

**CATAHOULA PARISH HOSPITAL
SERVICE DISTRICT NO. 2**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

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September 29, 2021

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Catahoula Parish Hospital Service District No. 2

We have audited the accompanying financial statements of the business-type activities of the Catahoula Parish Hospital Service District No. 2, a component unit of the Catahoula Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Catahoula Parish Hospital Service District No. 2, as of December 31, 2020, and the respective changes in financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Catahoula Parish Hospital Service District No. 2. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the primary government financial statements of the Catahoula Parish Hospital Service District No. 2.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2021, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



ROZIER, MCKAY, & WILLIS
Certified Public Accountants

Catahoula Parish Hospital Service District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2020.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. These financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the basic financial statements include all of the District's assets and all of the District's liabilities (including long-term debt).

FINANCIAL ANALYSIS OF THE DISTRICT

This portion of management's discussion and analysis provides a comparative financial analysis.

Net Position

A condensed version of the District's Balance Sheet is presented as follows:

	December	December
	31, 2020	31, 2019
<u>Assets:</u>		
Current and Other Assets	\$ 5,871,819	\$ 4,538,679
Capital Assets	2,101,430	2,051,368
Total Assets	7,973,249	6,590,047
<u>Liabilities:</u>		
Current and Other Liabilities	158,327	196,944
Long-Term Liabilities	95,362	95,370
Total Liabilities	253,689	292,314
<u>Net Position:</u>		
Invested in Capital Assets (Net)	2,101,430	2,051,368
Unrestricted	5,618,130	6,246,365
Total Net Position	\$ 7,719,560	\$ 8,297,733

As the presentation appearing above demonstrates, a portion of the net position (27.2%) is invested in capital assets. Capital assets are used by the District to provide medical needs for their patients.

The remaining balance of unrestricted assets may be used to meet the District's ongoing obligations to citizens and creditors.

Catahoula Parish Hospital Service District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2020

Changes in Net Position

A condensed version of the Statement of Revenues, Expenses, and Changes in Net Position is presented as follows:

	For the Year Ended	
	December 31,	December 31,
	2020	2019
<u>Revenues:</u>		
Program Revenues		
Charges for service	\$ 2,360,741	\$ 3,028,937
Operating Grants and Contributions	3,691,720	2,914,506
Capital Grants and Contributions	193,045	----
General Revenues	188,039	47,844
Total Revenues	6,433,545	5,991,287
Program Expenses	5,011,718	5,059,931
Change in Net Position	1,421,827	931,356
Net Position Beginning	6,297,733	5,366,377
Net Position Ending	\$ 7,719,560	\$ 6,297,733

The District's net position has increased by \$1,421,827. This increase is due to an increase in operating grant revenues and prudent use of the Districts resources.

CAPITAL ASSET ADMINISTRATION

Capital asset administration for the year ended December 31, 2020, consisted of a new generator for the Sicily Island Medical Center and a new van.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no factors have been identified that are expected to have a significant effect on future operations.

CATAHOULA PARISH HOSPITAL DISTRICT NO 2.

Statement of Net Position ***December 31, 2020***

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 4,815,631
Receivables (net)	1,054,346
Prepaid Expenses	225
Total current assets	<u>5,870,202</u>
Non Current Assets:	
Non-Depreciable Assets	
Construction in Process	1,500
Land	152,677
Depreciable capital assets, net	1,947,253
Other Assets	<u>1,617</u>
Total assets	<u><u>7,973,249</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts and other payables	44,025
Accrued Expenses	114,302
Total Current Liabilities	<u>158,327</u>
Long-term debt due in more than one year	
Compensated Absences	<u>95,362</u>
Total Long-Term Liabilities	<u>95,362</u>
Total liabilities	<u>253,689</u>
<u>NET POSITION</u>	
Invested in Capital Assets (Net)	2,101,430
Unrestricted	<u>5,618,130</u>
Total Net Position	<u>7,719,560</u>
Total Liabilities and Net Position	<u>\$ 7,973,249</u>

See accompanying notes and accountants' report

CATAHOULA PARISH HOSPITAL DISTRICT NO 2.

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended December 31, 2020

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<u>Operating Revenues:</u>	
Net patient revenues	\$ 2,360,741
Total Operating Revenues	<u>2,360,741</u>
<u>Operating Expenses:</u>	
Salaries	2,880,594
Payroll taxes and related benefits	651,336
Insurance	55,344
Medical supplies	191,078
Contract labor	633,595
Utilities and telephone	133,301
Depreciation	144,759
Repairs and maintenance	49,937
Office Supplies	194,053
Rent and lease expense	44,684
Travel and Training	8,127
Other expenses	24,910
Total Operating Expenses	<u>5,011,718</u>
Operating Income (Loss)	(2,650,977)
<u>Nonoperating Revenues (Expenses):</u>	
Grant proceeds	4,029,592
Interest revenue	24,677
Ad Valorem taxes	2,374
Other revenues	16,161
Change in Net Position	1,421,827
Net Position - beginning	<u>6,297,733</u>
Total net position - ending	<u>\$ 7,719,560</u>

See accompanying notes and accountants' report

CATAHOULA PARISH HOSPITAL DISTRICT NO 2.

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<u>Cash flow from operating activities:</u>	
Cash received from patients	\$ 2,595,414
Cash payments to suppliers of goods and services	(2,041,581)
Cash payments to employees for services	(2,857,440)
Net cash provided (used) by operating activities	<u>(2,303,607)</u>
<u>Cash flows from non-capital financing activities:</u>	
Operating grants received	3,197,201
Ad Valorem taxes received	2,374
Net cash provided (used) by non-capital financing activities	<u>3,199,575</u>
<u>Cash flows from capital and related financing activities:</u>	
Acquisition of capital assets	(178,243)
Net cash provided (used) by capital and related financing activities	<u>(178,243)</u>
<u>Cash flows from investing activities:</u>	
Interest and other income	40,838
Net cash provided (used) by investing activities	<u>40,838</u>
Net increase (decrease) in cash	758,563
Beginning cash balance	4,057,068
Ending cash balance	4,815,631
Restricted cash	-
Cash and cash equivalents	<u>\$ 4,815,631</u>
<u>Reconciliation of operating income (loss) to net cash</u>	
Operating income (loss)	\$ (2,650,977)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	144,759
(Increase) decrease in accounts receivable	234,673
(Increase) decrease in prepaid expenses	2,702
(Decrease) increase in operating accounts payable	(57,918)
(Decrease) increase in accrued expenses	23,162
(Decrease) increase in compensated absences	(8)
Net cash provided (used) by operating activities	<u>\$ (2,303,607)</u>

Supplemental Disclosure of Cash Flow Information:

During the year ended December 31, 2020, there were no investing, capital, or financing activities that did not result in cash receipts or payments.

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Catahoula Parish Hospital Service District No. 2 (the District) is a political subdivision of the Catahoula Parish Police Jury. The District was organized pursuant to an ordinance adopted by the Catahoula Parish Police Jury on April 5, 1976. The hospital district has a service area that includes Catahoula Parish, Concordia Parish, and parts of Franklin and Tensas Parishes. The District has four medical clinics, a school-based health center, and a dental clinic. The District is governed by a board of commissioners appointed for terms of various years by the Catahoula Parish Police Jury.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Based on the previous criteria, the District is a component unit of the Catahoula Parish Police Jury. The accompanying component unit financial statements present information only on the fund maintained by the District and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

Basis of Presentation

The District uses an enterprise fund for financial reporting purposes. Enterprise funds are proprietary funds used to account for business-like activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District's enterprise fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements

December 31, 2020

flows. All assets and liabilities associated with their activities are reported. Proprietary fund equity is classified as net position.

In addition, the District's enterprise fund utilizes the accrual basis of accounting. Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Statement Of Cash Flows

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks, and certificates of deposit.

Restricted Assets

Any amounts reported as restricted assets, represent resources that must be expended in a specific manner. Restrictions of this nature can be imposed by tax propositions and various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred.

Capital Assets

Capital assets, which include all property and equipment, are reported as assets in the financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the District.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

NOTE 2-CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements

December 31, 2020

held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposits in financial institutions include demand deposits and certificates of deposit as presented below:

Demand Deposits	\$ 4,073,347
Certificates of Deposit	741,209
Cash on Hand	<u>1,075</u>
Total	<u>\$ 4,815,631</u>

At December 31, 2020, the District has \$4,840,093 in deposits (collected bank balance). These deposits are secured from risk by \$1,393,247 of federal deposit insurance, pledged securities with a market value of \$2,467,662, and an irrevocable standby letter of credit from Federal Home Loan Bank of Dallas in the amount of \$750,000. The pledged securities are held by a custodial bank in the name of the pledging institution (fiscal agent). However, State Law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. There is also \$162,387 in deposits that are uncollateralized at year end.

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes are assessed by the Catahoula Parish Assessor and collected for the District by the Catahoula Parish Sheriff's Office. The following is the levied millage:

	<u>Millage</u>	<u>Expiration Date</u>
Ad valorem taxes levied for general corporate purposes	1.00	2022

NOTE 4 - RECEIVABLES

The receivables at December 31, 2020, are as follows:

<u>Accounts Receivable</u>	
Medicare	\$ 1,808,612
Medicaid	342,179
Insurance	955,009
Other	<u>34,302</u>
Total accounts receivable	<u>3,140,102</u>
<u>Due From Other Governmental Units</u>	
Health and Human Services	646,172
Federal Emergency Management Agency	<u>165,780</u>
Total Receivables from Governmental Units	<u>811,952</u>
Total Receivables	3,952,054
Allowance for contractual adjustment	<u>(2,897,708)</u>
Total Receivables	<u>\$ 1,054,346</u>

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements

December 31, 2020

The allowance is due to the District experiencing contractual adjustments from most of its revenue sources. There were no bad debts recorded for the current year.

NOTE 5 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

	Beginning Balance	Additions	Dispos als	Ending Balance
Non Depreciable Capital Assets				
Land	\$ 152,677	\$ ----	\$ ----	\$ 152,677
Construction in Process	----	1,500	----	1,500
Total Non Depreciable Capital Assets	<u>152,677</u>	<u>1,500</u>	<u>----</u>	<u>154,177</u>
Depreciable Capital Assets				
Buildings and Improvements	2,610,480	165,780	----	2,776,260
Medical Equipment	509,389	----	----	509,389
Office Equipment	603,399	----	----	603,399
Vehicles	135,382	27,265	----	162,647
Accumulated Depreciation	<u>(1,959,683)</u>	<u>(144,759)</u>	<u>----</u>	<u>(2,104,442)</u>
Total Depreciable Capital Assets	<u>1,898,967</u>	<u>48,286</u>	<u>----</u>	<u>1,947,253</u>

Depreciation expense for the year ended December 31, 2020, is \$144,759.

NOTE 6 – LONG-TERM LIABILITIES

Changes in the District's long-term debt for the year ended December 31, 2020, are presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated Absences	\$ 95,370	\$ ----	\$ 8	\$ 95,362

NOTE 7- RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8- RETIREMENT PLAN

The District participates in a Section 457 defined contribution retirement plan for its employees. This plan allows for elective deferrals for participants with an employer match. The amount of pension expense for the current year is \$29,805.

NOTE 9- CONTINGENCIES

Existing conditions that may have future financial consequences are referred to as contingencies. Contingencies existing at December 31, 2020 are described as follows:

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements ***December 31, 2020***

Grant Contingencies - General

Grant funds received from the grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed expenditures, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

Third-Party Reimbursements

The District is reimbursed for medical services from Medicare and Medicaid. The District is liable for retroactive adjustments made by Medicare and Medicaid programs as a result of their examinations as well as retroactive changes in interpretations of applying statutes, regulations and general instructions of those programs. The amount of funds the District could incur cannot be determined at this time.

NOTE 10 – ACCOUNTS AND OTHER PAYABLES

Details related to amounts reported as accounts and other payables are provided as follows:

Accounts Payable

Vendors	\$	44,025
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September 29, 2021

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

Board of Commissioners
Catahoula Parish Hospital Service District No. 2

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 activity of the Catahoula Parish Hospital Service District No. 2 (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated September 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’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 entities 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 District’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



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objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item **2020-001**.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying management's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



ROZIER, MCKAY, & WILLIS
Certified Public Accountants



September 29, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Catahoula Parish Hospital Service District No. 2

Report on Compliance for Each Major Federal Program

We have audited the Catahoula Parish Hospital Service District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2020. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination for the District's compliance.

Opinion on Each Major Federal Programs

In our opinion, Catahoula Parish Hospital Service District No. 2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be



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Catahoula Parish Hospital Service District No. 2

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prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



ROZIER, MCKAY, & WILLIS
Certified Public Accountants

Catahoula Parish Hospital Service District No. 2
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

PART I – SUMMARY OF AUDITORS’ RESULTS:

Financial Statements

- The Independent Auditor’s Report on the financial statements for the Catahoula Parish Hospital Service District No. 2 as of December 31, 2020, and for the year then ended expressed an unmodified opinion.
- No deficiencies in internal control over financial reporting were reported in connection with the audit.
- An instance of noncompliance material to the financial statements was disclosed as presented below (2020-001).

Federal Awards

- No control deficiencies involving major federal award programs were disclosed during the audit. Accordingly, there were no material weaknesses applicable to major federal award programs.
- The Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Circular expressed an unmodified opinion on compliance for major programs
- The audit did not disclose any audit findings which are required to be reported as findings and questioned costs.
- Major programs for the year ended December 31, 2020 are presented as follows:

UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES
CFDA No. 93.224 and 93.527 – Health Centers Cluster

- A threshold of \$750,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Catahoula Parish Hospital Service District No. 2 is considered to be a low risk auditee as defined by Uniform Guidance.

PART II
FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH
ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY
ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- **Finding 2020-001 – Uncollateralized Cash**
Condition: The funds at one local bank were in excess of the FDIC limit, pledged securities, and an irrevocable line of credit by \$162,387.
Criteria: Louisiana Revised Statutes require public entities to have pledged securities or an irrevocable line of credit adequate to cover any cash balance in excess of the Federal Deposit Insurance limit of \$250,000.
Cause: Due to the Hospital District receiving significant funds from grants and third party payers, maintaining adequate pledged securities has been difficult.
Effect: Public funds held by the institution were not adequately protected in the event of a bank failure.
Recommendation: We recommend that management review all bank statements carefully each month to ensure that funds are not uncollateralized.

PART III
FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL
INCLUDE AUDIT FINDINGS AS DEFINED BY UNIFORM GUIDANCE:

- There are no matters to report.

Catahoula Parish Hospital Service District No. 2

Managements Corrective Action Plan

For the Year Ended December 31, 2020

SECTION I Internal Control and Compliance Material to the Financial Statements	
<p><u>Finding 2020-001 – Uncollateralized Cash</u> The District is required to have pledged securities adequate to cover any cash balance in excess of the Federal Deposit Insurance limit of \$250,000. This ensures that the public funds held by the institution are protected in the even of a bank failure. The funds at one local bank were in excess of the FDIC limit by \$162,387. Management realized the overage during the latter portion of the current year and had adequate pledged securities in the early portion of the subsequent period. We recommend that management review all bank statements carefully each month to ensure that funds are not uncollateralized.</p>	<p><u>Response:</u> We continue to work with our local banks to ensure that securities are adequately pledged. We have changed our policies to ensure that accounts are examined more closely so that we can avoid this issue in the future.</p>
SECTION II Internal Control and Compliance Material to Federal Awards	
There are no matters to report.	Not Applicable.
SECTION III Management Letter	
There are no matters to report.	Not Applicable.

Catahoula Parish Hospital Service District No. 2
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION I Internal Control and Compliance Material to the Financial Statements	
<p><u>Finding 2019-001 – Uncollateralized Cash</u> The District is required to have pledged securities adequate to cover any cash balance in excess of the Federal Deposit Insurance limit of \$250,000. This ensures that the public funds held by the institution are protected in the even of a bank failure. The funds at one local bank were in excess of the FDIC limit by \$22,021. Management realized the overage during the latter portion of the current year and had adequate pledged securities in the early portion of the subsequent period. We recommend that management review all bank statements carefully each month to ensure that funds are not uncollateralized.</p>	<p><u>Unresolved:</u> See Finding 2020-001.</p>
SECTION II Internal Control and Compliance Material to Federal Awards	
There are no matters to report.	Not Applicable.
SECTION III Management Letter	
There are no matters to report.	Not Applicable.

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Schedule of Expenditure of Federal Financial Awards **For the year ended December 31, 2020**

<u>FEDERAL GRANTOR / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Program - Community Health Center	93.224	\$ 528,808
Direct Program - ACA New and Expanded Services Program	93.527	<u>2,336,192</u>
Total Health Center Cluster		<u>2,865,000</u>
 Total Expenditure of Federal Awards		 <u>\$ 2,865,000</u>

Note

The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles for Governmental Units. The District does not use any cost allocation and has not used the 10% de minimis indirect cost rate. See notes to the accompanying financial statements for further details.

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer Year ended December 31, 2020

Agency Head Name	<u>Renee Ford</u>	<u>Debra Miesch</u>
Purpose		
Salary	58,462	46,232
Benefits		
Health Insurance	8,288	4,150
Life, Accidental Death, Long-term	-	3,844
Reimbursements	-	-

During the year, Renee ford was interim CEO until August 4, 2020 and Debra Miesch was CEO from August 5, 2020 through year end.