

# FORVIS

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Louisiana Legislative Auditor  
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To the Louisiana Legislative Auditor:

Attached is our report on our audits of the financial statements of Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital (the District) and of its compliance with requirements applicable to its major federal awards program for the year ended September 30, 2021.

The report on the audit of the financial statements, dated April 27, 2022, was submitted to the Louisiana Legislative Auditor (LLA) website prior to the completion of the audit of the report on compliance with requirements applicable to its major federal awards program.

**FORVIS,LLP**

FORVIS, LLP

**Hospital Service District No. 1A of the Parish of Richland**  
**d.b.a. Richland Parish Hospital**  
**A Component Unit of Richland Parish Police Jury**  
Independent Auditor's Reports and Financial Statements  
September 30, 2021 and 2020

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
September 30, 2021 and 2020**

**Contents**

|  |           |
|--|-----------|
| <b>Independent Auditor’s Report.....</b>   | <b>1</b>  |
| <b>Management’s Discussion and Analysis.....</b>   | <b>4</b>  |
| <b>Financial Statements</b>  |           |
| Statements of Net Position.....  | 10        |
| Statements of Revenues, Expenses and Changes in Net Position.....  | 11        |
| Statements of Cash Flows.....  | 12        |
| Notes to Financial Statements.....   | 14        |
| <b>Supplementary Information</b>   |           |
| Schedule of Compensation, Benefits and Other Payments to Agency Head or<br>Chief Executive Officer .....   | 28        |
| <b>Other Information</b>   |           |
| Combining Statement of Net Position .....  | 29        |
| Combining Statement of Revenues, Expenses and Changes in Net Position .....  | 31        |
| <b>Report on Internal Control Over Financial Reporting<br/>and on Compliance and Other Matters Based on an Audit of the Financial<br/>Statements Performed in Accordance with <i>Government Auditing Standards</i> –<br/>Independent Auditor’s Report.....</b> | <b>32</b> |

## Independent Auditor's Report

Board of Commissioners  
Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Delhi, Louisiana

### Report on Financial Statements

We have audited the accompanying financial statements of the Hospital Service District No. 1A of the Parish of Richland d/b/a Richland Parish Hospital (the District), a component unit of Richland Parish Policy 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2021 and 2020, and the changes in its financial position and its 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.

#### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer has been subjected to the auditing procedures applied in the audits 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information has not been subjected to the auditing procedures applied by us in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2022, on our consideration of the District's internal control over financial reporting and 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.

*BKD, LLP*

Jackson, Mississippi  
April 27, 2022

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**Introduction**

This management's discussion and analysis of the financial performance of Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital (the District) provides an overview of the District's financial activities for the years ended September 30, 2021 and 2020. It should be read in conjunction with the accompanying financial statements of the District.

**Financial Highlights**

- Cash and investments increased in 2021 by \$1,388,145, or 5.8%, and increased in 2020 by \$5,725,238, or 31.8%.
- The District's net position increased in both 2021 and 2020, with a \$12,023,722, or 38.9% increase in 2021, and a \$3,736,580, or 13.8% increase in 2020.
- The District reported operating income of \$2,177,230 in 2021, primarily due to an increase in net patient service revenue of \$4,725,168. In 2020, the District reported an operating income of \$401,530.
- Net nonoperating revenues increased by \$3,945,105, or 146.2% in 2021, compared to 2020, and increased by \$765,860, or 39.6% in 2020, compared to 2019.

**Using This Annual Report**

The District's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position**

One of the most important questions asked about any hospital's finances is "Is the hospital as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The District's total net position – the difference between assets and liabilities – is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the District.

**The Statement of Cash Flows**

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

**The District's Net Position**

The District's net position is the difference between its assets and liabilities reported in the statements of net position. The District's net position increased by \$12,023,722, or 38.9% in 2021 over 2020, and by \$3,736,580, or 13.8% in 2020 over 2019, as shown in Table 1.



**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**Table 1: Assets, Liabilities, and Net Position**

|                                  | 2021                 | 2020                 | 1 | 2019                 |
|----------------------------------|----------------------|----------------------|---|----------------------|
| <b>Assets</b>                    |                      |                      |   |                      |
| Patient accounts receivable, net | \$ 3,832,842         | \$ 2,209,190         |   | \$ 2,467,472         |
| Other current assets             | 30,633,536           | 29,103,247           |   | 20,779,965           |
| Capital assets, net              | 10,223,921           | 8,887,949            |   | 5,518,970            |
| Other assets                     | 236,088              | 236,088              |   | 236,088              |
|                                  | <u>\$ 44,926,387</u> | <u>\$ 40,436,474</u> |   | <u>\$ 29,002,495</u> |
| <b>Liabilities</b>               |                      |                      |   |                      |
| Long-term debt                   | \$ -                 | \$ 2,416,341         |   | \$ -                 |
| Current liabilities              | 2,015,202            | 7,132,670            |   | 1,851,612            |
|                                  | <u>2,015,202</u>     | <u>9,549,011</u>     |   | <u>1,851,612</u>     |
| <b>Net Position</b>              |                      |                      |   |                      |
| Net investment in capital assets | 10,076,161           | 8,415,029            |   | 4,961,627            |
| Unrestricted                     | 32,835,024           | 22,472,434           |   | 22,189,256           |
|                                  | <u>42,911,185</u>    | <u>30,887,463</u>    |   | <u>27,150,883</u>    |
|                                  | <u>\$ 44,926,387</u> | <u>\$ 40,436,474</u> |   | <u>\$ 29,002,495</u> |

The most significant change in the District's financial position from 2020 to 2021 was the decrease in total liabilities of \$7,533,809. This decrease of 78.9% was attributable to the recognition of \$4,514,783 of revenue received in advance related to Coronavirus Aid, Relief, and Economic Security (CARES) Act monies received in response to the COVID-19 pandemic as well as the forgiveness of \$3,065,210 Paycheck Protection Program (PPP) loan.

In 2020, the most significant change in the District's financial position in 2020 was the increase in current liabilities from 2019 to 2020 of \$5,555,093. This increase of 300.0% was attributable to an increase in revenue received in advance, related to approximately \$4,793,000 of CARES Act monies received in response to the COVID-19 pandemic and current portion of PPP loan.

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**Operating Results and Changes in the District's Net Position**

In 2021, the District's net position increased by \$12,023,722 as shown in Table 2. This increase is made up of several different components and represents an increase of 38.9%, compared with the increase in net position for 2020 of \$3,736,580, or 13.8%.

**Table 2: Operating Results and Changes in Net Position**

|  | <b>2021</b>                 | <b>2020</b>                | <b>2019</b>                |
|--|-----------------------------|----------------------------|----------------------------|
| <b>Operating Revenues</b>                          |                             |                            |                            |
| Net patient service revenue                        | \$ 27,401,749               | \$ 22,676,581              | \$ 22,579,766              |
| Grant revenue                                      | 3,264,329                   | 2,345,724                  | 2,464,577                  |
| Other  | 3,054,138                   | 2,956,857                  | 1,946,622                  |
| Total operating revenues                           | <u>33,720,216</u>           | <u>27,979,162</u>          | <u>26,990,965</u>          |
| <b>Operating Expenses</b>                          |                             |                            |                            |
| Salaries and wages                                 | 16,208,828                  | 14,264,190                 | 13,227,940                 |
| Employee benefits                                  | 3,812,777                   | 2,969,474                  | 2,854,220                  |
| Purchased services and professional fees           | 4,365,366                   | 4,018,986                  | 3,863,756                  |
| Supplies and other                                 | 6,448,494                   | 5,761,859                  | 5,441,021                  |
| Depreciation and amortization                      | 707,521                     | 563,123                    | 617,283                    |
| Total operating expenses                           | <u>31,542,986</u>           | <u>27,577,632</u>          | <u>26,004,220</u>          |
| <b>Operating Income</b>                            | <u>2,177,230</u>            | <u>401,530</u>             | <u>986,745</u>             |
| <b>Nonoperating Revenues (Expenses)</b>            |                             |                            |                            |
| Property taxes                                     | 818,889                     | 809,867                    | 790,435                    |
| Investment income                                  | 182,391                     | 296,981                    | 193,285                    |
| Interest expense                                   | -                           | -                          | (4,007)                    |
| Noncapital grants and gifts                        | 5,642,345                   | 1,591,672                  | 952,947                    |
| Total nonoperating revenues                        | <u>6,643,625</u>            | <u>2,698,520</u>           | <u>1,932,660</u>           |
| <b>Capital Grants and Gifts &amp; Special Item</b> | <u>3,202,867</u>            | <u>636,530</u>             | <u>225,812</u>             |
| <b>Increase in Net Position</b>                    | <u><u>\$ 12,023,722</u></u> | <u><u>\$ 3,736,580</u></u> | <u><u>\$ 3,145,217</u></u> |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

***Operating Results***

The first component of the overall change in the District's net position is its operating income or loss – generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The District has reported operating income for the past three years, 2021, 2020, and 2019. This is consistent with the District's improvement in clinic operations, reimbursements from third-party payers, and growth of the 340B outpatient drug discount program.

Grants and property taxes (nonoperating revenues) levied by the District have provided sufficient resources to enable the District to serve lower income and other residents.

The District reported operating revenue of \$33,720,216 for 2021, which increased by \$5,741,054, compared to 2020. This increase is primarily related to higher patient volumes in 2021 compared to 2020 after the initial onset of the COVID-19 pandemic.

The District reported operating income of \$2,177,230 for 2021, which increased by \$1,775,700, compared to 2020. The primary components of the change in operating results were:

- Increases in net patient service revenue of approximately \$4,725,000 or 20.8%.
- Increase in grant revenue of approximately \$919,000 or 39.2%.

The District reported operating income of \$401,530 for 2020, which decreased by \$585,215, compared to 2019. The primary components of the change in operating results were:

- Increases in supplies and other of approximately \$321,000 or 5.9%.
- Increase in salaries and wages of approximately \$1,036,000 or 7.8%, due to overtime for COVID-19 and retention incentives.

***Nonoperating Revenues and Expenses***

Nonoperating revenues (expenses) consist primarily of property taxes levied by the District and noncapital grants and gifts. Noncapital grants and gifts increased by \$4,050,673, or 254.5% in 2021, compared to 2020 due to the recognition of Provider Relief Fund revenue as provided for in the CARES Act and discussed in *Note 11*.

***Capital Grants and Gifts***

The District receives both capital and operating grants from various state and federal agencies for specific programs. The District received capital grants and gifts of \$137,657 and \$636,530 in 2021 and 2020, respectively.

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

***Grant Expenses***

The District actively applies for available state and federal grants. A majority of the grants are reimbursement grants requiring the District to spend the money for an approved purchase and then request reimbursement from the grantor. The revenues and expenses associated with these grants generally offset each other. The District recorded approximately \$852,000 and \$1,592,000 of noncapital grants and gifts in 2021 and 2020, respectively; however, the expenses associated with these grant receipts have been recorded in operating expenses for each year.

**The District's Cash Flows**

Changes in the District's cash flows are consistent with changes in operating income and nonoperating revenues and expenses for 2021 and 2020, as discussed earlier.

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of 2021 and 2020, the District had \$10,223,921 and \$8,887,949 of net capital assets, as detailed in *Note 5* to the financial statements.

**Debt**

The District's formal debt issuances and revenue bonds are subject to limitations imposed by state law. At September 30, 2020, the District had received a PPP loan in the amount of \$3,065,210 (see *Note 8*). In 2021, the debt was forgiven, and the District was legally released from this debt and the forgiveness of the loan is recognized as a special item in the accompanying statement of revenues, expenses and changes in net position.

**Contacting the District's Financial Management**

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the District's Chief Executive Officer at Hospital Service District No. 1A of the Parish of Richland, 407 Cincinnati Street, Delhi, Louisiana 71232 or calling 318.878.5171.

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Statements of Net Position  
September 30, 2021 and 2020**

**Assets**

|  | <u>2021</u>                 | <u>2020</u>                 |
|--|-----------------------------|-----------------------------|
| <b>Current Assets</b>  |                             |                             |
| Cash   | \$ 19,733,954               | \$ 18,439,513               |
| Short-term investments - certificates of deposit   | 4,496,294                   | 4,423,330                   |
| Board designated - short-term investments  | 892,978                     | 872,238                     |
| Patient accounts receivable, net of allowance;<br>2021 - \$1,455,000; 2020 - \$1,582,000 | 3,832,842                   | 2,209,190                   |
| Estimated amounts due from third-party payers  | 2,851,048                   | 3,000,220                   |
| Grant and other receivables  | 1,096,030                   | 1,234,443                   |
| Supplies   | 1,123,982                   | 736,282                     |
| Prepaid expenses and other   | 439,250                     | 397,221                     |
|  | <u>34,466,378</u>           | <u>31,312,437</u>           |
| <b>Capital Assets, Net</b>   | <u>10,223,921</u>           | <u>8,887,949</u>            |
| <b>Other Assets</b>  | <u>236,088</u>              | <u>236,088</u>              |
| <b>Total assets</b>  | <u><u>\$ 44,926,387</u></u> | <u><u>\$ 40,436,474</u></u> |

## Liabilities and Net Position

|   | <u>2021</u>   | <u>2020</u>   |
|---|---------------|---------------|
| <b>Current Liabilities</b>                    |               |               |
| Current maturities of long-term debt          | \$ -          | \$ 648,869    |
| Accounts payable                              | 619,324       | 922,402       |
| Accrued expenses                              | 1,003,709     | 897,762       |
| Revenue received in advance                   | 107,169       | 4,531,956     |
| Estimated self-insured health insurance costs | 285,000       | 131,681       |
|   | <hr/>         | <hr/>         |
| Total current liabilities                     | 2,015,202     | 7,132,670     |
|   |               |               |
| <b>Long-term Debt</b>                         | <hr/>         | <hr/>         |
|   | -             | 2,416,341     |
|   |               |               |
| Total liabilities                             | <hr/>         | <hr/>         |
|   | 2,015,202     | 9,549,011     |
|   |               |               |
| <b>Net Position</b>                           |               |               |
| Net investment in capital assets              | 10,076,161    | 8,415,029     |
| Unrestricted                                  | 32,835,024    | 22,472,434    |
|   | <hr/>         | <hr/>         |
| Total net position                            | 42,911,185    | 30,887,463    |
|   |               |               |
| Total liabilities and net position            | <hr/> <hr/>   | <hr/> <hr/>   |
|   | \$ 44,926,387 | \$ 40,436,474 |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Statements of Revenues, Expenses and Changes in Net Position  
Years Ended September 30, 2021 and 2020**

|  | 2021          | 2020          |
|--|---------------|---------------|
| <b>Operating Revenues</b>  |               |               |
| Net patient service revenue, net of provision for uncollectible accounts; 2021 - \$1,165,000; 2020 - \$1,337,000 | \$ 27,401,749 | \$ 22,676,581 |
| Grant revenue  | 3,264,329     | 2,345,724     |
| Other  | 3,054,138     | 2,956,857     |
|  | 33,720,216    | 27,979,162    |
| <b>Operating Expenses</b>  |               |               |
| Salaries and wages   | 16,208,828    | 14,264,190    |
| Employee benefits  | 3,812,777     | 2,969,474     |
| Purchased services and professional fees   | 4,365,366     | 4,018,986     |
| Supplies and other   | 6,448,494     | 5,761,859     |
| Depreciation and amortization  | 707,521       | 563,123       |
|  | 31,542,986    | 27,577,632    |
|  | 2,177,230     | 401,530       |
| <b>Operating Income</b>  |               |               |
| <b>Nonoperating Revenues</b>   |               |               |
| Property taxes   | 818,889       | 809,867       |
| Investment income  | 182,391       | 296,981       |
| Noncapital grants and gifts  | 5,642,345     | 1,591,672     |
|  | 6,643,625     | 2,698,520     |
| <b>Income Before Capital Grants and Gifts and Special Item</b>   | 8,820,855     | 3,100,050     |
| <b>Capital Grants and Gifts and Special Item</b>   |               |               |
| Capital grants and gifts   | 137,657       | 636,530       |
| Special item - forgiveness of PPP Loan   | 3,065,210     | -             |
|  | 3,202,867     | 636,530       |
| <b>Increase in Net Position</b>  | 12,023,722    | 3,736,580     |
| <b>Net Position, Beginning of Year</b>   | 30,887,463    | 27,150,883    |
| <b>Net Position, End of Year</b>   | 42,911,185    | 30,887,463    |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Statements of Cash Flows  
Years Ended September 30, 2021 and 2020**

|   | <u>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|
| <b>Cash Flows From Operating Activities</b>                     |                      |                      |
| Receipts from and on behalf of patients                         | \$ 25,990,444        | \$ 21,314,421        |
| Payments to suppliers and contractors                           | (11,183,481)         | (10,108,724)         |
| Payments to employees   | (19,762,279)         | (17,166,842)         |
| Other receipts, net   | 6,795,624            | 5,323,913            |
|   | <u>1,840,308</u>     | <u>(637,232)</u>     |
| Net cash provided by (used in) operating activities             |                      |                      |
| <b>Cash Flows From Noncapital Financing Activities</b>          |                      |                      |
| Property taxes supporting operations                            | 818,889              | 809,867              |
| Proceeds from PPP loan  | -                    | 3,065,210            |
| Principal and interest paid on PPP loan                         | (342,000)            | -                    |
| CARES Act funding   | 100,000              | 4,792,877            |
| Noncapital grants and gifts                                     | 1,019,553            | 584,099              |
| Other financing payments  | -                    | 2,165                |
|   | <u>1,596,442</u>     | <u>9,254,218</u>     |
| Net cash provided by noncapital financing activities            |                      |                      |
| <b>Cash Flows From Capital and Related Financing Activities</b> |                      |                      |
| Capital grants and gifts  | 137,657              | 682,348              |
| Principal paid on long-term capital lease                       | -                    | (10,707)             |
| Purchase of capital assets                                      | (2,368,653)          | (3,858,205)          |
|   | <u>(2,230,996)</u>   | <u>(3,186,564)</u>   |
| Net cash used in capital and related financing activities       |                      |                      |
| <b>Cash Flows From Investing Activities</b>                     |                      |                      |
| Interest on investments   | 109,427              | 294,816              |
| Purchase of investments   | (4,444,070)          | (1,128,556)          |
| Proceeds from disposition of investments                        | 4,423,330            | 4,008,530            |
|   | <u>88,687</u>        | <u>3,174,790</u>     |
| Net cash provided by investing activities                       |                      |                      |
| <b>Increase in Cash</b>   | 1,294,441            | 8,605,212            |
| <b>Cash, Beginning of Year</b>                                  | <u>18,439,513</u>    | <u>9,834,301</u>     |
| <b>Cash, End of Year</b>  | <u>\$ 19,733,954</u> | <u>\$ 18,439,513</u> |



**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Statements of Cash Flows (Continued)  
Years Ended September 30, 2021 and 2020**

|  | 2021         | 2020         |
|--|--------------|--------------|
| <b>Reconciliation of Operating Income to Net Cash Provided<br/>by (Used in) Operating Activities</b> |              |              |
| Operating income   | \$ 2,177,230 | \$ 401,530   |
| Depreciation and amortization  | 707,521      | 563,123      |
| Provision for uncollectible accounts   | 1,165,402    | 1,336,529    |
| Changes in operating assets and liabilities  |              |              |
| Patient accounts receivable  | (2,789,054)  | (1,078,247)  |
| Estimated amounts due from third-party payers  | 149,172      | (1,566,881)  |
| Accounts payable and accrued expenses  | 271,344      | 49,975       |
| Other assets and liabilities   | 158,693      | (343,261)    |
| Net cash provided by (used in) operating activities  | \$ 1,840,308 | \$ (637,232) |
| <b>Supplemental Cash Flows Information</b>   |              |              |
| Capital asset acquisitions included in accounts payable and<br>accrued expenses                      | \$ 147,760   | \$ 472,920   |
| Forgiveness of PPP Loan  | \$ 3,065,210 | \$ -         |

# **Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital A Component Unit of Richland Parish Police Jury**

## **Notes to Financial Statements September 30, 2021 and 2020**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations and Reporting Entity***

Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital (the District) is located in Delhi, Louisiana. The District was created on April 18, 1989, by the Richland Parish Police Jury. It is comprised of and embraces the territory contained within Ward 1 of the Parish of Richland, State of Louisiana, as constituted as of the date of the ordinance. It is a critical access hospital located in Delhi. The District provides inpatient, outpatient and emergency care services for the residents of Delhi and the surrounding area. Admitting physicians are primarily practitioners in the local area.

Effective October 1, 1989, Richland Parish Hospital Service District No. 1 transferred operations of the District in Delhi, Louisiana to Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital, along with all related assets, liabilities and equity.

The District operates and manages a Federally Qualified Health Center (FQHC) d.b.a. Delhi Community Health Center. The FQHC began operations on October 8, 2012. The FQHC earns revenues by providing primary and preventive health, behavioral health and dental care to indigent and low income patients in the same geographic area and grants funding from the U.S. Department of Health and Human Services in support of its commitment to provide services to a higher percentage of indigent patients. The FQHC is considered an operating division of the District.

Richland Health Services, Inc. (RHI) is a separate, not-for-profit corporation, which was organized exclusively to provide the required governance and oversight as stipulated by program guidelines for "Public Entity" models of the FQHC's operations for the delivery of primary and preventative health care services to the underserved populations in the same geographic area and does not have financial transactions. The RHI Board of Directors does not have the same composition as the District's Board of Commissioners. The District and RHI, through a co-applicant agreement, collaboratively operate the FQHC clinics. RHI is considered an affiliate rather than a component unit of the District.

The District is a political subdivision of the Richland Parish Police Jury whose jurors are elected officials. The District's Commissioners are appointed by the Richland Parish Police Jury. As the governing authority of the parish for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the Richland Parish Police Jury. The accompanying financial statements present information only on the funds maintained by the District.

Affiliated organizations include Richland Parish Hospital Service District No. 1, Richland Parish Hospital Service District No. 1B and the Richland Parish Police Jury. The districts are related because they are all political subdivisions of the Richland Parish Police Jury who appoints their commissioners.

# Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital A Component Unit of Richland Parish Police Jury

## Notes to Financial Statements September 30, 2021 and 2020

The Delhi Health Care Foundation (the Foundation) is a 501(c)3 nonprofit health organization, established in order to promote and support the Hospital in the provision of health care. The Foundation is a separate legal entity but is financially integrated with the District, and is reported as a blended component unit of the District and does not issue separate financial statements. The Foundation had no activity during 2021 and 2020.

### ***Basis of Accounting and Presentation***

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions.

Government-mandated nonexchange transactions that are not program specific, property taxes, investment income and interest on capital assets - related debt are included in nonoperating revenues (expenses). The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

### ***Use of Estimates***

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

### ***Patient Accounts Receivable***

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

### ***Supplies***

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

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Notes to Financial Statements  
September 30, 2021 and 2020**

***Investments and Investment Income***

Investments in nonnegotiable certificates of deposit are carried at amortized cost.

Investment income consists primarily of interest income from certificates of deposit.

***Capital Assets***

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

|                                      |               |
|--------------------------------------|---------------|
| Land improvements                    | 10 - 20 years |
| Buildings and leasehold improvements | 5 - 40 years  |
| Equipment                            | 3 - 20 years  |
| Furniture                            | 3 - 5 years   |
| Vehicles                             | 2 - 4 years   |

***Capital Asset Impairment***

The District evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized during the years ended September 30, 2021 or 2020.

***Compensated Absences***

District policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned, whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statements of net position date.

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury**

**Notes to Financial Statements  
September 30, 2021 and 2020**

***Risk Management***

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

The District is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

***Net Position***

Net position of the District is classified in two components on its statements of net position.

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

***Net Patient Service Revenue***

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

***Charity Care***

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

# Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital A Component Unit of Richland Parish Police Jury

## Notes to Financial Statements September 30, 2021 and 2020

### **Property Taxes**

The District levies a property tax on all property subject to taxation in the service district. In 2010, a tax continuation proposition duly carried by a majority of votes cast. Under this proposition, the District will continue to levy a tax on all property subject to taxation in the District for a period of 10 years, beginning with the year 2011 and ending in the year 2020. In 2021, the millage rate of the District was renewed for a period of 10 years, beginning with the year 2021 and ending in the year 2030 at a rate of 7.90. Such rate may be subject to adjustment from time to time due to reassessment. The mill rate for 2021 and 2020 was 7.90 and 8.57, respectively. The purpose of the tax is for constructing, maintaining, improving and operating the District. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District.

Property taxes are levied by the District on October 1 of each year based on the preceding January 1 assessed property values. To secure payment, an enforceable lien attaches to the property on January 1, when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises, and the District records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after January 31 of the following year.

The District received approximately 2.0% and 3.0% of its financial support from property taxes in 2021 and 2020, respectively. These funds were used to support building, maintenance and repairs.

### **Income Taxes**

As an essential government function of the parish, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the District is subject to federal income tax on any unrelated business taxable income.

### **Newly Adopted Accounting Pronouncements**

In 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*, and Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32.

GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units, and postemployment benefit arrangements that are fiduciary activities.

# Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital A Component Unit of Richland Parish Police Jury

## Notes to Financial Statements September 30, 2021 and 2020

Under GASB 97, Section 457, plans should be accounted for as either a pension plan or other employee benefit plan, if the plan meets the definition of a pension or another employee benefit plan within GASB 67 or 73. Accounting and financial reporting requirements for 457 plans that meet the definition of pension plan are defined in the Statement.

GASB 97 also limits the applicability of the financial burden criterion in GASB 14 regarding contributions to pension and postemployment benefit plans to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts meeting paragraph 3 criteria in GASB 67 or 74. Additionally, GASB 97 changes how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units that are pension or OPEB plans. This amends certain previous guidance in Statement 84, and amends and supersedes certain questions in Implementation Guide 2019-2.

The adoption of GASB 84 and GASB 97 had no impact on the District's financial statements.

### **Reclassifications**

Certain reclassifications have been made to the 2020 financial statements to confirm to the 2021 presentation. The reclassifications had no effect on the changes in financial position.

### **Note 2: Net Patient Service Revenue**

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. These payment arrangements include:

*Medicare* - The District is certified as a Critical Access Hospital (CAH) by Medicare. As a CAH, the District is reimbursed for substantially all inpatient and outpatient services to Medicare beneficiaries based on reasonable costs. Additionally, as a CAH, the District's licensed beds are limited to 25, and the District's acute average length of stay may not exceed 96 hours. The District is reimbursed for substantially all services at tentative rates, with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.

*Medicaid* - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. The District is reimbursed for cost reimbursable services at tentative rates, with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid administrative contractor.

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury**

**Notes to Financial Statements  
September 30, 2021 and 2020**

*Other* - Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment to the District using prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Approximately 81% and 77% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended September 30, 2021 and 2020, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The District entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor), whereby the Grantor awards an intergovernmental transfer (IGT) grant to be used solely to provide adequate and essential medically necessary and available health care services to the District's service population subject to the availability of such grant funds. The aggregate IGT grant income was approximately \$2,170,000 and \$1,080,000, for the years ended September 30, 2021 and 2020, respectively, and is included in net patient service revenue.

**Note 3: Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, the District's bank balances were as follows:

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
| Insured by Federal Deposit Insurance Corporation  | \$ 4,453,431  | \$ 4,615,891  |
| Uninsured and uncollateralized  | 247,356       | -             |
| Collateralized by securities held by the pledging<br>financial institution's Trust Department<br>in the District's name | 20,720,615    | 19,265,499    |
| Total depository balance  | \$ 25,421,402 | \$ 23,881,390 |

Subsequent to September 30, 2021, the District collateralized the uninsured and uncollateralized funds.



**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury**

**Notes to Financial Statements  
September 30, 2021 and 2020**

**Summary of Carrying Values**

The carrying values of deposits shown above are included in the statements of net position as follows:

|  | <u>2021</u>          | <u>2020</u>          |
|--|----------------------|----------------------|
| Carrying value   |                      |                      |
| Deposits   | <u>\$ 25,123,226</u> | <u>\$ 23,735,081</u> |
| Included in the following statements of<br>net position captions |                      |                      |
| Cash   | \$ 19,733,954        | \$ 18,439,513        |
| Short-term investments - certificates of deposit                 | 4,496,294            | 4,423,330            |
| Board designated - short-term investments                        | <u>892,978</u>       | <u>872,238</u>       |
|  | <u>\$ 25,123,226</u> | <u>\$ 23,735,081</u> |

**Note 4: Patient Accounts Receivable**

The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30 consisted of:

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Medicare                                  | \$ 1,902,891        | \$ 1,017,920        |
| Medicaid                                  | 912,210             | 465,139             |
| Other third-party payers                  | 949,583             | 363,275             |
| Patients                                  | <u>1,522,860</u>    | <u>1,944,742</u>    |
|   | 5,287,544           | 3,791,076           |
| Less allowance for uncollectible accounts | <u>(1,454,702)</u>  | <u>(1,581,886)</u>  |
|   | <u>\$ 3,832,842</u> | <u>\$ 2,209,190</u> |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Notes to Financial Statements  
September 30, 2021 and 2020**

**Note 5: Capital Assets**

Capital assets activity for the years ended September 30 was:

|                               | <b>2021</b>                  |                     |                  |                                   |                       |
|-------------------------------|------------------------------|---------------------|------------------|-----------------------------------|-----------------------|
|                               | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Disposals</b> | <b>Transfers/<br/>Adjustments</b> | <b>Ending Balance</b> |
| Land                          | \$ 1,708,256                 | \$ 129,171          | \$ -             | \$ -                              | \$ 1,837,427          |
| Land improvements             | 241,720                      | -                   | -                | -                                 | 241,720               |
| Buildings and improvements    | 6,789,371                    | 1,317,115           | -                | 4,762,117                         | 12,868,603            |
| Equipment                     | 7,608,263                    | 557,684             | (163,335)        | -                                 | 8,002,612             |
| Vehicles                      | 730,288                      | 39,523              | -                | -                                 | 769,811               |
| Furniture                     | 76,557                       | -                   | -                | -                                 | 76,557                |
| Construction in progress      | 4,768,404                    | -                   | -                | (4,762,117)                       | 6,287                 |
|                               | <u>21,922,859</u>            | <u>2,043,493</u>    | <u>(163,335)</u> | <u>-</u>                          | <u>23,803,017</u>     |
| Less accumulated depreciation |                              |                     |                  |                                   |                       |
| Land improvements             | 151,049                      | 12,740              | -                | -                                 | 163,789               |
| Buildings and improvements    | 5,541,796                    | 307,707             | -                | -                                 | 5,849,503             |
| Equipment                     | 6,484,795                    | 300,801             | (163,335)        | -                                 | 6,622,261             |
| Vehicles                      | 687,712                      | 86,273              | -                | -                                 | 773,985               |
| Furniture                     | 169,558                      | -                   | -                | -                                 | 169,558               |
|                               | <u>13,034,910</u>            | <u>707,521</u>      | <u>(163,335)</u> | <u>-</u>                          | <u>13,579,096</u>     |
| Capital assets, net           | <u>\$ 8,887,949</u>          | <u>\$ 1,335,972</u> | <u>\$ -</u>      | <u>\$ -</u>                       | <u>\$ 10,223,921</u>  |
|                               |                              |                     |                  |                                   |                       |
|                               | <b>2020</b>                  |                     |                  |                                   |                       |
|                               | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Disposals</b> | <b>Transfers/<br/>Adjustments</b> | <b>Ending Balance</b> |
| Land                          | \$ 1,708,256                 | \$ -                | \$ -             | \$ -                              | \$ 1,708,256          |
| Land improvements             | 241,720                      | -                   | -                | -                                 | 241,720               |
| Buildings and improvements    | 6,768,371                    | 21,000              | -                | -                                 | 6,789,371             |
| Equipment                     | 7,656,140                    | 227,349             | (275,226)        | -                                 | 7,608,263             |
| Vehicles                      | 808,267                      | -                   | (77,979)         | -                                 | 730,288               |
| Furniture                     | 76,557                       | -                   | -                | -                                 | 76,557                |
| Construction in progress      | 1,084,651                    | 3,683,753           | -                | -                                 | 4,768,404             |
|                               | <u>18,343,962</u>            | <u>3,932,102</u>    | <u>(353,205)</u> | <u>-</u>                          | <u>21,922,859</u>     |
| Less accumulated depreciation |                              |                     |                  |                                   |                       |
| Land improvements             | 138,322                      | 12,727              | -                | -                                 | 151,049               |
| Buildings and improvements    | 5,388,714                    | 153,082             | -                | -                                 | 5,541,796             |
| Equipment                     | 6,449,587                    | 310,434             | (275,226)        | -                                 | 6,484,795             |
| Vehicles                      | 678,811                      | 86,880              | (77,979)         | -                                 | 687,712               |
| Furniture                     | 169,558                      | -                   | -                | -                                 | 169,558               |
|                               | <u>12,824,992</u>            | <u>563,123</u>      | <u>(353,205)</u> | <u>-</u>                          | <u>13,034,910</u>     |
| Capital assets, net           | <u>\$ 5,518,970</u>          | <u>\$ 3,368,979</u> | <u>\$ -</u>      | <u>\$ -</u>                       | <u>\$ 8,887,949</u>   |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury**

**Notes to Financial Statements  
September 30, 2021 and 2020**

**Note 6: Medical Malpractice Claims**

The District participates in the Louisiana Patients' Compensation Fund established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides \$400,000 in coverage per occurrence above the first \$100,000 per occurrence. The first \$100,000 is covered by the Louisiana Hospital Association Malpractice and General Liability Trust. There is not a limitation placed on the number of occurrences covered.

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

**Note 7: Employee Health Claims**

Substantially all of the District's employees and their dependents are eligible to participate in the District's employee health insurance plan. The District is self-insured for health claims of participating employees and dependents up to an annual aggregate amount of \$45,000. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount. A provision is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the District's estimate will change by a material amount in the near term.

Activity in the District's accrued employee health claims liability is summarized as follows:

|  | <u>2021</u>        | <u>2020</u>        |
|--|--------------------|--------------------|
| Balance, beginning of year   | \$ 131,681         | \$ 142,880         |
| Current year claims incurred and changes in estimates for claims incurred in prior years | 1,599,177          | 1,113,705          |
| Claims and expenses paid   | <u>(1,445,858)</u> | <u>(1,124,904)</u> |
| Balance, end of year   | <u>\$ 285,000</u>  | <u>\$ 131,681</u>  |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury**

**Notes to Financial Statements  
September 30, 2021 and 2020**

**Note 8: Long-term Obligations**

The following is a summary of long-term obligation transactions for the District for the years ended September 30:

|                           | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Deductions</b> | <b>Ending<br/>Balance</b> | <b>Current<br/>Portion</b> |
|---------------------------|------------------------------|------------------|-------------------|---------------------------|----------------------------|
| <b>2021</b>               |                              |                  |                   |                           |                            |
| Long-term debt            |                              |                  |                   |                           |                            |
| PPP loan                  | \$ 3,065,210                 | \$ -             | \$ (3,065,210)    | \$ -                      | \$ -                       |
| <b>2020</b>               |                              |                  |                   |                           |                            |
| Long-term debt            |                              |                  |                   |                           |                            |
| PPP loan                  | \$ -                         | \$3,065,210      | \$ -              | \$ 3,065,210              | \$ 648,869                 |
| Capital lease obligations | 10,525                       | -                | (10,525)          | -                         | -                          |
| Total long-term debt      | \$ 10,525                    | \$3,065,210      | \$ (10,525)       | \$ 3,065,210              | \$ 648,869                 |

***Paycheck Protection Program Loan***

The District received a loan under the Paycheck Protection Program (PPP) of \$3,065,210 in April 2020, from the Small Business Administration (SBA), designed to provide direct incentive for small businesses to keep their workers on the payroll. The loan has an interest rate of 1%, due in installments of \$346,356, beginning August 2021, with the balance originally due in April 2022.

During 2021, the District paid principal and interest totaling \$342,000 towards the PPP loan, which was refunded by the bank in November 2021.

The District obtained legal notice of forgiveness of the entire PPP loan in September 2021, and the forgiveness was recognized as a special item on the statements of revenues, expenses and changes of net position as of September 30, 2021.

**Note 9: Pension Plan**

In January 1993, the District elected to withdraw from the Social Security System. In place of the Social Security System, the District has a defined contribution 401(a) pension plan that includes a 414H contribution plan with an employer match and a 457 elective deferral compensation plan. Nationwide Trust Company is the plan administrator. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's governing body.

# Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital A Component Unit of Richland Parish Police Jury

## Notes to Financial Statements September 30, 2021 and 2020

Employees are eligible to participate upon date of employment and are immediately vested in the employer's matching contribution. Contributions to the plans by the District are determined by the Board at a minimum of 6.2% of the participant's compensation. Contribution rates for plan members and the District, expressed as a percentage of covered payroll, were 6.2% for both 2021 and 2020. Contributions made by plan members were approximately \$972,000 and \$864,000 during 2021 and 2020, respectively. Employer contributions made by the District were approximately \$972,000 and \$864,000 during 2021 and 2020, respectively. Forfeitures were not material in 2021 and 2020.

### **Note 10: Contingencies**

#### ***Litigation***

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

#### ***Workers' Compensation***

The District participates in the Louisiana District Association's Self-Insurance Workmen's Compensation Trust Fund (the Fund). Should the Fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of assessments, if any, under this program. The portion of the Fund that is refundable to the District is included in other assets.

### **Note 11: COVID-19 Pandemic and Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding**

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities. Beginning in mid-March 2020, the District deferred all nonessential medical and surgical procedures and suspended elective procedures, which

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury**

**Notes to Financial Statements  
September 30, 2021 and 2020**

resumed prior to the end of fiscal year 2020. The District received general and targeted Provider Relief Fund distributions, both as provided for under the *Coronavirus Aid, Relief, and Economic Security Act (CARES) Act*, as discussed below.

***Provider Relief Funds***

During the years ended September 30, 2021 and 2020, the District received approximately \$100,000 and \$4,793,000 of distributions from the CARES Act Provider Relief Fund and CARES Act Coronavirus Relief Fund. These distributions are not subject to repayment, provided the District is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services.

The District is accounting for such payments as conditional contributions. Payments are recognized as non-operating revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the District's operating revenues and expenses, the District recognized approximately \$4,515,000 and \$278,000, related to the Provider Relief Fund in 2021 and 2020, respectively, and these payments are recorded as noncapital grants and gifts in the statements of revenues, expenses and changes in net position. The unrecognized amount of Provider Relief Fund distributions are recorded as part of revenue received in advance in the accompanying statements of net position.

The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the District is unable to attest to or comply with current or future terms and conditions, the District's ability to retain some or all of the distributions received may be affected. Provider Relief Fund payments are subject to government oversight, including potential audits.

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury**

**Notes to Financial Statements  
September 30, 2021 and 2020**

Subsequent to September 30, 2021, the District received approximately \$1,225,000 of distributions from the Provider Relief Fund. These funds are to be used for qualifying expenses incurred by the District in response to the COVID-19 pandemic. This funding is not included in the accompanying statement of net position or the statements of revenues, expenses and changes in net position at September 30, 2021.

**Note 12: Future Change in Accounting Principle**

GASB Statement No. 87, *Leases* (GASB 87), provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly. GASB 87 is effective for financial statements for the District's fiscal year ending September 30, 2022. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun. The impact of adopting GASB 87 on the District's financial statements is not currently determinable.

## **Supplementary Information**



**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Schedule of Compensation, Benefits and Other Payments to Agency Head or  
Chief Executive Officer  
September 30, 2021**

Agency Head Name: Michael W. Carroll, CEO

| Purpose               | Amount     |
|-----------------------|------------|
| Salary                | \$ 261,942 |
| Benefits - insurance  | 1,854      |
| Benefits - retirement | 14,619     |
| Cell phone            | 282        |

## **Other Information**

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Combining Statement of Net Position  
September 30, 2021**

|  | Hospital and<br>Clinics     | Delhi Community<br>Health Center | Eliminations                 | Combined                    |
|--|-----------------------------|----------------------------------|------------------------------|-----------------------------|
| <b>Assets</b>                                    |                             |                                  |                              |                             |
| <b>Current Assets</b>                            |                             |                                  |                              |                             |
| Cash   | \$ 15,870,999               | \$ 3,862,955                     | \$ -                         | \$ 19,733,954               |
| Short-term investments - certificates of deposit | 4,496,294                   | -                                | -                            | 4,496,294                   |
| Board designated - short-term investments        | 892,978                     | -                                | -                            | 892,978                     |
| Patient accounts receivable, net                 | 3,116,904                   | 715,938                          | -                            | 3,832,842                   |
| Due from affiliate                               | 2,213,692                   | -                                | (2,213,692)                  | -                           |
| Estimated amounts due from third-party payers    | 2,772,479                   | 78,569                           | -                            | 2,851,048                   |
| Grant and other receivables                      | 471,737                     | 624,293                          | -                            | 1,096,030                   |
| Supplies   | 1,002,200                   | 121,782                          | -                            | 1,123,982                   |
| Prepaid expenses and other                       | 399,927                     | 39,323                           | -                            | 439,250                     |
|  | <u>31,237,210</u>           | <u>5,442,860</u>                 | <u>(2,213,692)</u>           | <u>34,466,378</u>           |
| <b>Capital Assets, Net</b>                       | 4,024,515                   | 6,199,406                        | -                            | 10,223,921                  |
| <b>Other Assets</b>                              | <u>236,088</u>              | <u>-</u>                         | <u>-</u>                     | <u>236,088</u>              |
| <b>Total assets</b>                              | <u><u>\$ 35,497,813</u></u> | <u><u>\$ 11,642,266</u></u>      | <u><u>\$ (2,213,692)</u></u> | <u><u>\$ 44,926,387</u></u> |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Combining Statement of Net Position (Continued)  
September 30, 2021**

|   | Hospital and<br>Clinics | Delhi Community<br>Health Center | Eliminations          | Combined             |
|---|-------------------------|----------------------------------|-----------------------|----------------------|
| <b>Liabilities and Net Position</b>           |                         |                                  |                       |                      |
| <b>Current Liabilities</b>                    |                         |                                  |                       |                      |
| Accounts payable                              | \$ 497,791              | \$ 121,533                       | \$ -                  | \$ 619,324           |
| Accrued expenses                              | 785,712                 | 217,997                          | -                     | 1,003,709            |
| Revenue received in advance                   | 100,000                 | 7,169                            | -                     | 107,169              |
| Estimated self-insured health insurance costs | 285,000                 | -                                | -                     | 285,000              |
| Due to affiliate                              | -                       | 2,213,692                        | (2,213,692)           | -                    |
|   | <hr/>                   | <hr/>                            | <hr/>                 | <hr/>                |
| Total current liabilities                     | 1,668,503               | 2,560,391                        | (2,213,692)           | 2,015,202            |
| <b>Net Position</b>                           |                         |                                  |                       |                      |
| Net investment in capital assets              | 3,903,480               | 6,172,681                        | -                     | 10,076,161           |
| Unrestricted                                  | 29,925,830              | 2,909,194                        | -                     | 32,835,024           |
|   | <hr/>                   | <hr/>                            | <hr/>                 | <hr/>                |
| Total net position                            | 33,829,310              | 9,081,875                        | -                     | 42,911,185           |
|   | <hr/>                   | <hr/>                            | <hr/>                 | <hr/>                |
| Total liabilities and net position            | <u>\$ 35,497,813</u>    | <u>\$ 11,642,266</u>             | <u>\$ (2,213,692)</u> | <u>\$ 44,926,387</u> |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Year Ended September 30, 2021**

|  | Hospital and<br>Clinics | Delhi Community<br>Health Center | Eliminations     | Combined             |
|--|-------------------------|----------------------------------|------------------|----------------------|
| <b>Operating Revenues</b>  |                         |                                  |                  |                      |
| Net patient service revenue, net                                   | \$ 23,743,845           | \$ 3,657,904                     | \$ -             | \$ 27,401,749        |
| Grant revenue  | -                       | 3,264,329                        | -                | 3,264,329            |
| Other  | 1,704,958               | 1,529,180                        | (180,000)        | 3,054,138            |
| Total operating revenues   | <u>25,448,803</u>       | <u>8,451,413</u>                 | <u>(180,000)</u> | <u>33,720,216</u>    |
| <b>Operating Expenses</b>  |                         |                                  |                  |                      |
| Salaries and wages   | 11,929,730              | 4,279,098                        | -                | 16,208,828           |
| Employee benefits  | 2,899,203               | 913,574                          | -                | 3,812,777            |
| Purchased services and professional fees                           | 3,987,202               | 378,164                          | -                | 4,365,366            |
| Supplies and other   | 4,825,787               | 1,802,707                        | (180,000)        | 6,448,494            |
| Depreciation and amortization                                      | 424,888                 | 282,633                          | -                | 707,521              |
| Total operating expenses   | <u>24,066,810</u>       | <u>7,656,176</u>                 | <u>(180,000)</u> | <u>31,542,986</u>    |
| <b>Operating Income</b>  | <u>1,381,993</u>        | <u>795,237</u>                   | <u>-</u>         | <u>2,177,230</u>     |
| <b>Nonoperating Revenues</b>                                       |                         |                                  |                  |                      |
| Property taxes   | 818,889                 | -                                | -                | 818,889              |
| Investment income  | 176,405                 | 5,986                            | -                | 182,391              |
| Noncapital grants and gifts  | 4,644,158               | 998,187                          | -                | 5,642,345            |
| Total nonoperating revenues  | <u>5,639,452</u>        | <u>1,004,173</u>                 | <u>-</u>         | <u>6,643,625</u>     |
| <b>Income Before Capital Grants and Gifts and<br/>Special Item</b> | <u>7,021,445</u>        | <u>1,799,410</u>                 | <u>-</u>         | <u>8,820,855</u>     |
| <b>Capital Grants and Gifts and Special Item</b>                   |                         |                                  |                  |                      |
| Capital grants and gifts   | -                       | 137,657                          | -                | 137,657              |
| Special item - forgiveness of PPP Loan                             | 2,609,107               | 456,103                          | -                | 3,065,210            |
| Total capital grants and gifts and special item                    | <u>2,609,107</u>        | <u>593,760</u>                   | <u>-</u>         | <u>3,202,867</u>     |
| <b>Increase in Net Position</b>                                    | 9,630,552               | 2,393,170                        | -                | 12,023,722           |
| <b>Net Position, Beginning of Year</b>                             | <u>24,198,758</u>       | <u>6,688,705</u>                 | <u>-</u>         | <u>30,887,463</u>    |
| <b>Net Position, End of Year</b>                                   | <u>\$ 33,829,310</u>    | <u>\$ 9,081,875</u>              | <u>\$ -</u>      | <u>\$ 42,911,185</u> |

**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of the Financial Statements Performed in Accordance  
with *Government Auditing Standards***

**Independent Auditor's Report**

Board of Commissioners  
Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Delhi, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital (the District), a component unit of Richland Parish Police Jury, which comprise the statement of net position as of September 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 27, 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 opinion 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.

**BKD, LLP**

Jackson, Mississippi  
April 27, 2022

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital**

**A Component Unit of Richland Parish Police Jury**

Single Audit Reports

September 30, 2021



**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital**

**A Component Unit of Richland Parish Police Jury  
September 30, 2021**

**Contents**

|   |           |
|---|-----------|
| <b>Schedule of Expenditures of Federal Awards .....</b>   | <b>1</b>  |
| <b>Notes to the Schedule of Expenditures of Federal Awards .....</b>  | <b>2</b>  |
| <b>Report on Internal Control Over Financial Reporting and on Compliance<br/>and Other Matters Based on an Audit of Financial Statements<br/>Performed in Accordance with <i>Government Auditing Standards</i> –<br/>Independent Auditor’s Report .....</b> | <b>3</b>  |
| <b>Report on Compliance for Each Major Federal Program; Report on Internal Control<br/>Over Compliance; and Report on Schedule of Expenditures of Federal Awards<br/>Required by the Uniform Guidance – Independent Auditor’s Report.....</b>               | <b>5</b>  |
| <b>Schedule of Findings and Questioned Costs.....</b>   | <b>8</b>  |
| <b>Summary Schedule of Prior Audit Findings.....</b>  | <b>11</b> |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2021**

| Federal Grantor/Pass<br>Through<br>Grantor/Program or<br>Cluster Title   | Federal<br>Assistance<br>Listing<br>Number (ALN) | Pass-Through<br>Entity<br>Identifying<br>Number | Passed<br>Through to<br>Subrecipients | Total Federal<br>Expenditures |
|--|--|---|---------------------------------------|-------------------------------|
| <b>U.S. Department of Health and Human Services</b>  |  |   |                                       |                               |
| <b>Pass-Through State of Louisiana - Department of Health</b>  |  |   |                                       |                               |
| Family Planning Services   | 93.217   | 20000543033                                     | \$ -                                  | \$ 62,241                     |
| <b>Direct Programs:</b>  |  |   |                                       |                               |
| Health Center Program Cluster  |  |   |                                       |                               |
| Grants for New and Expanded Services under the Health Center Program   | 93.527   |   | -                                     | 2,120,422                     |
| Community Health Centers   | 93.224   |   | -                                     | 447,523                       |
| COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding  | 93.224   |   | -                                     | 443,769                       |
| COVID-19 Coronavirus Supplemental Funding for Health Centers   | 93.224   |   | -                                     | 6,696                         |
| COVID-19 American Rescue Plan Act Funding for Health Centers   | 93.224   |   | -                                     | 137,369                       |
| COVID-19 Expanding Capacity for Coronavirus Testing  | 93.224   |   | -                                     | 105,382                       |
| Total Health Center Program Cluster  |  |   | -                                     | 3,261,161                     |
| COVID-19 HRSA COVID-19   |  |   |                                       |                               |
| Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund   | 93.461   |   | -                                     | 94,668                        |
| COVID-19 Provider Relief Fund  |  |   |                                       |                               |
|  | 93.498   |   | -                                     | 4,759,481                     |
| Grants for Capital Development in Health Centers   |  |   |                                       |                               |
|  | 93.526   |   | -                                     | 137,657                       |
| Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program |  |   |                                       |                               |
|  | 93.912   |   | -                                     | 858,743                       |
|  |  |   | -                                     | 858,743                       |
|  |  |   | \$ -                                  | \$ 9,173,951                  |

# Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital

## A Component Unit of Richland Parish Police Jury Notes to the Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

### **Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hospital Service District No. 1A of the Parish of Richland Parish Hospital (the District) 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, changes in net position or cash flows of the District.

### **Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### **Note 3: Indirect Cost Rate**

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **Note 4: Federal Loan Programs**

The District did not have any loan programs during the year ended September 30, 2021.

### **Note 5: Personal Protective Equipment (PPE) (Unaudited)**

For the year ended September 30, 2021, the District received \$0 in federally donated personal protective equipment in response to the COVID-19 pandemic.

**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 No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Delhi, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Hospital Service District No. 1A of the Parish of Richland d/b/a Richland Parish Hospital (the District), which comprise the balance sheet as of September 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financials and have issued our report thereon dated April 27, 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 opinion 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.

**BKD, LLP**

Jackson, Mississippi  
April 27, 2022



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## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

### **Independent Auditor's Report**

Board of Commissioners  
Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Delhi, Louisiana

#### **Report on Compliance for Each Major Federal Program**

We have audited Hospital Service District No. 1A of the Parish of Richland d/b/a Richland Parish Hospital's (the District) compliance with the types of compliance requirements identified as subject to audit 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 a 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.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated April 27, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**FORVIS,LLP**

(Formerly, **BKD, LLP**)

Jackson, Mississippi  
June 24, 2022



**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2021**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified       Qualified       Adverse       Disclaimer

2. Internal control over financial reporting:

- Significant deficiency(ies) identified?       Yes       None reported  
 Material weakness(es) identified?       Yes       No

3. Noncompliance material to the financial statements noted?

- Yes       No

*Federal Awards*

4. Internal control over major federal awards programs:

- Significant deficiency(ies) identified?       Yes       None reported  
 Material weakness(es) identified?       Yes       No

5. Type of auditor’s report issued on compliance for major federal programs:

- Unmodified       Qualified       Adverse       Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

- Yes       No

7. Identification of major federal programs:

| <b>Cluster/Program</b>   | <b>Assistance Listing Number</b> |
|--|----------------------------------|
| COVID-19 Provider Relief Fund  | 93.498                           |
| Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program | 93.912                           |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended September 30, 2021**

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee?  Yes  No

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital**

**A Component Unit of Richland Parish Police Jury  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended September 30, 2021**

**Section II – Financial Statement Findings**

| <b>Reference<br/>Number</b> | <b>Finding</b>             |
|-----------------------------|----------------------------|
|                             | No matters are reportable. |

**Section III – Federal Award Findings and Questioned Costs**

| <b>Reference<br/>Number</b> | <b>Finding</b>             |
|-----------------------------|----------------------------|
|                             | No matters are reportable. |

**Hospital Service District No. 1A of the Parish of Richland  
d.b.a. Richland Parish Hospital  
A Component Unit of Richland Parish Police Jury  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2021**

| <b>Reference<br/>Number</b> | <b>Summary of Finding</b>  | <b>Status</b> |
|-----------------------------|--|---------------|
| 2020-001                    | <b>Finding:</b> The District's financial statements required a material adjustment for proper financial statement presentation and valuation of the net realizable value of accounts receivable. | Resolved      |