

**MADISON PARISH HOSPITAL
SERVICE DISTRICT
A COMPONENT UNIT OF
MADISON PARISH POLICE JURY**

Audits of Financial Statements

For the Years Ended
December 31, 2021 and 2020



Contents

Independent Auditor's Report	1 - 3
-------------------------------------	-------

Basic Financial Statements

Statements of Net Position	5 - 6
Statements of Revenues, Expenses, and Changes in Net Position	7
Statements of Cash Flows	8 - 9
Notes to Financial Statements	10 - 27

Supplementary Information

Schedule of Compensation, Benefits, and Other Payments to Agency Head	29
--	----

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30 - 31
--	---------

Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	32 - 33
---	---------

Schedule of Expenditures of Federal Awards	34
---	----

Notes to Schedule of Expenditures of Federal Awards	35
--	----

Schedule of Findings and Questioned Costs	36 - 37
--	---------

Schedule of Prior Audit Findings	38
---	----

Independent Auditor's Report

To the Members of the Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Madison Parish Hospital Service District (the District), a component unit of Madison Parish Police Jury, State of Louisiana, as of and for the years ended, December 31, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Report on Supplementary 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 taken as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 is also presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the schedule of compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2022 on our consideration of Madison Parish Hospital Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.



A Professional Accounting Corporation

Baton Rouge, LA
June 13, 2022

BASIC FINANCIAL STATEMENTS

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash	\$ 12,798,398	\$ 9,340,785
Investments	2,072,655	2,063,351
Patient Accounts Receivable, Less Allowance for Bad Debts (\$1,332,708 in 2021 and \$495,230 in 2020)	1,883,955	1,320,018
Grant Payments Receivable	1,526,496	1,522,460
Taxes Receivable	1,247,747	1,316,225
Estimated Third-Party Payor Settlements Receivable	-	709,014
Inventory	339,929	368,162
Prepaid Expenses	301,005	275,762
Total Current Assets	20,170,185	16,915,777
Assets Limited to Use		
Cash - Designated	407,102	194,500
Total Assets Limited to Use	407,102	194,500
Capital Assets, Net	23,015,579	6,343,570
Intangible Assets, Net	488,069	298,753
Total Assets	\$ 44,080,935	\$ 23,752,600

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Net Position (Continued)
December 31, 2021 and 2020

	2021	2020
Liabilities and Net Position		
Current Liabilities		
Current Maturities of Capital Lease Obligations	\$ 78,533	\$ 74,695
Paycheck Protection Program Loan	2,000,000	1,945,007
Accounts Payable	2,623,530	447,984
Accrued Expenses and Other Liabilities	1,130,683	1,259,524
Unearned Revenue	816,615	1,512,248
Estimated Third-Party Settlements Payable	2,165,034	-
Interim Construction Loan	14,442,875	50,001
Total Current Liabilities	23,257,270	5,289,459
Long-Term Liabilities		
Long-Term Capital Lease Obligations, Net of Current Maturities	159,115	32,167
Long-Term Third-Party Settlements Payable	-	850,722
Total Long-Term Liabilities	159,115	882,889
Total Liabilities	23,416,385	6,172,348
Net Position		
Net Investment in Capital Assets	8,335,056	6,236,708
Unrestricted	12,329,494	11,343,544
Total Net Position	20,664,550	17,580,252
Total Liabilities and Net Position	\$ 44,080,935	\$ 23,752,600

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Patient Service Revenues	\$ 16,921,608	\$ 13,467,503
Less: Bad Debt Expense	(1,652,906)	(1,057,329)
Patient Service Revenues	<u>15,268,702</u>	<u>11,466,459</u>
Rural Health Grant	3,517,387	2,923,982
Other Revenue	<u>83,521</u>	<u>46,502</u>
Total Operating Revenues	<u>18,869,610</u>	<u>14,436,943</u>
Operating Expenses		
Salaries and Wages	8,907,537	8,155,953
Employee Benefits	4,265,798	4,081,312
Purchased Services	2,649,512	2,405,534
Purchased Goods and Supplies	1,956,383	1,401,212
Legal and Professional Fees	1,491,394	1,467,591
Depreciation and Amortization	456,833	475,025
Repairs and Maintenance and Utilities	292,641	334,055
Other Expenses	<u>107,898</u>	<u>84,369</u>
Total Operating Expenses	<u>20,127,996</u>	<u>18,405,051</u>
Operating Loss	<u>(1,258,386)</u>	<u>(3,968,108)</u>
Non-Operating Income (Expense)		
Federal Grants	289,792	3,541,837
Ad Valorem Taxes	1,383,069	1,317,251
Sales Taxes	777,876	661,491
Revenue Sharing	34,635	30,758
Grant Revenue	2,000,000	4,059
Interest Income	35,870	76,176
Per Diem	(2,550)	(2,100)
Other	(1,974)	(3,601)
Interest Expense	<u>(174,034)</u>	<u>(31,108)</u>
Total Non-Operating Income, Net	<u>4,342,684</u>	<u>5,594,763</u>
Change in Net Position	<u>3,084,298</u>	<u>1,626,655</u>
Net Position, Beginning of Year	<u>17,580,252</u>	<u>15,953,597</u>
Net Position, End of Year	<u>\$ 20,664,550</u>	<u>\$ 17,580,252</u>

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Cash Receipts from Patients and Third-Party Payors	\$ 16,811,612	\$ 12,212,606
Other Cash Receipts from Operations	3,513,351	3,207,362
Cash Payments to Employees for Salaries and Benefits	(13,037,033)	(12,136,366)
Cash Payments to Vendors for Operating Expenses and Fees	(4,588,960)	(5,532,328)
Net Cash Provided by (Used in) Operating Activities	2,698,970	(2,248,726)
Cash Flows from Non-Capital Financing Activities		
Grants Received	816,615	3,886,622
(Repayment) Receipt of Advance	(1,167,463)	1,167,463
Proceeds from Paycheck Protection Program Loan	2,000,000	1,945,007
Ad Valorem Taxes, Sales Taxes, and Revenue Sharing	2,264,058	2,120,261
Net Cash Provided by Non-Capital Financing Activities	3,913,210	9,119,353
Cash Flows from Capital and Related Financing Activities		
Acquisition of Property and Equipment	(312,464)	(225,601)
Construction of Facility	(16,751,832)	(1,579,070)
Proceeds of Interim Construction Loan	14,392,874	50,001
Acquisition of Intangible Assets	(13,550)	(54,114)
Proceeds on Sale of Fixed Assets	-	2,500
Interest Payments on Interim Construction Loan	(161,162)	-
Principal Payments on Capital Leases	(109,524)	(146,518)
Interest Payments on Capital Leases	(12,873)	(31,107)
Net Cash Used in Capital and Related Financing Activities	(2,968,531)	(1,983,909)
Cash Flows from Investing Activities		
Interest Received	35,870	76,176
Purchase of Investments	(9,304)	(39,188)
(Increase) Decrease in Designated Cash	(212,602)	55,528
Net Cash (Used in) Provided by Investing Activities	(186,036)	92,516
Net Increase in Cash	3,457,613	4,979,234
Cash, Beginning of Year	9,340,785	4,361,551
Cash, End of Year	\$ 12,798,398	\$ 9,340,785

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Operating Loss to Net Cash		
Provided by (Used in) Operating Activities		
Operating Loss	\$ (1,258,386)	\$ (3,968,108)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization Expense	456,833	475,025
(Increase) Decrease in Operating Assets		
Patient Accounts Receivable, Net	(563,937)	647,809
Prepaid Expenses	(25,243)	(18,108)
Inventory	28,233	(114,960)
Other Receivables	(4,036)	277,680
Increase (Decrease) in Operating Liabilities		
Accounts Payable	2,175,546	91,619
Accrued Expenses and Other Liabilities	(133,366)	308,481
Estimated Third-Party Payor Settlements Payable	2,023,326	51,836
Net Cash Provided by (Used in) Operating Activities	\$ 2,698,970	\$ (2,248,726)
Supplemental Disclosures of Non-Cash Capital and Related Financing Activities		
New Equipment Capital Leases	\$ 240,310	\$ -
Forgiveness of Paycheck Protection Program Loan	\$ 1,945,007	\$ -

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 1. Organization

Madison Parish Hospital Service District (the District) was created by the Police Jury of Madison Parish, Louisiana (the Parish), of which it is a component unit. It was created pursuant to Chapter 10, Title 46, of the Louisiana Revised Statutes (R.S.) of 1950, as amended (R.S. 46:1051, *et seq.*). The District's main purpose is to provide hospital facilities as well as support for Madison Parish Hospital (the Hospital). The District also operates the Hospital and its hospital-based Rural Health Care Clinics. The operations of these facilities are accounted for in one enterprise fund.

The District is a political subdivision of the Madison Parish Police Jury (MPPJ), whose jurors are elected officials. The District's commissioners are appointed by the MPPJ with term limits. As the governing authority of the Parish, for reporting purposes, the MPPJ is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the MPPJ as defined by the Governmental Accounting Standards Board pronouncement. The accompanying financial statements present information only on the funds maintained by the District and do not present information of MPPJ, the general governmental services provided by that governmental unit, or the other governmental units that comprise the MPPJ financial reporting entity.

Nature of Activities

The Hospital operated by the District is considered a critical access rural hospital. The District provides outpatient emergency and inpatient hospital services as well as outpatient services through its hospital-based Rural Health Care Clinics near the Hospital. The Hospital and hospital-based Rural Health Care Clinics provide services to the public primarily located in Madison Parish, Louisiana.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Basis of Accounting

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, deferred outflows of resources, liabilities, and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally, government grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Government-mandated non-exchange transactions that are not program-specific, investment income, and interest on capital assets-related debt are included in non-operating revenues and 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 is available.

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Cash and Cash Equivalents

Cash consists of interest-bearing and non-interest-bearing demand deposits. Cash equivalents, if any, include all highly liquid investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. All amounts in excess of Federal Deposit Insurance Corporation (FDIC) insured amounts are required by Louisiana Statute to be secured by securities invested in the U.S. Government. The District had no cash equivalents for the years ended December 31, 2021 and 2020.

Patient Accounts Receivable

The District grants credit without collateral to its patients, most of whom are local residents. Some are insured under third-party agreements. Patient accounts receivable are stated net of the allowance for estimated uncollectible amounts and third-party contractual adjustments. The allowance for uncollectible accounts is based on subsequent collections. This account is generally increased by charges to a provision for uncollectible accounts and decreased by write-offs of accounts determined by management to be uncollectible. The District does not charge interest on past due accounts.

Receivables or payables related to estimated settlements on various risk contracts in which the District participates are reported as estimated third-party payor receivables or payables.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Inventory

Inventories represent medical and dietary supplies and are valued at the latest invoice price, which approximates the lower of cost (first-in, first-out method) or market.

Prepaid Expenses

Prepaid expenses are amortized on a straight-line basis over the contract period of the respective items and consist primarily of insurance premiums.

Capital Assets

Capital assets of the District are recorded at cost or, if donated, at fair value at date of donation. Depreciation is computed using the straight-line method over their estimated useful lives. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

The following estimated useful lives are generally used:

Buildings and Improvements	20 - 40 Years
Machinery and Equipment	5 - 7 Years
Medical Equipment	5 - 7 Years

Intangible Assets

Intangible assets' estimated useful lives are generally 5 years. Further, intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. There were no impairments recorded in 2021 or 2020.

Net Patient Service Revenue and Concentration of Credit Risk

The District has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments with third-party payors are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. Net patient service revenue is reported net of provision for contractual adjustments.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue and Concentration of Credit Risk (Continued)

The payment arrangements include:

Medicare

The District is designated as a critical access hospital and is paid for inpatient acute care, skilled swing-bed, and outpatient services rendered to Medicare program beneficiaries at one hundred one percent (101%) of actual cost subject to certain limitations. The District is reimbursed for certain 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. Beginning April 1, 2013, a mandatory payment reduction, known as sequestration, of two percent (2%) went into effect. Under current legislation, sequestration is scheduled to last until 2025. During the year ended December 31, 2020, sequestration was suspended through December 31, 2021 by the Coronavirus Aid, Relief and Economic Security (CARES) Act.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The District is reimbursed at a tentative rate with the final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid program.

Laws and regulations governing 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.

Revenue derived from the Medicare program is subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services before settlement amounts become final. Revenue derived from the Medicaid program is subject to audit and adjustment and must be accepted by the State of Louisiana, Department of Health before the settlement amount becomes final.

The District has recorded a net payable of \$2,165,034 at December 31, 2021 and a net payable of \$141,708 at December 31, 2020 to Medicare and Medicaid programs which are included as a component of the estimated third-party settlements payable caption on the statements of net position, along with the balance due in relation to the matters described in Note 8.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue and Concentration of Credit Risk (Continued)

Medicaid (Continued)

The fiscal intermediary has completed its review of estimated Medicare settlements for fiscal years ended through December 31, 2018. The fiscal intermediary has completed its review of estimated Medicaid settlements for fiscal years ended through December 31, 2015. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the fiscal intermediary's audit of filed cost reports and additional information becoming available. The District does not anticipate significant adverse adjustments to the recorded settlements for those years.

Other Agreements

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

Charity Care

Effective November 1, 2016, the District approved a charity care policy. The policy allows the District to provide services without charge or at amounts less than established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care amounted to \$17,837 and \$124,205 for the years ended December 31, 2021 and 2020, respectively.

The following is a summary of net revenue by payor type for the years ended December 31, 2021 and 2020:

	2021	2020
Commercial	17.10%	18.44%
Medicare	25.99%	26.98%
Medicaid	49.65%	46.27%
Self Pay	7.26%	8.31%
Total	100.00%	100.00%

No vendor concentrations were noted for the year ended December 31, 2021.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue and Concentration of Credit Risk (Continued)

Charity Care (Continued)

Payments to one vendor represented 13% of total expenses paid for the year ended December 31, 2020. Accounts payable to this vendor represented 12% of accounts payable at December 31, 2020.

Gifts, Grants, and Bequests

Gifts, grants, and bequests not designated by donors for specific purposes are reported as non-operating revenue regardless of the use for which they might be designated by the Board of Commissioners. Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met.

Rural Hospital Grant

The District provides medical care to patients in rural Madison Parish, some of which are unable to pay for the services received. Since the District serves a disproportionate share of low-income patients, it qualifies for additional reimbursements. The funds are received from another hospital service district and are reported as rural health grant payments in these financial statements.

Operating Revenues and Expenses

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

Compensated Absences

Employees of the District are entitled to paid vacation and sick days depending on length of service and other factors. Vested or accumulated vacation pay is recorded as an expense and a liability as the benefits accrue to employees for service already rendered, and any unused amount is payable at termination.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Compensated Absences (Continued)

During 2015, the District adopted a Paid-Time-Off (PTO) policy to replace the existing vacation and sick time benefits. Employees who had accrued "unused sick time" prior to the new policy effective date had these hours stored in a special account. They can only be used when an employee does not have PTO time available and only for illness. If an employee leaves employment, any unused hours in this special account are not paid. Employees (except for management and physicians with CEO approval) may not carry over more than 400 hours at the end of any calendar year. In September 2017, the PTO policy was amended which permits employees to be paid for hours in excess of 88 hours.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Of particular significance to the District's financial statements are estimates involving allowances for doubtful accounts and estimates of amounts to be received under government health care and other provider contracts. Actual results could differ from those estimates.

Ad Valorem Taxes

The District is permitted by state statute to levy taxes up to 13.11 (13.11 for 2021 and 2020) mills per \$1,000 of assessed valuation. Ad valorem taxes are levied each November 1st on the assessed value listed as of the prior January 1st for property located within the District. The assessed value for 2021 and 2020, upon which the levy was based, netted the District \$1,383,069 and \$1,317,251 of tax revenue, respectively. Taxes become delinquent December 31st of each year. Delinquent property tax certificates are sold to the public beginning April 1st, at which time a lien attaches to the property. In the election held on November 6, 2018, the tax was renewed for a period of 20 years.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries; natural disasters; and medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters. The District is a member of the Louisiana Patient's Compensation Fund for the purpose of malpractice insurance. All participating hospitals share proportionately in the expense of the fund. As a participant, the District has a statutory limitation of liability which provides that no award can be rendered against it in excess of \$500,000 plus interest and costs. The District has insurance coverage for health care claims and professional liability with aggregate coverage of \$2,500,000. The District is self-insured with stop-loss coverage for health insurance purposes as more fully discussed in Note 9.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net Position

Net position of the District is displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation, and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.

Restricted - When present, consists of non-capital assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the authority, including amounts deposited with trustees as required by bond indentures. The District typically uses restricted assets first, but reserves the right to selectively defer.

Unrestricted - Consists of the remaining assets that do not meet the definition of net investment in capital assets or restricted.

Recently Adopted Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The adoption of GASB 89 did not have an effect on the financial statements of the District.

New Upcoming Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

New Upcoming Accounting Pronouncements (Continued)

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective June 15, 2021.

Note 3. Cash

The District had the following deposits reflected on the accompanying statements of net position for the years ended December 31, 2021 and 2020:

	2021	2020
Cash	\$ 12,798,398	\$ 9,340,785
Cash - Designated	407,102	194,500
Total	<u>\$ 13,205,500</u>	<u>\$ 9,535,285</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2021, \$15,396,115 of the District's bank deposits, including a certificate of deposit of \$2,072,655, was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities with a market value of \$2,772,643 owned by the fiscal agent bank in the District's name and letters of credit in the amount of \$13,000,000.

Note 4. Intangible Assets, Net

Intangible assets consist of software licensing. Costs of \$1,030,031 and \$776,170 are being amortized over the lives of the assets on a straight-line basis for the years ended December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, accumulated amortization totaled \$541,962 and \$476,419, respectively. Intangible assets, net of accumulated amortization, for the years ended December 31, 2021 and 2020 totaled \$488,069 and \$298,753, respectively. Amortization expense for the years ended December 31, 2021 and 2020 was \$64,544 and \$71,109, respectively.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 5. Capital Assets, Net

Capital assets for the years ended December 31, 2021 and 2020 consisted of the following:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Capital Assets, Not Being Depreciated				
Land	\$ 269,549	\$ 177,565	\$ -	\$ 447,114
New Hospital (CIP)	3,669,781	16,751,831	-	20,421,612
Total Capital Assets, Not Being Depreciated	3,939,330	16,929,396	-	20,868,726
Capital Assets, Being Depreciated				
Buildings and Improvements	6,599,329	-	-	6,599,329
Medical Equipment	2,966,497	137,156	(316,960)	2,786,693
Total Capital Assets, Being Depreciated	9,565,826	137,156	(316,960)	9,386,022
Less: Accumulated Depreciation	(7,161,586)	(392,567)	314,984	(7,239,169)
Capital Assets, Being Depreciated, Net	2,404,240	(255,411)	(1,976)	2,146,853
Capital Assets, Net	\$ 6,343,570	\$ 16,673,985	\$ (1,976)	\$ 23,015,579

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Capital Assets, Not Being Depreciated				
Land	\$ 269,549	\$ -	\$ -	\$ 269,549
New Hospital (CIP)	2,282,478	1,387,303	-	3,669,781
Total Capital Assets, Not Being Depreciated	2,552,027	1,387,303	-	3,939,330
Capital Assets, Being Depreciated				
Buildings and Improvements	6,587,930	11,399	-	6,599,329
Medical Equipment	3,477,816	215,620	(726,939)	2,966,497
Total Capital Assets, Being Depreciated	10,065,746	227,019	(726,939)	9,565,826
Less: Accumulated Depreciation	(7,484,187)	(404,338)	726,939	(7,161,586)
Capital Assets, Being Depreciated, Net	2,581,559	(177,319)	-	2,404,240
Capital Assets, Net	\$ 5,133,586	\$ 1,209,984	\$ -	\$ 6,343,570

Depreciation expense, which includes capital lease assets and does not include amortization of intangibles, incurred for the years ended December 31, 2021 and 2020 was \$392,289 and \$403,916, respectively. Included in the cost of assets above are capital lease assets with a cost of \$943,660 and \$752,172, as well as accumulated depreciation of \$668,604 and \$586,900, as of December 31, 2021 and 2020, respectively.

The District has entered into a contract with a general contractor to construct a new hospital facility. The contract price with approved change orders was \$24,852,134 at December 31, 2021. At December 31, 2021, \$17,829,263 has been incurred and \$7,022,871 remains to be paid under the contract.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 6. Leases

Capital Leases

The District had the following capital leases payable for the years ended December 31, 2021 and 2020:

Lessor	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Due Within One Year
GE Healthcare/Ultrasound	\$ 8,159	\$ -	\$ 8,159	\$ -	\$ -
DeLage/AIS Printers	662	-	662	-	-
DeLage/AIS Printers	777	-	717	60	60
First American	36,379	-	22,645	13,734	13,734
Stago U.S.	12,072	-	5,753	6,319	6,319
DeLage/AIS Printers	1,365	-	1,365	-	-
DeLage/AIS Printers/Copiers	6,757	-	2,571	4,186	2,744
Regents Capital	26,499	-	26,499	-	-
Great American Financial	3,313	-	1,039	2,274	1,137
Great American Financial	3,247	-	1,038	2,209	1,082
R. J. Young	3,693	-	2,160	1,533	1,533
R. J. Young	3,939	-	2,085	1,854	1,854
Orchard Cloud Services	-	240,310	34,831	205,479	50,070
Total	\$ 106,862	\$ 240,310	\$ 109,524	\$ 237,648	\$ 78,533

Lessor	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Siemens	\$ 43,453	\$ -	\$ 43,453	\$ -	\$ -
Balboa II	3,134	-	3,134	-	-
GE Healthcare/Ultrasound	27,120	-	18,961	8,159	8,159
DeLage/AIS Printers	1,597	-	935	662	662
DeLage/AIS Printers	1,485	-	708	777	717
First American	57,936	-	21,557	36,379	22,645
Stago U.S.	17,311	-	5,239	12,072	5,754
DeLage/AIS Printers	6,653	-	5,288	1,365	1,365
DeLage/AIS Printers/Copiers	9,165	-	2,408	6,757	2,571
Regents Capital	65,443	-	38,944	26,499	26,500
Great American Financial	4,263	-	950	3,313	1,039
Great American Financial	4,244	-	997	3,247	1,038
R. J. Young	5,698	-	2,005	3,693	2,161
R. J. Young	5,878	-	1,939	3,939	2,084
Total	\$ 253,380	\$ -	\$ 146,518	\$ 106,862	\$ 74,695

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 6. Leases (Continued)

Capital Leases (Continued)

The terms and due dates of the District's capital lease obligations for the years ended December 31, 2021 and 2020 are as follows:

A medical equipment financing arrangement in the original amount of \$340,098, with an interest rate of 3.76% per annum, payable to Siemens in sixty (60) monthly installments of \$6,286, beginning April 10, 2015, through the maturity date of March 10, 2020. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$17,647, with an interest rate of 8.08% per annum, payable to Balboa II in sixty (60) monthly installments of \$360, beginning September 30, 2015, through the maturity date of September 22, 2020. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$94,241, with an interest rate of 2.66% per annum, payable to GE Healthcare in sixty (60) monthly installments of \$1,650.57, beginning May 18, 2016, through the maturity date of April 18, 2021. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$4,264, with an interest rate of 7.28% per annum, payable to DeLage/Automated Imaging Systems in sixty (60) monthly installments of \$85, beginning August 18, 2016, through the maturity date of August 18, 2021. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$3,500, with an interest rate of 1.23% per annum, payable to DeLage/Automated Imaging Systems in sixty (60) monthly installments of \$60, beginning January 5, 2017, through the maturity date of December 5, 2021. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$107,420, with an interest rate of 4.94% per annum, payable to First American Equipment Finance in sixty (60) monthly installments of \$1,994, beginning September 6, 2017, through the maturity date of July 6, 2022. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$27,000, with an interest rate of 8.49% per annum, payable to Stago U.S., in sixty (60) monthly installments of \$554, beginning January 30, 2018, through the maturity date of December 31, 2022. The lease is secured by the equipment financed under the agreement.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 6. Leases (Continued)

Capital Leases (Continued)

An equipment financing arrangement in the original amount of \$15,275, with an interest rate of 5.17% per annum, payable to DeLage Landen, in thirty-six (36) monthly installments of \$459, beginning March 28, 2018, through the maturity date of February 28, 2021. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$12,495, with an interest rate of 6.56% per annum, payable to DeLage Landen, in sixty (60) monthly installments of \$245, beginning July 1, 2018, through the maturity date of June 1, 2023. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$107,232, with an interest rate of 2.462% per annum, payable to Regents Capital, in thirty-six (36) monthly installments of \$3,343, beginning June 7, 2018, through the maturity date of July 7, 2021. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$5,200, with an interest rate of 9.02% per annum, payable to Great American Financial, in sixty (60) monthly installments of \$108, beginning December 8, 2018, through the maturity date of November 8, 2023. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$5,200, with an interest rate of 4.1% per annum, payable to Great American Financial, in sixty (60) monthly installments of \$96, beginning December 12, 2018, through the maturity date of November 12, 2023. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$6,300, with an interest rate of 7.5% per annum, payable to R. J. Young, in thirty-six (36) monthly installments of \$197, beginning September 21, 2019, through the maturity date of August 6, 2022. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$6,200, with an interest rate of 7.19% per annum, payable to R. J. Young, in thirty-six (36) monthly installments of \$192, beginning November 1, 2019, through the maturity date of October 22, 2022. The lease is secured by the equipment financed under the agreement.

An equipment financing arrangement in the original amount of \$269,440, with an interest rate of 5.25% per annum, payable to Orchard Cloud Services, in sixty (60) monthly installments of \$4,972, beginning June 24, 2021, through the maturity date of June 1, 2026. The lease is secured by the equipment financed under the agreement.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 6. Leases (Continued)

Capital Leases (Continued)

The minimum future lease payments under capital leases as of December 31, 2021 are as follows:

Year Ending December 31,	Amount
2022	\$ 89,208
2023	56,993
2024	46,704
2025	46,704
2026	<u>23,352</u>
Total Minimum Lease Payments under Capital Leases	262,961
Less: Amount Representing Interest	<u>(25,313)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 237,648</u></u>

Commitments Under Noncancelable Operating Leases

The District is committed under various noncancelable operating leases, all of which are for equipment. These leases expire in various years through 2022. Future minimum operating lease payments as of December 31, 2021 are as follows:

Year Ending December 31,	Amount
2022	<u>\$ 82,589</u>
Total	<u><u>\$ 82,589</u></u>

Total lease expense under noncancelable operating leases for the years ended December 31, 2021 and 2020 was \$20,149 and \$144,849, respectively.

Note 7. Settlement Agreement with the Office of Inspector General (OIG)

On April 19, 2017, the District negotiated an agreement to settle fraud and noncompliance in previous years which was included in the District's January 28, 2016 submission pursuant to the OIG's Self Disclosure Protocol. The settlement with the OIG was in the amount of \$1,800,000 which will be paid in six-month increments, with interest at 2.375%. During the year ended December 31, 2020, the District paid the remaining balance owed on the agreement.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 8. Contingencies

The District evaluates contingencies based upon the best available evidence. To the extent that the resolutions of these contingencies result in amounts which vary from the District's estimates, future earnings will be charged or credited.

Governmental Third-Party Reimbursement Programs

The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as a result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments, if any, cannot be determined.

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

Health Care Industry

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, privacy, government health care program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Litigation and Other Matters

Various claims in the ordinary course of business are pending against the District. Claims known in amount and expected to ultimately be paid have been accrued. Other claims, in the opinion of management and counsel, are not material, and insurance is sufficient to cover adverse legal determination in these cases.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 9. Employee Medical Benefit Plan

The District is self-insured to provide group medical coverage for its employees. A third party administers the group medical coverage for the District. The District funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier covered individual claims in excess of \$75,000 for the plan years ended December 31, 2021 and 2020. There were no significant changes in insurance coverage from the prior year.

The liability for unpaid claims including incurred but not reported amounts, if any, is estimated based on actual claims paid subsequent to year-end and is included in accrued expenses in the accompanying statements of net position. Changes in the District's claims liability during the years ended December 31, 2021 and 2020 are reflected below:

Claims Liability 01/01/2021	Claim Payments	Claims and Changes in Estimates	Claims Liability 12/31/2021
\$ 509,548	\$ (2,294,715)	\$ 2,075,115	\$ 289,948

Claims Liability 01/01/2020	Claim Payments	Claims and Changes in Estimates	Claims Liability 12/31/2020
\$ 347,509	\$ (1,755,359)	\$ 1,917,398	\$ 509,548

Note 10. Employee Savings Plan and Trust

The District established an Employee Savings Plan and Trust (the Plan) on March 9, 2015, with an effective implementation date of July 1, 2015. The Plan was established in accordance with Internal Revenue Code (IRC) 457(b). Plans established under IRC 457(b) are eligible plans and are available to certain state and local governments. The plan assets are held in a Trust.

The IRC 457(b) plan has many tax advantages, including one similar to a 401(k) plan which allows employees of the District who are participants to defer income taxation on retirement savings on both employee contributions and employer contributions, as well as earnings on these contributions, into future years.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 10. Employee Savings Plan and Trust (Continued)

The Plan has an accounting year of January 1st through December 31st. The District has agreed to match contributions made by the employees as follows:

- Matching contributions will be made every pay period, in amounts equal to 100% of the first 3% of compensation deferred by the participant, plus 50% of the next 2% of compensation deferred by the participant.
- Total IRC 457(b) contributions, including elective deferrals by participants and matching contributions by the employer, shall not exceed the lesser of 100% of the participant's compensation or the Applicable Dollar Amount, which is \$108,226, plus an extra \$125,565 for participants who have attained age 50 or more during 2021.
- No employer contributions (contribution by the employer that is not a matching contribution) will be made to the Plan for the plan year beginning January 1, 2021 and ending December 31, 2021.

There was a total of 55 participants during the period January 1, 2021 through December 31, 2021. Actual participant contributions for the period ended December 31, 2021 were \$337,232, and the employer matching funds for the same period were \$209,207. Amounts for both the participant contributions and the employer's match are transferred to the separate Trust within the same business day.

Note 11. Notes Payable

The District obtained a \$1,945,275 loan from Delta Bank under the Paycheck Protection Program (PPP) in April 2020. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The District applied for forgiveness with the lender and received forgiveness of \$1,945,275 from the Small Business Administration (SBA) on May 24, 2021. The amount of loan forgiveness is presented as grant revenue in the non-operating revenue (expense) section of the statement of revenues, expenses and changes in net position.

The District obtained a \$2,000,000 loan from Delta Bank under the PPP in March 2021. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The District applied for forgiveness with the lender and received forgiveness of \$2,000,000 from the SBA on February 2022. The amount of loan forgiveness will be presented as a component of other income on the statements of revenues, expenses, and changes in net position in 2022.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury

Notes to Financial Statements

Note 11. Notes Payable (Continued)

The District has been approved for a USDA Community Development Loan to finance the construction of the District's new facility. Pursuant to the Community Development Loan, the District entered into a bond anticipation note payable with Delta Bank with an interest rate at prime minus 1.35%. At December 31, 2021, the balance of the bond anticipation note payable was \$14,442,875.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 13, 2022, and determined that the following subsequent event should be disclosed:

The District applied for forgiveness of its PPP loan in the amount of \$2,000,000 and received forgiveness in February 2022. The delay was because the District's loan forgiveness application was selected by the Small Business Administration for detail audit.

No further subsequent events occurring after June 13, 2022 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2021

Agency Head
Theodore Topolewski, CEO

Purpose	Amount
Salary	\$392,962
Benefits - Insurance	\$3,141
Benefits - Retirement	\$0
Benefits - Other	\$804
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$850
Registration Fees	\$0
Conference Travel	\$344
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$34

See independent auditor's report.

**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

To the Members of the Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Madison Parish Hospital Service District (the District), a component unit of the Madison Parish Police Jury, State of Louisiana, for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 13, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. We did identify a certain deficiency that we consider to be material weaknesses which is described in the accompanying schedule of findings and responses as item 2021-001.

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*.

Response to Finding

Madison Parish Hospital Service District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA
June 13, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Members of the Board of Commissioners
Madison Parish Hospital Service District
Tallulah, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Madison Parish Hospital Service District's (the District), a component unit of the Madison Parish Police Jury, State of Louisiana, compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 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 the requirements of laws, regulations, contracts, and grants 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 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 unmodified opinions on compliance for the major federal programs. 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 December 31, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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.



A Professional Accounting Corporation

Baton Rouge, LA
June 13, 2022

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Grant Number	Expenditures
United States Department of Agriculture			
Community Facilities Loans and Grants (Loan)	10.766	None	<u>\$ 14,392,874</u>
United States Department of Health and Human Services			
Covid Testing for the Uninsured	93.461	None	98,923
Provider Relief Fund	93.498	None	<u>3,541,837</u>
Total United States Department of Health and Human Services			<u>3,640,760</u>
Total Expenditures of Federal Awards			<u><u>\$ 18,033,634</u></u>

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Note 1. Basis of Accounting

The Schedule of Expenditures of Federal Awards (SEFA) is prepared using the accrual basis of accounting.

Complete Assistance Listing Numbers are presented for those programs for which such numbers were available. Assistance Listing Number prefixes and other identifying numbers are presented for programs for which a complete Assistance Listing Number is not available.

Note 2. Indirect Cost Rate

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Reconciliation of Provider Relief Fund Grant Revenue Recognized in the Financial Statements to Federal Awards Expended on the SEFA

During the prior fiscal year, the U.S. Department of Health and Human Services (HHS) began providing COVID-19 related funding under Assistance Listing Number 93.498. The funds are to be utilized to offset eligible COVID-19 expenditures and lost revenues related to COVID-19 as defined in the program regulations. The District recognized amounts received as the program requirements were met as shown in the table below. The amounts received and expended are reported in the SEFA according to HHS periods of availability (also known as the "period of performance"). Accordingly, the \$3,541,837 expended in Period 1 is reported on the December 31, 2021 SEFA. The \$199,689 recognized in the statement of revenues, expenses, and changes in net position for the year ended December 31, 2021, received and expended in Period 2, will be reported in the fiscal year ending December 31, 2022 SEFA.

Reporting Period	Total Funding Received	Amount Recognized as Revenue in the Statements of Revenues, Expenses, and Changes in Net Position	Amount Reported as Federal Expenditure on SEFA
FYE December 31, 2020	\$ 3,787,699	\$ 3,541,837	\$ -
FYE December 31, 2021	\$ 816,615	\$ 199,689	\$ 3,541,837

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

Part I - Summary of Auditor's Results

Financial Statements Section

- | | |
|--|------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters: | |
| a) Material weaknesses identified? | Yes |
| b) Significant deficiencies identified not considered to be material weaknesses? | No |
| 3) Noncompliance material to the financial statements noted? | No |

Federal Awards Section

- | | |
|---|------------|
| 4) Internal control over major programs | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | No |
| 5) Type of auditor's report issued on compliance for major programs | Unmodified |
| 6) Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 7) Identification of major programs: | |
| 10.766 - Community Facilities Loan and Grant Fund | |
| 93.498 - Provider Relief Fund | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9) Auditee qualified as a low-risk auditee? | No |

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2021

Part II - Findings Related to the Financial Statements

Criteria: A material weakness in internal control over financial reporting is present due to a material amount of grant revenue that were improperly recognized during December 31, 2021.

Condition: During our audit we identified \$3,050,404 in grant revenue at December 31, 2021 that were improperly recognized.

Cause: Oversight by accounting department.

Effect: Material weakness in internal control.

Recommendation: We recommend that the District review grants received and determine proper recognition in accordance with GAAP applicable to governments.

Management's Response: Management will review accounting for grants and will ensure that they are accounted for in accordance with GAAP applicable to governments.

Part III - Findings and Questioned Costs Related to Major Federal Award Programs

None.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Schedule of Prior Audit Findings
For the Year Ended December 31, 2021

None.

AGREED-UPON PROCEDURES REPORT

Madison Parish Hospital Service District

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2021 - December 31, 2021

To the Members of the Board of Commissioners
Madison Parish Hospital Service District and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Madison Parish Hospital Service District's (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We reviewed the District's policies and procedures and noted that each of the required elements was included.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: During the fiscal year, the District met 8 times during 2021, all with a quorum. Budgets for the Hospital operations are typically discussed twice a year: first, when they are proposed, and again when they are amended. The board minutes also include financial updates and other non-budgetary items. The District did not have a deficit during the year ended December 31, 2021.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We noted no exceptions in the performance of the above procedures.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: We obtained the listing of deposit sites and obtained management's representation that it is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: We noted five cash collection locations and that employees responsible for collecting cash were bonded. We also noted a separation of duties between employees who collect cash, prepare and make deposits, and post collection entries to the general ledger as written in the District's policies and procedures. There are instances where employees share cash drawers.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Results: The District has a bond to cover employee theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: We noted no exceptions in the performance of these procedures.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We obtained the listing of locations and obtained management's representation that it is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

Results: We noted that the District's purchasing policy does not require purchase orders for purchases under \$1,000 and that standing orders do not require a purchase order after the initial purchase order. For disbursements under \$1,000 or for standing orders, we noted that the invoice was approved by personnel not involved in the initiation of the purchase. We noted no exceptions in our testing of the disbursements.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: We noted no exceptions in testing of non-payroll disbursements.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period and obtained management's representation that it is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

[Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: We noted no exceptions in the performance of these procedures. No finance charges were assessed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: We noted no exceptions in the performance of this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We noted no exceptions in the performance of these procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: We noted no exceptions in the performance of these procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or official's cumulative leave records, agree the pay rates to the employee or official's authorized pay rates in the employee or official's personnel file, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: We noted no exceptions in the performance of these procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: Two of the 5 employees/officials had not completed ethics training during the 2021 fiscal year. We noted no other exceptions in the performance of these procedures.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: We noted no exceptions in the performance of these procedures.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We noted no exceptions in the performance of these procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We noted no exceptions in the performance of these procedures.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

Results: We noted that 2 of the 5 employees sampled did not complete the sexual harassment training in the 2021 fiscal year. We noted no other exceptions in the performance of the above procedures.

We were engaged by Madison Parish Hospital Service District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Madison Parish Hospital Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document



A Professional Accounting Corporation

Baton Rouge, LA
June 12, 2022

June 12, 2022

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-upon Procedures

The management of the Madison Parish Hospital Service District wishes to provide the following responses relative to the results of the 2021 statewide agreed-upon procedures engagement:

1. Ethics and Sexual Harassment: The 2 employees who did not take the required trainings were on medical leave. In the future, all employees will take the ethics and sexual harassment.

Sincerely,



W. Robert Laurents, CPA
Chief Financial Officer