

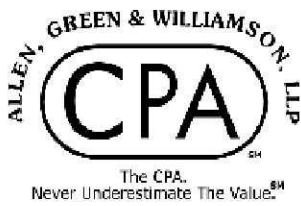
**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Annual Financial Report
As of and For the Year Ended
September 30, 2021**

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

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Independent Auditor's Report

Board of Commissioners
Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, (the District), a component unit of the LaSalle Parish Police Jury as of and for the years ended September 30, 2021 and 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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, (the District), a component unit of the LaSalle Parish Police Jury, as of September 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 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.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 31, 2022

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Management's Discussion and Analysis
September 30, 2021 and 2020**

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2021.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$28,802,248 (*net position*). The District reported an increase in net position of \$4,459,784.

Operations for the District are returning to normal as there are fewer restrictions to normal operations during the ongoing public health emergency. An overall growth in both inpatient and outpatient volume as well as increases in other third-party receivables such as Physician UPL and Uncompensated Care contributed to the increase. While operating expense increased in all areas, grants received to mitigate and test for COVID 19 as well as forgiveness of the Payroll Protection Program loan received in fiscal year 2020, helped to offset costs.

OVERVIEW OF THE FINANCIAL STATEMENTS This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund which is reported as a proprietary fund type.

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Management's Discussion and Analysis
September 30, 2021 and 2020**

USING THIS ANNUAL REPORT The District's annual report consists of financial statements that show information about the District's enterprise fund.

Financial Section

**Required Supplementary Information
Management's Discussion & Analysis (MD&A)**

Basic Financial Statements

**Fund Financial Statements
Notes to the Basic Financial Statements**

**Supplementary Information
Schedule of Compensation Paid Board Members
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive
Officer**

Our auditor has provided assurance in the independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the District's Fund The District's financial statements provide detailed information about the enterprise fund. The District's enterprise fund uses the following accounting approach:

Proprietary funds - all of the District's services are reported in enterprise funds. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Management's Discussion and Analysis
September 30, 2021 and 2020**

FINANCIAL ANALYSIS The District's net position was \$28,802,248 at September 30, 2021. Our analysis below focuses on the net position and the change in net position of the District as a whole.

**Table 1
Net Position**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Other assets	\$ 28,646,358	\$ 30,639,316	\$ 19,693,619
Capital assets, net	15,057,910	14,222,796	12,669,627
Total assets	<u>43,704,268</u>	<u>44,862,112</u>	<u>32,363,246</u>
Other liabilities	8,301,744	13,204,597	4,266,031
Long-term liabilities	6,600,276	7,315,051	6,823,008
Total liabilities	<u>14,902,020</u>	<u>20,519,648</u>	<u>11,089,039</u>
Net position			
Net investment in capital assets	7,948,014	6,408,891	5,368,167
Restricted	1,023,305	463,140	188,793
Unrestricted	19,830,929	17,470,433	15,717,247
Total net position	<u>\$ 28,802,248</u>	<u>\$ 24,342,464</u>	<u>\$ 21,274,207</u>

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Management's Discussion and Analysis
September 30, 2021 and 2020**

**Table 2
Changes in Net Position**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Operating revenues:			
Net patient service revenues	\$ 37,032,821	\$ 32,425,352	\$ 32,288,194
Contributions from Ambulance Service District	203,457	149,883	147,456
Operating Grants	4,323,477	2,571,459	2,294,692
Property taxes	238,633	205,599	195,922
Other	3,399,503	620,858	583,949
Total operating revenues	<u>45,197,891</u>	<u>35,973,151</u>	<u>35,510,213</u>
Expenses:			
Operating expenses:			
Daily patient services	4,659,707	3,841,018	3,570,035
Nursing services	7,287,072	6,997,499	6,610,375
Other professional services	14,338,420	13,440,001	12,753,705
General services	3,355,035	2,971,290	2,832,381
Administrative and fiscal services	3,889,815	3,701,697	2,876,326
Employee benefits	5,551,038	4,732,710	4,918,560
Depreciation	1,801,942	1,559,077	1,063,158
Total operating expenses	<u>40,883,029</u>	<u>37,243,292</u>	<u>34,624,540</u>
Operating Income (Loss)	<u>4,314,862</u>	<u>(1,270,141)</u>	<u>885,673</u>
Nonoperating Revenues (Expenses)			
Grant Revenue	477,708	4,617,916	570,214
Interest Revenue	79,508	120,798	98,536
Interest Expense	(412,294)	(400,316)	(232,310)
Total nonoperating revenues (expenses)	<u>144,922</u>	<u>4,338,398</u>	<u>436,440</u>
Change in Net position	4,459,784	3,068,257	1,322,113
Net position, beginning of year	<u>24,342,464</u>	<u>21,274,207</u>	<u>19,952,094</u>
Net position, end of year	<u>\$ 28,802,248</u>	<u>\$ 24,342,464</u>	<u>\$ 21,274,207</u>

Total operating revenues increased by \$9,224,740 due mainly to the overall increase in inpatient and outpatient services due to both delayed care and COVID related care, as well as grant revenue related to the current public health emergency.

Total operating expenses increased \$3,639,737 due mainly to increased cost of drugs and medical supplies, an issuance of employee hazard pay, increases in employee pay and benefits and increased depreciation expense.

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Management's Discussion and Analysis
September 30, 2021 and 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2021, the District had \$15,057,910 invested in capital assets, including land, buildings, site improvements, furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$835,114 or 6% from last year due mainly to the completion of construction projects.

See Note 6 for further details on capital assets.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 294,226	\$ 294,226	\$ 108,680
Construction In Progress	309,673	96,501	5,741,162
Land improvements	4,856,572	3,310,660	1,076,108
Building	14,816,768	14,250,578	9,230,099
Equipment, furniture and fixtures	11,655,613	11,343,829	10,035,048
Less accumulated depreciation	(16,874,942)	(15,072,998)	(13,521,470)
Totals	<u>\$ 15,057,910</u>	<u>\$ 14,222,796</u>	<u>\$ 12,669,627</u>

Debt

At September 30, 2021, the District has \$7,109,896 in outstanding long-term debt, which includes certificate of indebtedness, revenue bonds, and capital leases. See Note 10 and Note 11 for further details on debt.

ECONOMIC FACTORS There is a great deal of uncertainty related to the current public health emergency created by COVID-19. Availability and cost of supplies, the effects on labor supply, future shut downs and availability of government assistance are all unknown variables in the foreseeable future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Mr. Paul Mathews, 1102 North Pine Road, Olla, Louisiana 71465, telephone number (318) 495-3131.

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

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**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

BASIC FINANCIAL STATEMENTS

**HOSPITAL SERVICE DISTRICT NUMBER ONE
PARISH OF LaSALLE, STATE OF LOUISIANA
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**ENTERPRISE FUND
STATEMENT OF NET POSITION
September 30, 2021 and 2020**

	<u>General Fund</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents		
Cash, checking	\$ 1,637,536	\$ 2,778,439
Restricted cash	1,023,305	463,140
Investments	14,479,976	16,435,468
Receivables		
Patient services, net of allowances of \$4,699,222 and \$3,640,441	5,826,590	5,005,455
Estimated third-party payor settlements	2,580,612	4,213,340
Other	2,341,757	1,061,083
Supplies	639,575	620,438
Prepaid expenses	117,007	61,953
	<u>28,646,358</u>	<u>30,639,316</u>
TOTAL CURRENT ASSETS		
CAPITAL ASSETS:		
Land	294,226	294,226
Land improvements	4,856,572	3,310,660
Construction in progress	309,673	96,501
Buildings	14,816,768	14,250,578
Equipment, furniture and fixtures	11,655,613	11,343,829
Less accumulated depreciation	<u>(16,874,942)</u>	<u>(15,072,998)</u>
	<u>15,057,910</u>	<u>14,222,796</u>
TOTAL CAPITAL ASSETS		
TOTAL ASSETS	<u>\$ 43,704,268</u>	<u>\$ 44,862,112</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement A

	<u>General Fund</u>	
	<u>2021</u>	<u>2020</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 979,408	\$ 1,720,062
Salaries payable	732,732	693,211
Group insurance payable	259,863	259,863
Paycheck Protection Payment loan	-	2,728,733
Current portion of capital leases	78,620	97,854
Certificates and revenue bonds payable	431,000	401,000
Accelerated and advance payments	5,111,888	6,370,575
Accrued vacation payable	693,019	766,519
Accrued bond interest payable	15,214	166,780
TOTAL CURRENT LIABILITIES	<u>8,301,744</u>	<u>13,204,597</u>
NONCURRENT LIABILITIES		
Certificates and revenue bonds payable	6,446,000	7,067,000
Capital leases	154,276	248,051
TOTAL NONCURRENT LIABILITIES	<u>6,600,276</u>	<u>7,315,051</u>
TOTAL LIABILITIES	<u>14,902,020</u>	<u>20,519,648</u>
NET POSITION		
Investment in capital assets	7,948,014	6,408,891
Restricted for debt service	1,023,305	463,140
Unrestricted	19,830,929	17,470,433
TOTAL NET POSITION	<u>\$ 28,802,248</u>	<u>\$ 24,342,464</u>

**HOSPITAL SERVICE DISTRICT NUMBER ONE
PARISH OF LaSALLE, STATE OF LOUISIANA
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended September 30, 2021 and 2020**

Statement B

	<u>General Fund</u>	
	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Net patient service revenues	\$ 37,032,821	\$ 32,425,352
Contributions from Ambulance Service District	203,457	149,883
Operating grants	4,323,477	2,571,459
Cafeteria sales	169,397	179,238
Property taxes	238,633	205,599
Other	3,230,106	441,620
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	45,197,891	35,973,151
	<hr/>	<hr/>
OPERATING EXPENSES		
Daily patient services	4,659,707	3,841,018
Nursing services	7,287,072	6,997,499
Other professional services	14,338,420	13,440,001
General services	3,355,035	2,971,290
Administrative and fiscal services	3,889,815	3,701,697
Employee benefits	5,551,038	4,732,710
Depreciation	1,801,942	1,559,077
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	40,883,029	37,243,292
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	4,314,862	(1,270,141)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)		
Grant revenue	477,708	4,617,916
Interest revenue	79,508	120,798
Interest expense	(412,294)	(400,316)
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	144,922	4,338,398
	<hr/>	<hr/>
Change in net position	4,459,784	3,068,257
	<hr/>	<hr/>
NET POSITION, BEGINNING OF YEAR	24,342,464	21,274,207
	<hr/>	<hr/>
NET POSITION, END OF YEAR	<u>\$ 28,802,248</u>	<u>\$ 24,342,464</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HOSPITAL SERVICE DISTRICT NUMBER ONE
PARISH OF LaSALLE, STATE OF LOUISIANA
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2021 and 2020**

Statement C

	<u>General Fund</u>	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net receipts from patient services	\$ 37,844,414	\$ 32,019,323
Operating grants	3,042,803	2,803,892
Other receipts	2,582,906	7,346,915
Payments to vendors	(25,531,044)	(16,905,436)
Payments to employees	(17,127,600)	(16,148,607)
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	811,479	9,116,087
	<hr/>	<hr/>
CASH FLOWS (USED) FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	477,708	4,617,916
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	477,708	4,617,916
	<hr/>	<hr/>
CASH FLOWS (USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of property, plant and equipment	(2,637,058)	(3,112,248)
Certificate of indebtedness and revenue bonds:		
Proceeds	-	805,897
Principal	(591,000)	(201,000)
Capital lease obligations:		
Principal	(113,009)	(92,452)
Interest paid	(563,858)	(351,302)
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (3,904,925)	\$ (2,951,105)
	<hr/>	<hr/>

(Continued)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HOSPITAL SERVICE DISTRICT NUMBER ONE
PARISH OF LaSALLE, STATE OF LOUISIANA
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2021 and 2020**

Statement C

	<u>General Fund</u>	
	<u>2021</u>	<u>2020</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	\$ 79,508	\$ 120,798
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>79,508</u>	<u>120,798</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,536,230)	10,903,696
CASH AND CASH EQUIVALENTS - BEGINNING	<u>19,677,047</u>	<u>8,773,351</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>17,140,817</u></u>	<u><u>19,677,047</u></u>
RECONCILIATION TO THE BALANCE SHEET		
Cash and cash equivalents	1,637,536	2,778,439
Restricted cash	1,023,305	463,140
Investments	<u>14,479,976</u>	<u>16,435,468</u>
	<u><u>17,140,817</u></u>	<u><u>19,677,047</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	4,314,862	(1,270,141)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,801,942	1,559,077
(Increase) decrease in:		
Accounts receivable: Patient services, net	(821,135)	(640,187)
Accounts receivable: Estimated third-party payor settlements	1,632,728	234,158
Accounts receivable: Other	(1,280,674)	232,433
Supplies	(19,137)	(111,253)
Prepaid expenses	(55,054)	242,848
(Increase) decrease in:		
Accounts payable, trade	(3,469,387)	2,283,910
Salaries payable	39,521	132,051
Accelerated and advance payments	(1,258,687)	6,370,575
Accrued vacation payable	<u>(73,500)</u>	<u>82,616</u>
TOTAL ADJUSTMENTS	<u>(3,503,383)</u>	<u>10,386,228</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 811,479</u></u>	<u><u>\$ 9,116,087</u></u>

(Concluded)

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Notes to the Basic Financial Statements
As of and for the Years Ended September 30, 2021 and 2020**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, (the District), was created by the LaSalle Parish Police Jury, and operates Hardtner Medical Center through its Board of Commissioners. Hardtner Medical Center is a 35-bed hospital located in Olla, Louisiana, providing health care services to residents of Olla and the surrounding communities.

The District is governed by a Board of Commissioners composed of five members. The Chief Executive Officer serves as secretary and treasurer of the Board.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The more significant of the Hospital Service District's accounting policies are described below.

The District is a special purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

A. REPORTING ENTITY The District is a component unit of the LaSalle Parish Police Jury, the reporting entity. The LaSalle Parish Police Jury is the governing authority of the parish of LaSalle, Louisiana, and is governed by a board of police jurors elected by the public. Under the provisions granted by the Louisiana statutes, the police jury created the District and appoints the members of its Board of Commissioners. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the LaSalle Parish Police Jury, or other governmental units that comprise the financial reporting entities.

B. ENTERPRISE FUND An enterprise fund is a proprietary fund type that accounts for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Proprietary Funds The proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. With this measurement focus, all assets, liabilities, and outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds principal ongoing operations. The principal operating revenue of the District is patient related revenue. Operating expenses include the costs of providing this service. All revenues and expenses not meeting this definition are reported as non-operating.

Net Patient Service Revenue Net patient service revenue is patient revenue reported at Hardtner Medical Center's established rates less contractual adjustments, bad debt expense, and policy discounts. Retroactive adjustments arising under reimbursement agreements with third-party payers are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Bad debt allowance is determined as a percentage of gross revenue.

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The District has agreements with third-party payers that provide for reimbursement to the District at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the District's established rates for services and amounts reimbursed by third-party payers. A summary of the basis of reimbursement with major third-party payers follows:

Medicare On October 1, 2004, the District converted to a Critical Access Hospital (CAH) with a Distinct Part Psychiatric Unit. Inpatient acute care services and swing bed services rendered to Medicare program beneficiaries are reimbursed at cost plus 1%. Outpatient services are reimbursed at cost plus 1% (subject to limits and rules), while other outpatient laboratory services are reimbursed on a fee schedule. Inpatient Psychiatric services are reimbursed using a prospective methodology based upon length of stay, diagnosis, and other factors. Rural health clinic services are reimbursed based on a cost per visit methodology.

The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2013.

Medicaid Inpatient services rendered to Medicaid program beneficiaries are reimbursed on prospectively determined rates. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2013.

Blue Cross Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed using prospectively determined rates that are not relative to costs or charges.

Civilian Health and Medical Program of the Uniformed Services (Tricare) Inpatient and outpatient services rendered are reimbursed using prospectively determined rates.

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Net patient service revenue Following is a summary of contractual and other adjustments to arrive at net patient service revenues for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Gross patient service revenue	\$ 94,984,325	\$ 79,919,508
Less bad debt expense	(1,699,411)	(1,831,784)
Less contractual adjustments:		
Medicare	(18,585,241)	(17,610,286)
Medicaid	(24,258,691)	(17,270,193)
Other third parties	(13,408,161)	(10,781,893)
Total contractual adjustments	<u>(56,252,093)</u>	<u>(45,662,372)</u>
Net patient service revenue	<u>\$ 37,032,821</u>	<u>\$ 32,425,352</u>

Approximately sixty to sixty-five percent of the net patient service revenue comes from Medicare and Medicaid billings.

Ad Valorem Taxes are susceptible to accrual.

Contributions Contributions from the LaSalle Parish Ambulance Service District for operation of the ambulances are treated as operating revenues. Unrestricted donations are treated as nonoperating revenues when received.

Operating Grants The District (Grantee) entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer grant (ITG) to be used solely to provide adequate and essential medically necessary and available healthcare services to Grantee's service population subject to the availability of such grant funds. The aggregate ITG grant income is \$4,323,477 and \$2,571,459 for fiscal years 2021 and 2020, respectively.

D. BUDGET PRACTICES The District maintains only enterprise funds in its accounting system and is not subject to the Louisiana Local Government Budget Act or the requirements of accounting principles generally accepted in the United States of America that require budget to actual comparisons. Therefore, budget to actual comparisons, usually found in the financial statements of governmental entities, are not included in these statements.

E. ENCUMBRANCES The District does not use a formal system of encumbrance accounting.

F. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. The District deposits its funds in fiscal agent banks organized under the laws of the state of Louisiana, or the laws of the United States of America.

G. INVESTMENTS Investments are bank certificates of deposit that are valued at cost which approximates market. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The District participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

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LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: Lamp is rated AAAM by Standard & Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investment is 53 days as of September 30, 2021.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

H. SUPPLIES AND INVENTORY Inventories of supplies and minor equipment are valued at lower of cost (first-in, first-out) or latest invoice price.

I. ASSETS WHOSE USE IS LIMITED Assets whose use is limited include funds set aside in accordance with agreements with third-party payers and funds held in accordance with the provisions of debt agreements.

J. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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K. PROPERTY, PLANT, AND EQUIPMENT Property and equipment acquisitions are recorded at cost. Property and equipment donated for the District's operations are valued at their fair market value on the date received. The threshold for capitalization is \$5,000 for individual items and \$5,000 for aggregate.

All exhaustible property and equipment are shown in the accompanying balance sheet at their original costs, less accumulated depreciation. Depreciation is recorded on the straight-line method over the estimated useful lives, as follows:

Land improvements	12-29 years
Buildings	16-40 years
Fixed equipment	5-20 years
Major moveable equipment	3-20 years

L. RESTRICTED NET POSITION Net position is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. It is the Districts policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

M. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. VACATION In lieu of vacation, holiday, and sick time, a paid time off (PTO) plan is the policy at Hardtner Medical Center. PTO is granted to all full time employees after completion of ninety (90) days of continuous service. The employee will be allowed to accumulate PTO to a maximum of one and a half (1½) years accruals. The following is a table of accrual rates per pay period and maximum accruals based on continuous years of full-time employment:

<u>Length of Service</u>	<u>Accrual Rate</u>	<u>Maximum Accrual</u>
1 day to 5 years	6.15 hours per 80 hrs. paid	240 hours
5 to 10 years	7.69 hours per 80 hrs. paid	300 hours
10 + years	9.23 hours per 80 hrs. paid	360 hours

Regular part-time, temporary full-time and temporary part-time employees are not eligible for PTO benefits. Employees are encouraged to take their PTO time off. PTO time cannot be sold and must be taken to be compensated. Exceptions are made by administrative approval only.

O. CHARITY CARE The District 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 District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue.

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NOTE 2 - DEPOSITS AND INVESTMENTS At September 30, 2021, the District has cash and cash equivalents of \$2,660,841 as follows:

Interest Rate Risk: The District's policy does not address interest rate risk.

Credit Risk: The District invests in certificates of deposit which do not have credit ratings. The District's policy does not address credit risk.

Custodial credit risk: At year end, the District's carrying amount of deposits was \$5,927,319 which includes \$1,023,305 of restricted cash and \$3,266,478 of certificates of deposit classified as investments and the bank balance was \$6,893,639. Of the bank balance, \$500,000 was covered by federal depository insurance. For the remaining bank balance, the District had securities held by the pledging financial institution's trust department or agent but not in the District's name. Investments include \$1,213,498 in LAMP and \$10,000,000 in a money market account with an investment advisor. Additional disclosure concerning LAMP can be found at note 1(G). The District's policy does not address custodial credit risk.

NOTE 3 - ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS Accounts receivable - patients, include unpaid amounts billed to discharged patients and third-party payers such as insurance companies and the fiscal intermediaries of the Social Security Administration on behalf of patients eligible for benefits under Title XVIII and XIX of the Social Security Act. Also included, are unbilled charges for those patients not discharged at September 30.

Estimated third-party payor settlements are amounts due for cost reports filed with Medicare and Medicaid for the periods 2013 through 2021.

Other accounts receivable as of September 30, 2021 of \$2,154,892 is for operating grants received through a cooperative endeavor agreement with a regional hospital and \$186,865 is miscellaneous accounts receivable. Other accounts receivable as of September 30, 2020 of \$986,011 was for operating grants received through a cooperative endeavor agreement with a regional hospital, \$24,655 was due for 340B, and \$50,417 was miscellaneous accounts receivable.

NOTE 4 - CONTINGENCIES The District evaluates contingencies based upon the best available evidence. The District believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District's estimates, future earnings will be charged or credited.

Third-Party Government-Based Revenues Cost reimbursements are subject to examination by agencies administering the programs. The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

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 healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and

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regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes, 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.

Risk Management The District is exposed to various risks of loss related to professional and general liability, director’s and officer’s liability, property damage, equipment breakdown, auto liability, employee theft, and worker’s compensation. The District carries commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The District became partially self-insured for employees’ group and health insurance coverage on June 1, 2002. Claims are funded through employee contributions and operating funds of the District. The District maintains stop-loss coverage with an insurance company for claims in excess of \$60,000 per claim for each participant with an aggregate reimbursement maximum per policy period of \$1,000,000. All known claims filed and an estimate of incurred but not reported claims based on experience of the District are made and accrued as necessary in the financial statements. The estimate of incurred but not reported claims at September 30, 2021 was \$259,863 which is reported on Statement A. This estimate is based on claims filed in the month following the fiscal year end which includes other incremental costs.

The following is a summary of the self-insurance transactions for the year ended September 30, 2021:

Fiscal Year	Balance Beginning	Additions	Payments	Balance Ending
2018-2019	259,863	3,281,794	3,281,794	259,863
2019-2020	259,863	2,952,601	2,952,601	259,863
2020-2021	259,863	3,885,731	3,885,731	259,863

Litigation At September 30, 2021, the District was involved in one litigation. Although the actual outcome of this lawsuit is hard to predict, management feels that the maximum possible financial effect would be \$23,966. No liability has been recorded in the financial statements for this claim.

Energy Performance Contract The District entered into an energy performance contract in October 2005. The contract may be terminated by the District at any time by giving 30 days written notice. The contract contains an operational stipulated savings clause. The Louisiana Attorney General issued an opinion (A.G. Opinion No. 07-0002) regarding a similar contract and concluded that some of these contracts may not meet the statutory definition of a performance based energy contract.

The original contract was amended October 5, 2009 to meet the statutory definition of a performance based contract. Per the amendment, there shall be an annual review and disbursement/reconciliation of the energy related cost savings. An energy and operational savings report will be provided to the District within 60 days of each anniversary of the performance commitment date or within 30 days of receiving from the local utility provider a final utility bill for the annual reporting period.

In the event the Energy and Operational Savings achieved during any twelve-month period is less than the Energy and Operational Savings Guaranteed during the years the guarantee is in effect, the District will be paid an amount equal to the deficiency within 60 days of the annual reconciliation. If during any twelve month period the savings are

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greater than the guaranteed amount, the District may apply the excess savings to either additional energy savings projects pursuant to the terms of the original contract or expansion of services or to the principal debt service payment obligation.

NOTE 5 - PENSION PLAN The District implemented a retirement plan for employees during 2008 consisting of a 401(a) plan and 457 plan. The District contributes 3% to the 401(a) plan and a 50% matching contribution (up to 4%) is made to the 457 plan. The defined contributions plan is administered by Principal Life.

Employees covered by the plan are eligible to participate after 1 year of service. Employees must be 21 to participate. Contribution rates are determined and may be changed by the employer. Participants are fully vested after 5 years of service. Forfeitures may first be used to pay administrative expenses. Any forfeitures that have not been used to pay administrative expenses shall be applied to reduce employer contributions made after the forfeitures are determined. The amount of forfeitures in the fiscal year 2021 was \$0. The amount recognized as pension expense was \$559,775 in the 2021 fiscal year and \$522,116 for the 2020 fiscal year.

The District's contributions to the plans for 2021 as follows:

	401 A Plan	457 Plan
Employer	\$ 363,516	\$ 197,530
Employee	-	612,997

The District's contributions to the plans for 2020 as follows:

	401 A Plan	457 Plan
Employer	\$ 341,623	\$ 185,376
Employee	-	512,076

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NOTE 6 - PROPERTY PLANT AND EQUIPMENT The balances and changes in property, plant and equipment as of and for the year ended September 30, 2021 are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Nondepreciable assets:				
Land	\$ 294,226	\$ -	\$ -	\$ 294,226
Construction in progress	96,501	2,357,471	2,144,299	309,673
	<u>390,727</u>	<u>2,357,471</u>	<u>2,144,299</u>	<u>603,899</u>
Depreciable assets:				
Land improvements	3,310,660	1,545,912	-	4,856,572
Buildings	14,250,578	566,190	-	14,816,768
Fixed equipment	1,248,954	31,221	-	1,280,175
Electronic health record equipment	2,381,773	71,823	-	2,453,596
Moveable equipment, furniture and fixtures	7,713,102	208,740	-	7,921,842
Total depreciable assets	<u>28,905,067</u>	<u>2,423,886</u>	<u>-</u>	<u>31,328,953</u>
Total	<u>29,295,794</u>	<u>4,781,357</u>	<u>2,144,299</u>	<u>31,932,852</u>
Less accumulated depreciation:				
Land improvements	746,812	241,824	-	988,636
Buildings	6,450,565	780,795	-	7,231,360
Fixed equipment	838,592	65,322	-	903,914
Electronic health record equipment	1,983,816	171,348	-	2,155,164
Moveable equipment, furniture and fixtures	5,053,213	542,655	-	5,595,868
Total accumulated depreciation	<u>15,072,998</u>	<u>1,801,944</u>	<u>-</u>	<u>16,874,942</u>
Property, plant and equipment, net	<u>\$ 14,222,796</u>	<u>\$ 2,979,413</u>	<u>\$ 2,144,299</u>	<u>\$15,057,910</u>

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The balances and changes in property, plant, and equipment as of and for the year ended September 30, 2020 are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Nondepreciable assets:				
Land	\$ 108,680	\$ 185,546	\$ -	\$ 294,226
Construction in progress	5,741,162	2,275,320	7,919,981	96,501
	<u>5,849,842</u>	<u>2,460,866</u>	<u>7,919,981</u>	<u>390,727</u>
Depreciable assets:				
Land improvements	1,076,108	2,234,552	-	3,310,660
Buildings	9,230,099	5,020,479	-	14,250,578
Fixed equipment	1,116,050	132,904	-	1,248,954
Electronic health record equipment	2,075,232	306,541	-	2,381,773
Moveable equipment, furniture and fixtures	6,843,766	869,336	-	7,713,102
Total depreciable assets	<u>20,341,255</u>	<u>8,563,812</u>	<u>-</u>	<u>28,905,067</u>
Total	<u>26,191,097</u>	<u>11,024,678</u>	<u>7,919,981</u>	<u>29,295,794</u>
Less accumulated depreciation:				
Land improvements	582,074	164,738	-	746,812
Buildings	5,806,206	644,359	-	6,450,565
Fixed equipment	776,918	61,674	-	838,592
Electronic health record equipment	1,814,942	168,874	-	1,983,816
Moveable equipment, furniture and fixtures	4,541,330	511,883	-	5,053,213
Total accumulated depreciation	<u>13,521,470</u>	<u>1,551,528</u>	<u>-</u>	<u>15,072,998</u>
Property, plant and equipment, net	<u>\$ 12,669,627</u>	<u>\$ 9,473,150</u>	<u>\$ 7,919,981</u>	<u>\$14,222,796</u>

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NOTE 7 – ACCELERATED AND ADVANCE PAYMENT PROGRAM

In order to provide necessary funds for disruptions in claims submissions and or processing due to the impact of the 2019 Novel Coronavirus (COVID-19) pandemic, the Centers for Medicare & Medicaid Services (CMS) accelerated Medicare payments to hospitals and providers to help minimize the effect of revenue shortfalls. The Medicare Accelerated and Advance Payment Program, which existed prior to the pandemic, is designed to help hospitals and other providers facing cash flow disruptions during the emergency. As a response to the pandemic, the CARES Act and CMS expanded the current Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers. The expansion of this program is only for the duration of the public health emergency. CMS extended the repayment of these accelerated payments to begin one year from the issuance date of the accelerated or advance payments. During the first eleven months after repayment begins, repayment will occur through an automatic recoupment of twenty-five percent of Medicare payments otherwise owed to the District. During the succeeding six months, repayment will occur through an automatic recoupment of fifty percent of Medicare payments otherwise owed to the District. If the District is unable to repay the total amount of the accelerated or advance payment through recoupment within twenty-nine months, the District will receive a demand letter requiring repayment of any outstanding balance, subject to an interest rate of four percent. Repayment started April 14, 2021. Accelerated and advance payment liability is \$5,111,888 at September 30, 2021.

NOTE 8 – PAYCHECK PROTECTION PROGRAM

The Paycheck Protection Program was established by the CARES Act and implemented by the Small Business Administration with support from the Department of the Treasury. This program provided funds to pay up to eight weeks of payroll costs including benefits. Funds could also be used to pay rent and utilities. The District received \$2,728,733 from the Paycheck Protection Program from a local bank. This amount was forgiven by the lender on June 8, 2021 and is reported in operating grants on the statement of revenues, expenses, and changes in net position.

NOTE 9 – PROVIDER RELIEF FUND

The District suspended non-emergent or noncritical surgeries, procedures, and appointments beginning in mid-March through early May in 2020 due to COVID-19. Under certain provisions of the CARES Act, the District received Provider Relief Fund funding of \$4,406,211. Utilizing the guidelines for reporting of use of those funds as provided by the Consolidated Appropriations Act, 2021, the District recognized grant revenue related to the Provider Relief Fund of \$4,406,211 in its statement of revenues, expenses, and changes in net position for the year ended September 30, 2020 for COVID-19 related expenses and lost revenue. In accordance with requirements of the program, the PRF award is reported in the September 30, 2021 schedule of expenditures of federal awards.

NOTE 10 - LONG-TERM DEBT

The District issued Certificate of Indebtedness, Series 2006 in the amount of \$1,660,000 with a stated interest rate of 5.75% and a maturity date of November 1, 2024. The proceeds were used for capital improvement costs and is repaid with service revenues of the District. The annual debt service requirements are as follows:

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<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 139,000	\$ 32,516	\$ 171,516
2023	152,000	24,150	176,150
2024	165,000	15,036	180,036
2025	179,000	5,146	184,146
Total	<u>\$ 635,000</u>	<u>\$ 76,848</u>	<u>\$ 711,848</u>

In 2013, the District issued Hospital Revenue Bonds, Series 2012, in the amount of \$1,285,000 with a stated interest rate of 4.50% with a maturity date of October 1, 2027. These bonds are related to the renovation of patient rooms in the hospital and are repaid with service revenues of the District. The District issued Hospital Revenue Bonds, Series 2018 dated October 1, 2018 for \$6,000,000 with a stated interest rate of 4.95% with a maturity date of October 1, 2039 for construction of a family clinic.

In the event that the District defaults in the payment of interest or principal, the owner of the bonds shall be entitled to appoint a receiver of the District in an appropriate judicial proceeding in a court of competent jurisdiction.

The annual debt service requirements are as follows:

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 292,000	\$ 306,203	\$ 598,203
2023	306,000	292,163	598,163
2024	320,000	277,447	597,447
2025	340,000	262,058	602,058
2026	355,000	245,700	600,700
2027-2031	1,524,000	989,684	2,513,684
2032-2036	1,795,000	599,446	2,394,446
2037-2039	1,310,000	131,918	1,441,918
Total	<u>\$ 6,242,000</u>	<u>\$ 3,104,619</u>	<u>\$ 9,346,619</u>

Following is a schedule of changes in long term debt for the year ended September 30, 2021:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Direct Borrowings:					
Certificates of indebtedness, Series 2006	\$ 763,000	\$ -	\$ 128,000	\$ 635,000	\$ 139,000
Revenue Bonds Payable	6,705,000	-	463,000	6,242,000	292,000
Capital leases	345,905	-	113,009	232,896	78,620
Compensated absences	766,519	1,828,738	1,902,238	693,019	693,019
	<u>\$ 8,580,424</u>	<u>\$ 1,828,738</u>	<u>\$ 2,606,247</u>	<u>\$ 7,802,915</u>	<u>\$ 1,202,639</u>

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Notes to the Basic Financial Statements
As of and for the Years Ended September 30, 2021 and 2020**

Following is a schedule of changes in long term debt for the year ended September 30, 2020:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Direct Borrowings:					
Certificates of indebtedness, Series 2006	\$ 880,000	\$ -	\$ 117,000	\$ 763,000	\$ 128,000
Revenue Bonds Payable	5,983,103	805,897	84,000	6,705,000	273,000
Capital leases	438,357	-	92,452	345,905	97,854
Compensated absences	683,903	1,882,675	1,800,059	766,519	766,519
	<u>\$ 7,985,363</u>	<u>\$ 2,688,572</u>	<u>\$ 2,093,511</u>	<u>\$ 8,580,424</u>	<u>\$ 1,265,373</u>

Sinking Fund Requirements:

Under the terms of the series 2012 and 2018 hospital revenue bonds, the following requirements are stated:

Sinking Fund-A monthly payment of 1/12 of the current year principal and interest installment must be made into the Sinking Fund account which will be used to make the payments on the bonds. The amount on deposit in the Sinking Fund account at September 30, 2021 was \$878,219.

Reserve Fund-The Reserve Fund is required to be funded to an amount equal to the highest scheduled principal and interest falling due in any year on all bonds payable from the Sinking Fund. Pursuant to the Bond Resolution, the District is to deposit monthly or before the 20th of each month a sum at least equal to 5% of the amount to be paid into the Sinking Fund, to continue until such time there has been accumulated therein a sum equal to the Reserve Fund requirement. The amount required to be on deposit at September 30, 2021 was \$59,591 and the amount on deposit in the Reserve Fund account was \$72,543.

Depreciation and Contingency Fund-A Depreciation and Contingency Fund is required to be created for extensions, renewals and replacements. The District is required to deposit monthly in this fund an amount equal to 5% of the amount to be paid into the Sinking Fund. The payments are to continue until an amount equal to the Reserve Fund requirement is on deposit in the Reserve Fund, then each month a sum equal to 10% of the Sinking Fund payment is to be made into the Contingency Fund. These deposits are to be made before the 20th of each month. The amount required to be on deposit at September 30, 2021 was \$59,591 and the amount on deposit in the Depreciation and Contingency Fund account was \$72,543.

Restricted cash of \$1,023,305 is the total of these three funds.

NOTE 11 - CAPITAL LEASE OBLIGATIONS The District records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of equipment under capital leases at September 30, 2021:

<u>Type</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Mammogram & CT	<u>645,690</u>	<u>308,004</u>	<u>337,686</u>

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Notes to the Basic Financial Statements
As of and for the Years Ended September 30, 2021 and 2020**

The following is an analysis of equipment under capital leases at September 30, 2020:

<u>Type</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
US Bank Physio Life Pak	\$ 56,338	\$ 49,781	\$ 6,557
Mammogram & CT	645,690	178,866	466,824
Total	<u>\$ 702,028</u>	<u>\$ 228,647</u>	<u>\$ 473,381</u>

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of September 30, 2021:

Years ending September 30,	<u>Mammogram & CT</u>
2022	\$ 90,779
2023	108,935
2024	54,510
Total minimum lease payments	<u>254,224</u>
Less amounts representing interest	<u>(21,328)</u>
Present value of net minimum lease payments	<u>\$ 232,896</u>

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of September 30, 2020:

Years ending September 30,	<u>Mammogram & CT</u>	<u>US Bank Physio Life Pak</u>	<u>Total</u>
2021	\$ 108,935	\$ 10,820	\$ 119,755
2022	108,935	-	108,935
2023	108,935	-	108,935
2024	54,510	-	54,510
Total minimum lease payments	<u>381,315</u>	<u>10,820</u>	<u>392,135</u>
Less amounts representing interest	<u>(46,131)</u>	<u>(99)</u>	<u>(46,230)</u>
Present value of net minimum lease payments	<u>\$ 335,184</u>	<u>\$ 10,721</u>	<u>\$ 345,905</u>

NOTE 12 - INCOME TAXES The District is a governmental entity and is not subject to federal and state income taxes.

NOTE 13 - BEHAVIORAL HEALTH UNIT The District established a Behavioral Health Unit (BHU) in 1996. The BHU provides programs for the treatment of emotional problems and psychiatric disorders and operates out of a ten-bed wing in the Hospital.

NOTE 14 - AD VALOREM TAX The District levies taxes on real and business personal property located within LaSalle Parish's boundaries. Property taxes are levied by the District on property values assessed by the LaSalle Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Notes to the Basic Financial Statements
As of and for the Years Ended September 30, 2021 and 2020**

The LaSalle Parish Sheriff's Office bills and collects property taxes for the District. Collections are remitted to the District monthly.

Property Tax Calendar

Millage rates adopted	July 28, 2020
Levy date	January 1, 2020
Tax bills mailed	November 1, 2020
Total taxes are due	December 31, 2020
Lien date	May 1, 2021
Tax sale - 2020 delinquent property	May 26, 2021

Assessed values are established by the LaSalle Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value.

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2020. Total gross assessed value was \$30,201,905 in calendar year 2020. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$5,223,180 of the assessed value in calendar year 2020.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

All property taxes are recorded in the enterprise fund on the basis explained in Note 1. Revenues in this fund are recognized in the accounting period in which they become measurable and when there exists an enforceable legal claim. The District considers January 1 the lien date, as the date that an enforceable legal claim exists. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The following is a summary of authorized and levied (tax rate per \$1,000 assessed value) ad valorem tax:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide tax:			
Operations and maintenance	9.33	8.91	2025

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Notes to the Basic Financial Statements
As of and for the Years Ended September 30, 2021 and 2020**

NOTE 15 - CHARITY CARE The District provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The District determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wage and related benefits, supplies, and other operating expenses. The District had \$122,734 in charity care write offs for the year ended September 30, 2021 and \$35,916 for the year ended September 30, 2020.

NOTE 16 - SUBSEQUENT EVENTS The District was approved for \$5,000,000 of hospital revenue bonds in May 2021 for construction of a new outpatient facility to be bid in October 2021. The project was delayed due to materials shortages and price increases. In the February 2022 Board Meeting, the Board voted to proceed with the construction project and have documents prepared for bidding. As of March 31, 2022, the hospital has not taken delivery of the bonds.

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

SUPPLEMENTARY INFORMATION

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Schedule of Compensation Paid Board Members
For the Year Ended September 30, 2021**

Board members who served during the fiscal year and the amount of compensation received by each are presented below in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

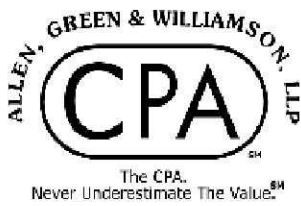
Lee Richardel, Chairman	\$480
Steve Tannehill	480
Rick Smotherman	480
Joe Wilson	480
Mike Duke, Vice Chairman	<u>480</u>
 Total	 <u>\$2,400</u>

**Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer
For the Year Ended September 30, 2021**

Agency Head: Paul Mathews, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	S361,287
Benefits-insurance	18,046
Benefits-retirement	18,588
Benefits-Life Ins & LTD	3,120
Cell phone/Internet	4,388
Dues (not paid directly to agency head)	2,164
Travel (not paid directly to agency head)	14,025
Registration fees (not paid directly to agency head)	2,650
Conference travel (not paid directly to agency head)	11,697



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Jennie Henry, CPA, CFE

Audit Supervisor: Mallory Stone, CPA

In-Charge: Crystal Patterson, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

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*

Independent Auditor's Report

Board of Commissioners
Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, (the District) a component unit of the LaSalle Parish Police Jury as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 31, 2022.

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) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

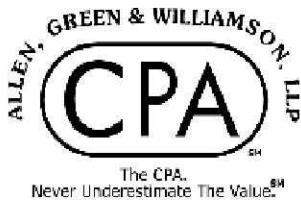
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Handwritten signature in cursive script that reads "Allen, Green & Williamson, LLP".

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 31, 2022



ALLEN, GREEN & WILLIAMSON, LLP

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Report on Compliance For Each Major Federal Program And Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Commissioners
Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, (the District) a component unit of the LaSalle Parish Police Jury's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2021. The District's major federal programs are 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, and the terms and conditions of its federal awards applicable to its federal programs.

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 that 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 of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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 major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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 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 the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 31, 2022

**Hospital Service District Number One
Of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021**

<u>Federal Grantor/ Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
United States Department of Health and Human Services			
Direct Programs:			
COVID-19 Provider Relief Funds	93.498		\$ 4,432,033
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697		200,000
COVID-19 Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912		<u>99,058</u>
Total Federal Awards			<u>\$ 4,731,091</u>

The accompanying notes are an integral part of this schedule.

**Hospital Service District Number One
Of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021**

NOTE 1 - BASIS OF PRESENTATION The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, (the District) a component unit of the LaSalle Parish Police Jury, under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or change in net position of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the Notes to the Basic Financial Statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS Schedule of Expenditures of Federal Awards (SEFA) reporting amounts for the Provider Relief Fund (PRF), including both expenditures and lost revenues are based upon the PRF report that is required to be submitted to the HRSA report portal. Payments received between April 10, 2020 and June 30, 2020 are required to be reported in the HRSA portal as period 1 (HRSA portal reporting time period July 1, 2021 to September 30, 2021) and are included in the September 30, 2021 SEFA. PRF revenue was recognized in the September 30, 2020 financial statements.

The COVID-19 Testing and Mitigation for Rural Health Clinics of \$200,000 and the \$99,058 in Rural Health Care Services Outreach are recognized as non-operating grant revenue in the statement of revenues, expenses, and changes in net position in the current year.

NOTE 4 - INDIRECT COST RATE The District has elected not to use the 10-percent de-minimis indirect cost rate allowed under the Uniform Guidance.

**Hospital Service District Number One
Of the Parish of LaSalle, State of Louisiana
A Component Unit of the LaSalle Parish Police Jury
Olla, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021**

PART I - Summary of the Auditor's Results

Financial Statement Audit

- i. The type of audit report issued was unmodified.
- ii. There were no significant deficiencies identified that are required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.
- iii. There were no instances of noncompliance identified that would be considered material to the financial statements, as defined by the Government Auditing Standards.

Audit of Federal Awards

- iv. There were no significant deficiencies identified that are required to be disclosed by the Uniform Guidance (2 CFR 200).
- v. The type of report the auditor issued on compliance of major federal awards was unmodified.
- vi. The audit disclosed no audit findings which the auditor is required to report under the Uniform Guidance.
- vii. The major federal awards are:

CFDA #93.498 COVID-19 Provider Relief Funds
- viii. The dollar threshold used to distinguish between Type A and Type B programs as defined in the Uniform Guidance was \$750,000.
- ix. The auditee does not qualify as a low-risk auditee under the Uniform Guidance.