years ended December 31, 2020 and 2019 the Hospital made IGT's of \$17,715,493 and \$15,572,691, respectively, to the State which is included in Medicaid program support, respectively on the accompanying statements of revenues, expenses, and changes in net position.

#### **Note 16: RETIREMENT BENEFITS**

#### Multi-Employer Defined Benefit Pension Plan and 2013 Withdrawal

Substantially all employees of the Hospital had been members of the Parochial Employees' Retirement System of Louisiana (System), a cost sharing, multiple-employer public employee retirement system, controlled and administered by a separate board of trustees. The Hospital formally terminated its participation in the Plan effective December 1, 2013.

Per Louisiana Revised Statute 11:1903, if an employer terminates its agreement for coverage of its employees, the employer shall remit to the System that portion of the unfunded actuarial accrued liability which is attributable to the employer's participation in the System. The amount required to be remitted shall be determined as of the December thirty-first immediately prior to the date of termination. The amount due shall be determined by the actuary employed by the System and shall either be paid in a lump sum or amortized over ten year in equal monthly payments with interest at the System's actuarial valuation rate, at the option of the employer.

The Hospital has chosen to pay its withdrawal liability over ten year in equal monthly installments of principal and interest of \$55,298, with the first payment due September 1, 2013. The non-interest component of this monthly payment equates to a total withdrawal liability of \$1,652,918 and \$2,135,992 as of December 31, 2020 and 2019, respectively.

In planning for the termination of participation in the Parochial Employees' Retirement System of Louisiana, the Hospital established a deferred compensation 457(b) plan and a defined contribution 401(a) retirement plan for eligible employees.

#### Section 457(b) Deferred Compensation Plan

Effective December 1, 2013, the Hospital offered to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is available to all Hospital employees as of the first enrollment date following the date they become an employee and permits them to contribute a portion of their salary to the plan on an annual basis.

#### Section 401(a) Defined Contribution Retirement Plan

The Hospital also established a 401(a) retirement plan for the purpose of matching 100% of an employee's salary reduction contributions to the deferred compensation plan up to 3% of the employee's compensation received for that year. To be eligible for this match, the employee must be employed as of December 31. The contribution match for the Hospital will be made during the first quarter of the following year. For the year ended December 31, 2020 and 2019, total employer contributions to the plan were \$82,838 and \$69,178, respectively.

#### Note 16: RETIREMENT BENEFITS (Continued)

#### Section 401(a) Defined Contribution Retirement Plan (Continued)

The amounts of compensation deferred, and other contributions under the above plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use. It is the opinion of Hospital management that the Hospital has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

#### Note 17: COMMITMENTS

#### **Operating Leases**

The Hospital leases medical and office equipment under operating lease agreements and on a month-to-month basis. Annual payments under the lease range from \$10,509 to \$330,805 and the leases expire at various dates through March 31, 2024. Future minimum lease payments required under operating leases in excess of one year are as follows:

| Year Ending December 31, | Lease Payments  |
|--------------------------|-----------------|
| 2021                     | \$<br>1,273,764 |
| 2022                     | 541,403         |
| 2023                     | 184,850         |
| 2024                     | 114,120         |
| 2025                     | 14,182          |
| Total                    | \$<br>2,128,319 |

Lease expenses totaled \$1,595,754 and \$1,230,370 for the years ended December 31, 2020 and 2019, respectively, and is included in supplies and other on the accompanying statements of revenue, expenses, and changes on net position.

#### **Total Renal Care Cooperative Endeavor and Services Agreements**

On April 1, 2010, the Hospital entered into a ten year cooperative endeavor lease agreement with Total Renal Care, Inc. (TRC). Under this agreement, TRC is leasing approximately 4,425 square feet of the Hospital building for the sum of \$92,727 per year, payable in equal monthly installments of \$7,719.

#### Note 17: COMMITMENTS (Continued)

The Hospital entered into a five year Acute Services Agreement with TRC effective April 1, 2010. The agreement states that the Hospital appoints TRC as its exclusive provider of dialysis and other related services to its patients. The Hospital will pay TRC for these services under the fee schedule described in "Exhibit 7.1" of the agreement. This agreement will be automatically renewed for successive two year terms unless terminated.

The Hospital also entered into a one year Stat Laboratory Services Agreement with TRC effective June 10, 2013. The agreement states that the Hospital will provide certain laboratory tests and services necessary for TRC's dialysis patients. TRC will compensate the Hospital for these services under the fee schedule described in "Exhibit A" of the agreement. This agreement has been automatically renewed for one year effective each annual period following the initial agreement, and will be automatically renewed for successive one year terms unless terminated.

#### Note 18: HOSPITAL MANAGEMENT CONTRACT

As mentioned in Note 1, effective September 1, 2014, the Hospital is managed by St. Charles Operational Management Company (SCOMC), a wholly owned subsidiary of Ochsner Health System. The Hospital pays a monthly management fee to SCOMC in exchange for management, staff, and other assistance to operate the Hospital.

In addition to the management fee referred to above, the Hospital provides other payments to SCOMC for supplies purchased, professional services provided outside of the management agreement, and other miscellaneous items received or services provided throughout the year.

During year ended December 31, 2020, the Hospital purchased supplies and other items pursuant to this agreement through SCOMC totaling approximately \$7,700,000 and made payments of approximately \$11,900,000, outstanding amounts of approximately \$800,000 are recorded as due to Hospital manager in the Hospital's statement of net position as a current liability at December 31, 2020. During year ended December 31, 2019, the Hospital purchased supplies and other items pursuant to this agreement through SCOMC totaling approximately \$8,400,000 and made payments of approximately \$16,300,000, outstanding amounts of approximately \$4,800,000 are recorded as due to Hospital manager in the Hospital's statement of net position as a current liability.

#### Note 19: RISK MANAGEMENT AND REGULATORY MATTERS

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, and reimbursement for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines

#### Note 19: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government, laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the CMS to implement a so-called Recovery Audit Contractor (RAC) program on a permanent and nationwide basis. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment.

A five-state pilot program concluded in March 2008, with a nationwide rollout of the RAC effort done in phases beginning in 2009. The experiences during the pilot found far more overpayments than underpayments.

Similarly, the CMS created new entities titled Audit Medicaid Integrity Contractors (MIC) in order to continue its efforts to ensure the highest integrity of its healthcare programs. The goal of the provider audits is to identify overpayments and to ultimately decrease the payment of inappropriate Medicaid claims. The MIC is to review claims submitted by all types of Medicaid providers, including all settings of care and types of services, with most audits taking place at staff headquarters and on occasion on-site at a provider's place of business. The Hospital has not been the subject of any RAC or MIC audits during 2020 or 2019.

#### Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

#### Workmen's Compensation

The Hospital participates in the Louisiana Commercial and Trade Association Workmen's Compensation Trust Fund (the Trust Fund). Should the Trust Fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not practical to estimate the amount of additional assessments, if any, and the costs associated with any such assessments are treated as period expenses at the time they are assessed.

#### Note 19: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

The Trust Fund presumes to be a "grantor trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations and equity amounts assigned to the Hospital by the Trust Fund in its financial statements.

In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance, if any. It is reasonably possible that this estimate could change materially in the near term.

#### Medical Malpractice Insurance

The Hospital participates in the State of Louisiana Patient Compensation fund (the Fund). The Fund provides malpractice coverage to the Hospital for claims in excess of \$100,000 up to \$500,000. According to current state law, medical malpractice liability (exclusive of future medical care awards) is limited to \$500,000 per occurrence. The management of the Hospital has no reason to believe that the Hospital will be prevented from continuing its participation in the Fund.

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

#### Note 20: TAX ABATEMENTS

In accordance with GASB 77 *Tax Abatement Disclosures* which requires the Hospital to disclose information regarding the ad-valorem tax abatements that affect the taxes collected by the Hospital, whether approved by the Hospital or other governmental entity. The program under which these abatements are granted is described below:

• Industrial Tax Exemption: Manufacturers receive a property tax exemption for a five-year period, renewable for an additional five years. Exemptible property includes buildings, machinery, equipment, furniture and fixtures for a new expanded or renovated facility.

#### Note 20: TAX ABATEMENTS (Continued)

For the year ended December 31, 2020 the Hospital's tax collections are affected by abatements authorized by the State of Louisiana (State), St. Charles Parish Council (Council), and the Industrial Development Board of St. Charles Parish (IDB) as detailed below:

| Industrial Tax Exemption | Total Am | ount of Abated Taxes | Hospital's Share of Abated Tax |           |  |  |  |  |
|--------------------------|----------|----------------------|--------------------------------|-----------|--|--|--|--|
| State approved           | \$       | 100,080,986          | \$                             | 4,584,175 |  |  |  |  |
| Council approved         |          | 141,866              |                                | 6,556     |  |  |  |  |
| IDB approved             |          | 250,819              |                                | 11,591    |  |  |  |  |

For the year ended December 31, 2019 the Hospital's tax collections are affected by abatements authorized by the State of Louisiana (State), St. Charles Parish Council (Council), and the Industrial Development Board of St. Charles Parish (IDB) as detailed below:

| Industrial Tax Exemption | Total Am | ount of Abated Taxes | Hospital's | Share of Abated Taxes |
|--------------------------|----------|----------------------|------------|-----------------------|
| State approved           | \$       | 107,718,114          | \$         | 4,984,249             |
| Council approved         |          | 142,747              |            | 6,609                 |
| IDB approved             |          | 252,350              |            | 11,677                |

#### Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION

The following table presents the combining condensed statements of net position information for the Hospital and its component units for the year ended December 31, 2020:

|                                      | St. | Charles Parish |     |                    |    |               |     |           |                  |
|--------------------------------------|-----|----------------|-----|--------------------|----|---------------|-----|-----------|------------------|
|                                      | Ho  | spital Service | Pla | ntation View       |    |               |     |           |                  |
| -                                    |     | District       | Me  | edical Offices     |    | SCHII         | Eli | minations | Total            |
| Current Assets                       | \$  | 39,302,508     | \$  | 144,656            | \$ | 5,077         | \$  | (766,038) | \$<br>38,686,203 |
| Assets whose use is limited          |     | 607,786        |     |                    |    | -             |     | -         | 607,786          |
| Capital assets, net                  |     | 24,051,246     |     | 15,024,402         |    | -             |     | -         | 39,075,648       |
| Other assets                         |     | 629,904        |     | ( <del>,,</del> ); |    | -             |     | -         | 629,904          |
| Total assets                         | \$  | 64,591,444     | \$  | 15,169,058         | \$ | 5,077         | \$  | (766,038) | \$<br>78,999,541 |
| Deferred outflows                    | \$  | 158,494        | \$  | <b>-</b> 1         | \$ |               | \$  | -         | \$<br>158,494    |
| Current Liabilities                  | \$  | 16,280,095     | \$  | 1,002,864          | \$ | 3 <b>-</b> 30 |     | (766,038) | \$<br>16,516,921 |
| Long-term liabilities - less amounts |     |                |     |                    |    |               |     |           |                  |
| due within one year                  |     | 37,879,545     |     | 12,556,922         |    | -             |     | -         | 50,436,467       |
| Net position                         |     | 10,590,298     |     | 1,609,272          |    | 5,077         |     | -         | 12,204,647       |
| Total liabilities and net position   | \$  | 64,749,938     | \$  | 15,169,058         | \$ | 5,077         | \$  | (766,038) | \$<br>79,158,035 |

#### Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statements of net position information for the Hospital and its component units for the year ended December 31, 2019:

|                                      | St. | Charles Parish |    |                   |             |     |                  |                  |
|--------------------------------------|-----|----------------|----|-------------------|-------------|-----|------------------|------------------|
|                                      | Но  | spital Service | Pl | antation View     |             |     |                  |                  |
| 27<br>27                             |     | District       | M  | ledical Offices   | SCHII       | Eli | iminations       | Total            |
| Current Assets                       | \$  | 28,515,058     | \$ | 144,656           | \$<br>5,077 | \$  | (752,607)        | \$<br>27,912,184 |
| Assets whose use is limited          |     | 846,491        |    | -                 | 39 <b>4</b> |     | (¥)              | 846,491          |
| Capital assets, net                  |     | 24,583,061     |    | 15,430,566        |             |     | ( <del>-</del> ) | 40,013,627       |
| Other assets                         |     | 629,904        |    | 3 <del>7</del> 8) |             |     |                  | 629,904          |
| Total assets                         | \$  | 54,574,514     | \$ | 15,575,222        | \$<br>5,077 | \$  | (752,607)        | \$<br>69,402,206 |
| Deferred outflows                    | \$  | 196,532        | \$ | ( <b>H</b> .)     | \$<br>1646  | \$  | 2 <b>4</b> 0     | \$<br>196,532    |
| Current Liabilities                  | \$  | 16,423,155     | \$ | 907,340           | \$<br>-     | \$  | (752,607)        | \$<br>16,577,888 |
| Long-term liabilities - less amounts |     |                |    |                   |             |     |                  |                  |
| due within one year                  |     | 41,391,353     |    | 12,852,006        | ÷           |     | -                | 54,243,359       |
| Net position                         |     | (3,043,462)    |    | 1,815,876         | 5,077       |     | 245              | (1,222,509)      |
| Total liabilities and net position   | \$  | 54,771,046     | \$ | 15,575,222        | \$<br>5,077 | \$  | (752,607)        | \$<br>69,598,738 |

The following table presents the combining condensed statement of revenues, expenses and changes in net position for the Hospital and its component units for the year ended December 31, 2020:

|                                   | Charles Parish<br>spital Service | <br>tation View   |    |               |     |           |               |
|-----------------------------------|----------------------------------|-------------------|----|---------------|-----|-----------|---------------|
|                                   | District                         | <br>dical Offices |    | CHI           | Eli | minations | Total         |
| Operating Revenues                | \$<br>47,589,732                 | \$<br>980,952     | \$ | -             | \$  | (980,952) | \$ 47,589,732 |
| Operating Expenses                |                                  |                   |    |               |     |           |               |
| Salaries, wages, and benefits     | 12,520,306                       | -                 |    | -             |     | 2         | 12,520,306    |
| Supplies and other                | 30,924,425                       | -                 |    | 3 <b>1</b> 17 |     | (980,952) | 29,943,473    |
| Purchased services                | 1,736,465                        | 82,311            |    | -             |     | -         | 1,818,776     |
| Depreciation and amortization     | 2,950,957                        | 406,642           |    | -             |     | *         | 3,357,599     |
| Total operating expenses          | 48,132,153                       | 488,953           |    |               |     | (980,952) | 47,640,154    |
| Net (loss) income from operations | (542,421)                        | 491,999           |    | 1000          |     | =         | (50,422)      |
| Nonoperating Revenues (Expenses)  |                                  |                   |    |               |     |           |               |
| Ad valorem taxes                  | 9,144,971                        | -                 |    | -             |     | ÷         | 9,144,971     |
| Contributions                     | 600,000                          | -                 |    | -             |     | <u>.</u>  | 600,000       |
| Governmental support              | 5,912,818                        | -                 |    | 140           |     | -         | 5,912,818     |
| Interest income                   | 104,094                          | . <b></b> )       |    | 1 <b>11</b> 1 |     | -         | 104,094       |
| Interest expense                  | (1,585,702)                      | (698,603)         |    | <b>1</b>      |     | -         | (2,284,305)   |
| Total nonoperating revenues, net  | 14,176,181                       | (698,603)         | )  | -             |     | -         | 13,477,578    |
| Change in Net Position            | 13,633,760                       | (206,604)         |    | -             |     | -         | 13,427,156    |
| Net Position, Beginning of Year   | (3,043,462)                      | 1,815,876         |    | 5,077         |     | -         | (1,222,509)   |
| Net Position, End of Year         | \$<br>10,590,298                 | \$<br>1,609,272   | \$ | 5,077         | \$  | -         | \$ 12,204,647 |

#### Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statement of revenues, expenses and changes in net position for the Hospital and its component units for the year ended December 31, 2019:

|   | St. | Charles Parish  |               |            |                   |              |                |
|---|-----|-----------------|---------------|------------|-------------------|--------------|----------------|
|   | Ho  | ospital Service | Plantation Vi | ew         |                   |              |                |
|   |     | District        | Medical Offi  | ces        | SCHII             | Eliminations | Total          |
| Operating Revenues                        | \$  | 47,582,531      | \$ 936,       | 000 \$     | 9 <b>7</b> .      | \$ (936,000) | \$ 47,582,531  |
| Operating Expenses                        |     |                 |               |            |                   |              |                |
| Salaries, wages, and benefits             |     | 11,309,831      |               | <u>1</u> 2 | 3 <b>1</b> 40     | -            | 11,309,831     |
| Supplies and other                        |     | 27,988,455      |               | <u>20</u>  |                   | (936,000)    | 27,052,455     |
| Purchased services                        |     | 5,430,228       | 50,           | 290        | -                 | 5=0          | 5,480,518      |
| Depreciation and amortization             |     | 2,970,323       | 405,          | 125        | 3 <del></del>     | 1.           | 3,375,448      |
| Total operating expenses                  |     | 47,698,837      | 455,4         | 415        | -                 | (936,000)    | 47,218,252     |
| Net (loss) income from operations         |     | (116,306)       | 480,          | 585        | 18 <del>7</del> 1 | 151          | 364,279        |
| Non-Operating Revenues (Expenses)         |     |                 |               |            |                   |              |                |
| Ad valorem taxes                          |     | 8,475,290       |               | -          | -                 | 1 <b>4</b> 3 | 8,475,290      |
| Loss on sale of interest in joint venture |     | (769,435)       |               | ×          | 3 <del></del> (   | i <b>-</b> i | (769,435)      |
| Interest income                           |     | 60,635          |               | <b>-</b> 0 | -                 | -            | 60,635         |
| Interest expense                          |     | (1,779,640)     | (707,         | 712)       | 1.7               | 1.5          | (2,487,352)    |
| Total non-operating revenues, net         |     | 5,986,850       | (707,         | 712)       | 8 <del>7</del> 0  | 121          | 5,279,138      |
| Change in Net Position                    |     | 5,870,544       | (227,         | 127)       | 12                | -            | 5,643,417      |
| Net Position, Beginning of Year           |     | (8,914,006)     | 2,043,        | 003        | 5,077             | -            | (6,865,926)    |
| Net Position, End of Year                 | \$  | (3,043,462)     | \$ 1,815,     | 876 \$     | 5,077             | \$-          | \$ (1,222,509) |

The following table presents the combining condensed statement of cash flows for the Hospital and its component units as of December 31, 2020:

|  | <br>Charles Parish<br>ospital Service<br>District | <br>ntation View<br>edical Offices | SCHII         |    | ninations | Total        |
|--|---|------------------------------------|---------------|----|-----------|--------------|
| Net cash provided by (used in):                      |   |                                    |               |    |           |              |
| Operating activities                                 | \$<br>1,370,033                                   | \$<br>-                            | \$<br>-       | \$ | <u>~</u>  | \$ 1,370,033 |
| Noncapital financing activities                      | 15,061,083  | -                                  | -             |    | <u></u> - | 15,061,083   |
| Capital and related financing activities             | (5,453,688)                                       | 1.                                 | 9 <b>4</b> 3) |    | -         | (5,453,688)  |
| Investing activities                                 | (774,918)   | -                                  | -             |    | -         | (774,918)    |
| Net increase (decrease) in cash and cash equivalents | 10,202,510  |                                    | -             |    | -         | 10,202,510   |
| Cash and cash equivalents - beginning of period      | 3,394,747   | ( <del>,,,</del> )2                | 5,077         |    | -         | 3,399,824    |
| Cash and cash equivalents - end of period            | \$<br>13,597,257                                  | \$<br>( <b>5</b> .2                | \$<br>5,077   | \$ | -         | \$13,602,334 |

#### Note 21: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statement of cash flows for the Hospital and its component units as of December 31, 2019:

|  | <br>Charles Parish<br>spital Service<br>District | <br>Plantation View<br>Medical Offices |    | SCHII          | Eliminations |      | Total        |
|--|--|--|----|----------------|--------------|------|--------------|
| Net cash (used in) provided by:                      |  |  |    |                |              |      |              |
| Operating activities                                 | \$<br>4,004,408                                  | \$<br>-                                | \$ | -              | \$           | -    | \$ 4,004,408 |
| Noncapital financing activities                      | 7,759,039  | -                                      |    | -              |              | -    | 7,759,039    |
| Capital and related financing activities             | (12,514,605)                                     | -                                      |    | : <del>.</del> |              | -    | (12,514,605) |
| Investing activities                                 | 1,224,654  | -                                      |    | -              |              | -    | 1,224,654    |
| Net (decrease) increase in cash and cash equivalents | 473,496  | -                                      |    | 147            |              | -    | 473,496      |
| Cash and cash equivalents - beginning of period      | 2,921,251  | -                                      |    | 5,077          |              | (#1) | 2,926,328    |
| Cash and cash equivalents - end of period            | \$<br>3,394,747                                  | -                                      | \$ | 5,077          | \$           | -    | \$3,399,824  |

#### Note 22: UNCERTAINTIES

In March 2020, the World Health Hospital made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Hospital. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

#### Note 23: SUBSEQUENT EVENTS

Other than as noted in Note 9 to the financial statements, there were no other subsequent evented noted.



# **SUPPLEMENTARY INFORMATION**



# St. Charles Parish Hospital Service District Schedule of Compensation, Benefits and Other Payments to Agency Head

Agency Head Name: Terrell Neal, Chief Executive Officer from September 2019 through November 2020; Tara Alleman, Interim Chief Executive Officer November 2020 through December 2020.

**Note:** Effective September 1, 2014, St. Charles Parish Hospital Service District is managed by St. Charles Operational Management Company, a wholly owned subsidiary of Ochsner Health System (Ochsner). The Agency Head is Terrell Neal, Chief Executive Officer from September 2019 through November 2020 and Tara Alleman, Interim Chief Executive Officer from November 2020 through December 2020. Terrell Neal and Tara Alleman are employees of Ochsner. St. Charles Parish Hospital Service District did not make any payments to or on behalf of the Chief Executive Officer, an individual as the agency head for the year ended December 31, 2020.

# St. Charles Parish Hospital Service District Schedule of Board of Commissioners and Compensation For The Year Ended December 31, 2020

|                 | Number of         |       |        |       |       |  |  |
|-----------------|-------------------|-------|--------|-------|-------|--|--|
| Name            | Meetings Attended | Amoun | t Paid | Total |       |  |  |
| Karen Raymond   | 11                | \$    | 660    | \$    | 660   |  |  |
| Jake Lemmon     | 7                 |       | 420    |       | 420   |  |  |
| Timothy J. Vial | 12                |       | -      |       | -     |  |  |
| William Sirmon  | 4                 |       | 240    |       | 240   |  |  |
| Pamela Smith    | 12                |       | 720    |       | 720   |  |  |
| Total           | 46                | \$    | 2,040  | \$    | 2,040 |  |  |

|                     |                | Interest |         | Principal | Scheduled |                       |                                |  |  |  |  |  |  |
|---------------------|----------------|----------|---------|-----------|-----------|-----------------------|--------------------------------|--|--|--|--|--|--|
| General Obligation  |                | Payment  | Payment | Payment   | Principal |                       |                                |  |  |  |  |  |  |
| Bonds, Series 2012A | Rate           | Date     | Amount  | Date      | Payments  | Authorized Issued     | Retired Outstanding            |  |  |  |  |  |  |
|                     | 2.00% to 3.25% |          |         |           |           | \$ 8,000,000 \$ 8,000 | ,000 \$ 1,795,000 \$ 6,205,000 |  |  |  |  |  |  |
|                     |                | 3/1/2021 | 84,703  | 3/1/2021  | 410,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2021 | 84,703  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2022 | 80,369  | 3/1/2022  | 430,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2022 | 80,369  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2023 | 75,581  | 3/1/2023  | 445,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2023 | 75,581  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2024 | 70,172  | 3/1/2024  | 465,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2024 | 70,172  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2025 | 64,234  | 3/1/2025  | 485,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2025 | 64,234  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2026 | 57,766  | 3/1/2026  | 500,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2026 | 57,766  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2027 | 50,391  | 3/1/2027  | 525,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2027 | 50,391  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2028 | 42,365  | 3/1/2028  | 545,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2028 | 42,365  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2029 | 33,864  | 3/1/2029  | 565,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2029 | 33,864  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2030 | 24,840  | 3/1/2030  | 590,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2030 | 24,840  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2031 | 15,275  | 3/1/2031  | 610,000   |                       |                                |  |  |  |  |  |  |
|                     |                | 9/1/2031 | 15,275  |           |           |                       |                                |  |  |  |  |  |  |
|                     |                | 3/1/2032 | 10,319  | 3/1/2032  | 635,000   |                       |                                |  |  |  |  |  |  |
|                     |                |          |         |           |           |                       |                                |  |  |  |  |  |  |

|                     |                | Interest |         | Principal | Scheduled                      |                 | Principal Portio | on of Bonds  |              |
|---------------------|----------------|----------|---------|-----------|--------------------------------|-----------------|------------------|--------------|--------------|
| General Obligation  |                | Payment  | Payment | Payment   | Principal                      |                 |                  |              |              |
| Bonds, Series 2012B | Rate           | Date     | Amount  | Date      | Payments                       | Authorized      | Issued           | Retired      | Outstanding  |
|                     | 2.00% to 4.25% |          |         |           |                                | \$ 6,000,000 \$ | 6,000,000        | \$ 1,265,000 | \$ 4,735,000 |
|                     |                | 3/1/2021 | 83,781  | 3/1/2021  | 285,000                        |                 |                  |              |              |
|                     |                | 9/1/2021 | 83,781  |           | Contest and Provide and        |                 |                  |              |              |
|                     |                | 3/1/2022 | 79,356  | 3/1/2022  | 305,000                        |                 |                  |              |              |
|                     |                | 9/1/2022 | 79,356  |           | 12507-131 <b>8</b> (* 1808-131 |                 |                  |              |              |
|                     |                | 3/1/2023 | 74,669  | 3/1/2023  | 320,000                        |                 |                  |              |              |
|                     |                | 9/1/2023 | 74,669  | 107 101   | 100                            |                 |                  |              |              |
|                     |                | 3/1/2024 | 69,719  | 3/1/2024  | 340,000                        |                 |                  |              |              |
|                     |                | 9/1/2024 | 69,719  | 25 53     | 82                             |                 |                  |              |              |
|                     |                | 3/1/2025 | 64,289  | 3/1/2025  | 360,000                        |                 |                  |              |              |
|                     |                | 9/1/2025 | 64,289  |           |                                |                 |                  |              |              |
|                     |                | 3/1/2026 | 58,179  | 3/1/2026  | 380,000                        |                 |                  |              |              |
|                     |                | 9/1/2026 | 58,179  |           |                                |                 |                  |              |              |
|                     |                | 3/1/2027 | 51,349  | 3/1/2027  | 400,000                        |                 |                  |              |              |
|                     |                | 9/1/2027 | 51,349  |           |                                |                 |                  |              |              |
|                     |                | 3/1/2028 | 43,759  | 3/1/2028  | 420,000                        |                 |                  |              |              |
|                     |                | 9/1/2028 | 43,759  |           |                                |                 |                  |              |              |
|                     |                | 3/1/2029 | 35,319  | 3/1/2029  | 445,000                        |                 |                  |              |              |
|                     |                | 9/1/2029 | 35,319  |           |                                |                 |                  |              |              |
|                     |                | 3/1/2030 | 26,219  | 3/1/2030  | 465,000                        |                 |                  |              |              |
|                     |                | 9/1/2030 | 26,219  |           |                                |                 |                  |              |              |
|                     |                | 3/1/2031 | 16,309  | 3/1/2031  | 495,000                        |                 |                  |              |              |
|                     |                | 9/1/2031 | 16,309  | 101 531   | 50 <sup>4</sup> 0              |                 |                  |              |              |
|                     |                | 3/1/2032 | 11,050  | 3/1/2032  | 520,000                        |                 |                  |              |              |

|                                       |       | Interest             | Prin              | Principal S     | Scheduled<br>Principal<br>Payments | Principal Portion of Bonds |    |           |    |         |    |            |  |  |  |  |
|---------------------------------------|-------|----------------------|-------------------|-----------------|------------------------------------|----------------------------|----|-----------|----|---------|----|------------|--|--|--|--|
| General Obligation Bonds, Series 2013 | Rate  | Payment<br>Date      | Payment<br>Amount | Payment<br>Date |                                    | Authorized                 |    | Issued    |    | Retired | Ou | ıtstanding |  |  |  |  |
|                                       | 4.55% |                      |                   |                 | з                                  | \$ 1,000,000               | \$ | 1,000,000 | \$ | 660,000 | \$ | 340,000    |  |  |  |  |
|                                       |       | 3/1/2021<br>9/1/2021 | 7,735<br>5,233    | 3/1/2021        | 110,000                            |                            |    |           |    |         |    |            |  |  |  |  |
|                                       |       | 3/1/2022<br>9/1/2022 | 5,233<br>2,616    | 3/1/2022        | 115,000                            |                            |    |           |    |         |    |            |  |  |  |  |
|                                       |       | 3/1/2023             | 2,616             | 3/1/2023        | 115,000                            |                            |    |           |    |         |    |            |  |  |  |  |

|  |       | Interest             |                   | Principal       | Scheduled<br>Principal<br>Payments | d Principal Portion of Bonds |           |    |           |              |    |            |  |  |  |  |  |  |
|--|-------|----------------------|-------------------|-----------------|------------------------------------|------------------------------|-----------|----|-----------|--------------|----|------------|--|--|--|--|--|--|
| General Obligation Bonds, Series 2013A _ | Rate  | Payment<br>Date      | Payment<br>Amount | Payment<br>Date |                                    | Aut                          | thorized  |    | Issued    | Retired      | С  | utstanding |  |  |  |  |  |  |
|  | 3.05% |                      |                   |                 |                                    | \$4                          | 4,350,000 | \$ | 4,350,000 | \$ 3,010,000 | \$ | 1,340,000  |  |  |  |  |  |  |
|  |       | 3/1/2021<br>9/1/2021 | 20,435<br>15,936  | 3/1/2021        | 295,000                            |                              |           |    |           |              |    |            |  |  |  |  |  |  |
|  |       | 3/1/2022<br>9/1/2022 | 15,936<br>11,285  | 3/1/2022        | 305,000                            |                              |           |    |           |              |    |            |  |  |  |  |  |  |
|  |       | 3/1/2023<br>9/1/2023 | 11,285<br>6,558   | 3/1/2023        | 310,000                            |                              |           |    |           |              |    |            |  |  |  |  |  |  |
|  |       | 3/1/2024             | 6,558             | 3/1/2024        | 430,000                            |                              |           |    |           |              |    |            |  |  |  |  |  |  |

|                                     |       | Interest        |                   | Principal       | Scheduled                               | Principal Portion of Bonds |           |    |           |    |         |    |            |
|-------------------------------------|-------|-----------------|-------------------|-----------------|---|----------------------------|-----------|----|-----------|----|---------|----|------------|
| Limited Tax Bonds,<br>Series 2016 _ | Rate  | Payment<br>Date | Payment<br>Amount | Payment<br>Date | Principal<br>Payments                   | Authorized                 |           |    | Issued    |    | Retired | C  | utstanding |
|                                     | 2.19% |                 |                   |                 |   | \$                         | 7,040,000 | \$ | 7,040,000 | \$ | 645,000 | \$ | 4,315,000  |
|                                     |       | 3/1/2021        | 47,249            | 3/1/2021        | 740,000                                 |                            |           |    |           |    |         |    |            |
|                                     |       | 9/1/2021        | 39,146            |                 | 1997 1997 1998 1999 1999 1999 1999 1999 |                            |           |    |           |    |         |    |            |
|                                     |       | 3/1/2022        | 39,146            | 3/1/2022        | 760,000                                 |                            |           |    |           |    |         |    |            |
|                                     |       | 9/1/2022        | 30,824            |                 |   |                            |           |    |           |    |         |    |            |
|                                     |       | 3/1/2023        | 30,824            | 3/1/2023        | 790,000                                 |                            |           |    |           |    |         |    |            |
|                                     |       | 9/1/2023        | 22,174            |                 |   |                            |           |    |           |    |         |    |            |
|                                     |       | 3/1/2024        | 22,174            | 3/1/2024        | 815,000                                 |                            |           |    |           |    |         |    |            |
|                                     |       | 9/1/2024        | 13,250            |                 |   |                            |           |    |           |    |         |    |            |
|                                     |       | 3/1/2025        | 13,250            | 3/1/2025        | 840,000                                 |                            |           |    |           |    |         |    |            |
|                                     |       | 9/1/2026        | 4,052             |                 |   |                            |           |    |           |    |         |    |            |
|                                     |       | 3/1/2026        | 4,052             | 3/1/2026        | 370,000                                 |                            |           |    |           |    |         |    |            |

|                                    |       | Interest             |                   | Principal       | Scheduled             |               |    |            |    |         |    |            |
|------------------------------------|-------|----------------------|-------------------|-----------------|-----------------------|---------------|----|------------|----|---------|----|------------|
| Limited Tax Bonds,<br>Series 2016A | Rate  | Payment<br>Date      | Payment<br>Amount | Payment<br>Date | Principal<br>Payments | Authorized    |    | Issued     |    | Retired | 0  | utstanding |
|                                    | 2.23% |                      |                   |                 |                       | \$ 10,655,000 | \$ | 10,655,000 | \$ | 135,000 | \$ | 8,885,000  |
|                                    |       | 3/1/2021             | 99,068            | 3/1/2021        | 865,000               |               |    |            |    |         |    |            |
|                                    |       | 9/1/2021<br>3/1/2022 | 89,423            | 3/1/2022        | 955 000               |               |    |            |    |         |    |            |
|                                    |       | 9/1/2022             | 89,423<br>79,890  | 5/1/2022        | 855,000               |               |    |            |    |         |    |            |
|                                    |       | 3/1/2023             | 79,890            | 3/1/2023        | 845,000               |               |    |            |    |         |    |            |
|                                    |       | 9/1/2023             | 70,468            |                 |                       |               |    |            |    |         |    |            |
|                                    |       | 3/1/2024             | 70,468            | 3/1/2024        | 885,000               |               |    |            |    |         |    |            |
|                                    |       | 9/1/2024             | 60,600            |                 |                       |               |    |            |    |         |    |            |
|                                    |       | 3/1/2025             | 60,600            | 3/1/2025        | 870,000               |               |    |            |    |         |    |            |
|                                    |       | 9/1/2026             | 50,900            |                 |                       |               |    |            |    |         |    |            |
|                                    |       | 3/1/2026             | 50,900            | 3/1/2026        | 1,250,000             |               |    |            |    |         |    |            |
|                                    |       | 9/1/2026             | 36,962            |                 |                       |               |    |            |    |         |    |            |
|                                    |       | 3/1/2027             | 36,962            | 3/1/2027        | 1,305,000             |               |    |            |    |         |    |            |
|                                    |       | 9/1/2027             | 22,412            |                 |                       |               |    |            |    |         |    |            |
|                                    |       | 3/1/2028             | 22,412            | 3/1/2028        | 990,000               |               |    |            |    |         |    |            |
|                                    |       | 9/1/2028             | 11,373            |                 |                       |               |    |            |    |         |    |            |
|                                    |       | 3/1/2029             | 11,373            | 3/1/2029        | 1,020,000             |               |    |            |    |         |    |            |

|  |       |                             |                    |                              |                                    | Principal Portion of Bonds |    |            |    |         |             |           |  |  |  |
|--|-------|-----------------------------|--------------------|------------------------------|------------------------------------|----------------------------|----|------------|----|---------|-------------|-----------|--|--|--|
| Taxable Limited Tax<br>Refunding Bonds,<br>Series 2018 | Rate  | Interest<br>Payment<br>Date | Payment<br>Amount  | Principal<br>Payment<br>Date | Scheduled<br>Principal<br>Payments | Authorized                 |    | Issued     |    | Retired | Outstanding |           |  |  |  |
|  | 4.06% |                             |                    |                              |                                    | \$ 11,565,000              | \$ | 11,565,000 | \$ | -       | \$          | 8,515,000 |  |  |  |
|  |       | 3/1/2021                    | 172,855            | 3/1/2021                     | 1,595,000                          |                            |    |            |    |         |             |           |  |  |  |
|  |       | 9/1/2021<br>3/1/2022        | 140,476<br>140,476 | 3/1/2022                     | 1,645,000                          |                            |    |            |    |         |             |           |  |  |  |
|  |       | 9/1/2022<br>3/1/2023        | 107,083<br>107,083 | 3/1/2023                     | 1,710,000                          |                            |    |            |    |         |             |           |  |  |  |
|  |       | 9/1/2023<br>3/1/2024        | 72,370<br>72,370   | 3/1/2024                     | 1,785,000                          |                            |    |            |    |         |             |           |  |  |  |
|  |       | 9/1/2024<br>3/1/2025        | 36,134<br>36,134   | 3/1/2025                     | 1,780,000                          |                            |    |            |    |         |             |           |  |  |  |

|                                    |       | Interest        | Principal<br>Boymont Boymont | Scheduled       | Principal Portion of Bonds |              |    |           |      |     |              |  |  |  |  |
|------------------------------------|-------|-----------------|------------------------------|-----------------|----------------------------|--------------|----|-----------|------|-----|--------------|--|--|--|--|
| Limited Tax Bonds,<br>Series 2018A | Rate  | Payment<br>Date | Payment<br>Amount            | Payment<br>Date | Principal<br>Pavments      | Authorized   |    | Issued    | Reti | red | Outstanding  |  |  |  |  |
| -                                  |       |                 |                              |                 |                            |              |    |           |      |     |              |  |  |  |  |
|                                    | 3.37% |                 |                              |                 |                            | \$ 2,300,000 | \$ | 2,300,000 | \$   | ŝ   | \$ 2,215,000 |  |  |  |  |
|                                    |       | 2/1/2021        | 27.222                       | 2/1/2021        | 40.000                     |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 3/1/2021        | 37,323                       | 3/1/2021        | 40,000                     |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 9/1/2021        | 36,649                       |                 |                            |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 3/1/2022        | 36,649                       | 3/1/2022        | 50,000                     |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 9/1/2022        | 35,806                       |                 |                            |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 3/1/2023        | 35,806                       | 3/1/2023        | 50,000                     |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 9/1/2023        | 34,964                       |                 |                            |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 3/1/2024        | 34,964                       | 3/1/2024        | 35,000                     |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 9/1/2024        | 34,374                       |                 |                            |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 3/1/2025        | 34,374                       | 3/1/2025        | 95,000                     |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 9/1/2025        | 32,773                       | 25 53           | 8                          |              |    |           |      |     |              |  |  |  |  |
|                                    |       | 3/1/2026        | 32,773                       | 3/1/2026        | 1,945,000                  |              |    |           |      |     |              |  |  |  |  |

|                    |                        | Interest             |                  | Principal | Scheduled              |      |            |    |            |    |      |     |    |            |
|--------------------|------------------------|----------------------|------------------|-----------|------------------------|------|------------|----|------------|----|------|-----|----|------------|
| General Obligation | 12                     | Payment              | Payment          | Payment   | Principal              |      | 191 N      |    | (1) - N    |    |      | 190 |    |            |
| Bonds, Series 2020 | Rate                   | Date                 | Amount           | Date      | Payments               | F    | Authorized |    | Issued     |    | Reti | red | 0  | utstanding |
|                    | 2.82%                  |                      |                  |           | i                      | \$   | 3,135,000  | \$ | 3,135,000  | \$ |      | -   | \$ | 3,135,000  |
|                    |                        | 3/1/2021<br>9/1/2021 | 44,204<br>39,903 | 3/1/2021  | 305,000                |      |            |    |            |    |      |     |    |            |
|                    |                        | 3/1/2022<br>9/1/2022 | 39,903<br>35,462 | 3/1/2022  | 315,000                |      |            |    |            |    |      |     |    |            |
|                    |                        | 3/1/2023             | 35,462           | 3/1/2023  | 325,000                |      |            |    |            |    |      |     |    |            |
|                    |                        | 9/1/2023<br>3/1/2024 | 30,879<br>30,879 | 3/1/2024  | 335,000                |      |            |    |            |    |      |     |    |            |
|                    |                        | 9/1/2024<br>3/1/2025 | 26,156<br>26,156 | 3/1/2025  | 345,000                |      |            |    |            |    |      |     |    |            |
|                    |                        | 9/1/2025             | 21,291           |           |                        |      |            |    |            |    |      |     |    |            |
|                    |                        | 3/1/2026<br>9/1/2026 | 21,291<br>16,286 | 3/1/2026  | 355,000                |      |            |    |            |    |      |     |    |            |
|                    |                        | 3/1/2027<br>9/1/2027 | 16,286<br>11,069 | 3/1/2027  | 370,000                |      |            |    |            |    |      |     |    |            |
|                    |                        | 3/1/2028             | 11,069           | 3/1/2028  | 385,000                |      |            |    |            |    |      |     |    |            |
|                    |                        | 9/1/2028<br>3/1/2029 | 5,640<br>5,640   | 3/1/2029  | 400,000                |      |            |    |            |    |      |     |    |            |
|                    |                        |                      |                  |           |                        |      |            |    |            |    |      |     |    |            |
|                    | Total Interest         | \$ 5,018,509         |                  |           | Total principa         | ıl   |            | \$ | 39,685,000 | -  |      |     |    |            |
|                    | Due within one<br>year | 1,132,602            |                  |           | Due within<br>one year |      |            |    | 4,645,000  |    |      |     |    |            |
|                    | Long-term              | 3,885,908            |                  |           | Long-term              |      |            |    | 35,040,000 |    |      |     |    |            |
|                    | Total                  | \$ 5,018,509         |                  |           | Total                  |      |            |    | 39,685,000 | -  |      |     |    |            |
|                    |                        |                      |                  |           | Bond Premiu            | m, N | let        |    | 115,151    | -  |      |     |    |            |
|                    |                        |                      |                  |           | Total                  |      |            | \$ | 39,800,151 | =  |      |     |    |            |



Carr, Riggs & Ingram, LLC 111 Veterans Boulevard Suite 350 Metairie, LA 70005

504.837.9116 504.837.0123 (fax) CRIcpa.com

#### INDEPENDENT AUDITORS' 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*

To the Board of Commissioners St. Charles Parish Hospital Service District Luling, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of St. Charles Parish Hospital Service District (the Hospital), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Hospital's financial statements, and have issued our report thereon dated June 30, 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 Hospital'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 such that there is a reasonable possibility that a material misstatement of the Hospital'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 of 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is intended for the information of the Board of Commissioners, Management of St. Charles Parish Hospital, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Can, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana June 30, 2021

# St. Charles Parish Hospital Service District Schedule of Current Year Findings and Responses

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* for the year ended December 31, 2020.

# St. Charles Parish Hospital Service District Schedule of Prior Findings and Responses

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* for the year ended December 31, 2019