

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH**

DeRidder, Louisiana  
Financial Report  
October 31, 2021 and 2020



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**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Management's Discussion and Analysis**

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The Management's Discussion and Analysis of the Hospital Service District No. 2 of Beauregard Parish's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended October 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

**FINANCIAL HIGHLIGHTS**

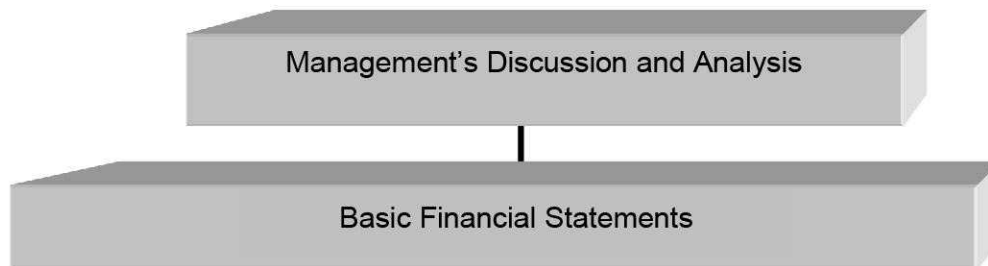
- ★ The District's assets exceeded its liabilities at the close of fiscal year 2021 by \$46,319,292 which represents a 9.3% increase from last fiscal year. Of this amount, \$29,977,631 (unrestricted net position) may be used to meet the District's ongoing obligations to its users.
- ★ The District's net patient revenue increased \$1,675,951 (or 4.7%); other revenues decreased \$2,047,837 (or 15.4%); and the total operating expenses increased by \$5,897,424 (or 12.6%).
- ★ The District received \$10,267,047 in Provider Relief Funds from the CARES Act, of which \$5,696,664 was applied to lost revenues and COVID-19 related supplies and equipment in fiscal year October 31, 2020, and \$4,170,744 was applied in fiscal year October 2021. At October 31, 2021, there remains a balance of \$400,000 available for COVID-19 which may be recognized in the fiscal year ending October 31, 2022. There is also \$306,200 in other grants dedicated to COVID-19 that were received in fiscal year ending October 31, 2020 and \$108,354 and \$197,846 was utilized in fiscal years October 31, 2021 and 2020, respectively.
- ★ The District received an advance totaling \$3,674,624 from CARES Act funding specific to Medicare Accelerated Advance Payments, with recoupments beginning in September 2021 and continuing up to 17 months. As of October 31, 2021, \$282,544 was recouped.
- ★ The District received \$763,268 in payments under the State of Louisiana's Medicaid Managed Care Quality Incentive Program (Program) payments for meeting quality incentives for caring for Medicaid patients.
- ★ The District received \$4,767,659 in Full Medicaid Payment Program (FMP) payments for caring for Medicaid patients.
- ★ The District recognized a contribution of \$4,130,467 from West Louisiana Health Services, that was prompted by West Louisiana Health Services after it received notice of its Small Business Administration Forgiveness of the SBA Payroll Protection Program.

**Management's Discussion and Analysis**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*:



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**Basic Financial Statements**

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Position; the Statements of Revenues and Expenses and Changes in Net Position; and the Statements of Cash Flows.

The Statements of Net Position (pages 9 - 10) present the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues and Expenses and Changes in Net Position (page 11) present information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statements of Cash Flows (pages 12 - 13) present information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided by (used in) operating activities (indirect method) as required by GASB 34.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE ENTITY**

	2021	2020	2019
Current and Other Assets	\$ 33,865,016	\$ 38,324,371	\$ 21,140,664
Capital Assets	<b>20,670,577</b>	19,332,836	17,328,607
<b>Total Assets</b>	<b>54,535,593</b>	57,657,207	38,469,271
Other Liabilities	<b>3,887,385</b>	9,873,159	114,799
Long-Term Debt Outstanding	<b>4,328,916</b>	5,405,518	2,603,283
<b>Total Liabilities</b>	<b>8,216,301</b>	15,278,677	2,718,082
Net Position			
Invested in Capital Assets, Net of Debt	<b>16,341,661</b>	13,927,318	14,725,324
Unrestricted	<b>29,977,631</b>	28,451,212	21,025,865
<b>Total Net Position</b>	<b>\$ 46,319,292</b>	\$ 42,378,530	\$ 35,751,189

The change in net position of the District increased by \$3,940,762 from October 31, 2020 to October 31, 2021.

	2021	2020	2019
Operating Revenues	\$ 48,264,739	\$ 48,636,625	\$ 44,719,282
Operating Expenses	<b>52,610,441</b>	46,713,017	43,074,097
<b>Operating (Loss) Income</b>	<b>(4,345,702)</b>	1,923,608	1,645,185
Donations	<b>4,240,299</b>	276,246	10,211
Non-Operating Revenue (Expenses)	<b>4,046,165</b>	4,427,487	(846,138)
<b>Increase in Net Position</b>	<b>\$ 3,940,762</b>	\$ 6,627,341	\$ 809,258

Additional details can be found in the Statements of Revenues and Expenses and Changes in Net Position included in this report.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Management's Discussion and Analysis**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of October 31, 2021, the District had \$20,670,577, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, equipment, land improvements, and construction in progress. (See Table below). This amount represents a net increase (including additions and deductions) of \$1,337,741, or 7%, from the previous year.

	2021	2020	2019
Land	\$ 1,738,145	\$ 1,738,145	\$ 1,694,145
Buildings	24,610,436	24,154,939	24,137,525
Equipment	26,984,387	20,956,787	20,901,633
Construction in Progress	1,216,241	3,783,123	267,371
Land Improvements	1,331,953	1,331,953	1,335,208
	<b>55,881,162</b>	51,964,947	48,335,882
Less: Accumulated Depreciation	<b>(35,210,585)</b>	(32,632,111)	(31,007,275)
<b>Total</b>	<b>\$ 20,670,577</b>	\$ 19,332,836	\$ 17,328,607

This year's major capital additions include:

Major Capital Additions for FY 2021	
Meditech System	\$ 3,873,580
Chemistry Analyzers Vitross 7600	\$ 417,200
YMAT Luminos Agile Max Xray Machine	\$ 336,000
Telemetry	\$ 223,908
Spectrum IQ Infusion Pumps	\$ 129,875

Additional information on the District's capital assets can be found in Note 4 of this report.

**Debt**

The District had \$4,318,000 in certificates of indebtedness outstanding at year-end, compared to \$5,243,000 last year, a decrease of \$925,000. A summary of this debt is shown in the table below:

**Outstanding Debt at Year-End**

	2021	2020	2019
Certificates of Indebtedness Series 2012	\$ 265,000	\$ 525,000	\$ 780,000
Certificates of Indebtedness Series 2016	-	241,000	477,000
Certificates of Indebtedness Series 2018	504,000	745,000	978,000
Certificates of Indebtedness Series 2020	3,549,000	3,732,000	-
<b>Total</b>	<b>\$ 4,318,000</b>	\$ 5,243,000	\$ 2,235,000

Additional information on the District's long-term debt can be found in Note 3 of this report.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Management's Discussion and Analysis**

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**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darrell Kingham, CPA, Chief Financial Officer, Hospital Service District No. 2 of the Parish of Beauregard, State of Louisiana.

## Independent Auditor's Report

Board of Commissioners  
Hospital Service District No. 2  
of Beauregard Parish  
DeRidder, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Hospital Service District No. 2 of Beauregard Parish (the District), a component unit of Beauregard Parish Policy Jury, as of and for the years ended October 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Hospital Service District No. 2 of Beauregard Parish's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Hospital Service District No. 2 of Beauregard Parish as of October 31, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a basic part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on pages 35 through 37 is presented for purposes of additional analysis and is not a required part of the financial statements. 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 14, 2022, on our consideration of Hospital Service District No. 2 of Beauregard Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hospital Service District No. 2 of Beauregard Parish'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 Hospital Service District No. 2 of Beauregard Parish's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
March 14, 2022

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Statements of Net Position  
October 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 9,685,215	\$ 17,256,065
Assets Whose Use is Limited		
Cash Equivalents, by Bond Indenture for Sinking Fund	793,451	702,758
Patient Accounts Receivable, Net	3,525,695	3,140,621
Other Receivables	1,289,588	1,734,733
Inventories	1,954,172	1,917,414
Interest Receivable	8,486	15,971
Prepaid Expenses	954,271	995,184
Estimated Third-Party Payor Settlements - Medicare/Medicaid	5,277,436	4,288,633
Current Portion of Notes Receivable	80,303	146,464
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>23,568,617</b>	<b>30,197,843</b>
<b>Noncurrent Assets</b>		
Assets Whose Use is Limited		
Cash Equivalents, by Board for Funded Depreciation	148,005	102,022
Investments, by Board for Funded Depreciation	8,966,922	7,581,778
Capital Assets, Net	20,670,577	19,332,836
Investments - LLC	44,235	14,241
Other Assets	600,000	-
Notes Receivable, Net of Current Portion	537,237	428,487
	<hr/>	<hr/>
<b>Total Noncurrent Assets</b>	<b>30,966,976</b>	<b>27,459,364</b>
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 54,535,593</b>	<b>\$ 57,657,207</b>

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

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Statements of Net Position (Continued)  
October 31, 2021 and 2020**

	2021	2020
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Current Portion of Long-Term Debt - to be Paid from Assets Whose Use is Limited	\$ 898,000	\$ 925,000
Accrued Interest Payable	11,096	15,722
Unearned Revenue	12,000	12,000
Current Portion of Advance Payments - Medicare	3,392,080	2,432,620
Unearned COVID-19 Grants	400,000	4,018,005
Due to West Louisiana Health Services and Affiliate	72,209	2,152,808
Current Portion of Capital Lease Payable	10,916	152,222
<b>Total Current Liabilities</b>	<b>4,796,301</b>	<b>9,708,377</b>
<b>Long-Term Liabilities</b>		
Advance Payments - Medicare, Net of Current Portion	-	1,242,004
Capital Lease Obligation Payable, Net of Current Portion	-	10,296
Long-Term Debt, Net of Current Portion	3,420,000	4,318,000
<b>Total Long-Term Liabilities</b>	<b>3,420,000</b>	<b>5,570,300</b>
<b>Total Liabilities</b>	<b>8,216,301</b>	<b>15,278,677</b>
<b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	16,341,661	13,927,318
Unrestricted	29,977,631	28,451,212
<b>Total Net Position</b>	<b>46,319,292</b>	<b>42,378,530</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 54,535,593</b>	<b>\$ 57,657,207</b>

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

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Statements of Revenue and Expenses and  
Changes in Net Position  
For the Years Ended October 31, 2021 and 2020**

	2021	2020
<b>Operating Revenues</b>		
Gross Patient Service Revenue	\$ 176,727,243	\$ 163,384,697
Less: Contractual Allowances and Discounts	<u>(136,566,524)</u>	<u>(123,860,370)</u>
	40,160,719	39,524,327
Less: Provision for Uncollectible Accounts	<u>(3,142,816)</u>	<u>(4,182,375)</u>
Net Patient Service Revenue	37,017,903	35,341,952
Other Revenue	<u>11,246,836</u>	<u>13,294,673</u>
<b>Total Operating Revenues</b>	<u>48,264,739</u>	<u>48,636,625</u>
<b>Operating Expenses</b>		
Salaries and Benefits	25,318,112	23,960,618
Supplies and Other	13,736,943	11,805,346
Professional and Contractual Services	10,973,963	8,932,649
Depreciation	<u>2,581,423</u>	<u>2,014,404</u>
<b>Total Operating Expenses</b>	<u>52,610,441</u>	<u>46,713,017</u>
<b>(Loss) Income from Operations</b>	<b>(4,345,702)</b>	1,923,608
<b>Non-Operating Revenues (Expenses)</b>		
Beauregard Physician Group Expenses	-	(933,175)
Interest Income	196,110	116,785
Interest Expense	(146,292)	(143,732)
Grants and Donations	4,240,299	276,246
Other Non-Operating Revenues - Provider Relief Funds	3,926,729	5,256,084
Gain on Disposal of Plant and Equipment	2,500	5,229
Gain on BV and HHA LLC Investments	154,511	108,353
Realized Losses on Investments	(13)	(18)
Unrealized (Loss) Gain on Investments	<u>(87,380)</u>	<u>17,961</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>8,286,464</u>	<u>4,703,733</u>
<b>Change in Net Position</b>	<b>3,940,762</b>	6,627,341
<b>Net Position, Beginning of Year</b>	<u>42,378,530</u>	<u>35,751,189</u>
<b>Net Position, End of Year</b>	<u>\$ 46,319,292</u>	<u>\$ 42,378,530</u>

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

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Statements of Cash Flows  
For the Years Ended October 31, 2021 and 2020**

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Receipts from Patients and Users	\$ 35,806,627	\$ 36,123,645
Payments to Vendors for Goods, Services, and Other	(24,711,377)	(21,155,921)
Payments to Employees for Wages	(25,318,112)	(23,960,618)
Other Operating Receipts, Net	11,611,732	17,295,492
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(2,611,130)</b>	8,302,598
<b>Cash Flows from Noncapital Financing Activities</b>		
Unrestricted Gifts Received	109,832	78,400
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>109,832</b>	78,400
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of Capital Assets	(3,916,664)	(4,013,404)
Proceeds from Capital Debt	-	3,732,000
Payments on Capital Leases	(151,602)	(205,765)
Interest Paid on Capital Debt	(146,292)	(143,732)
Principal Paid on Capital Debt	(925,000)	(724,000)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(5,139,558)</b>	(1,354,901)
<b>Cash Flows from Investing Activities</b>		
Purchase of Annuity Contract	(600,000)	-
Purchase of Investments	(2,015,308)	(4,381,625)
Proceeds from Sale and Maturity of Investments	738,881	823,943
Proceeds from Restricted Contributions - Provider Relief Funds	-	9,182,813
Proceeds from Restricted Contributions - COVID -19 Grants	(91,276)	197,846
Distributions Received from LLC Investments	124,517	137,734
Beauregard Physicians Group Reimbursements and Other	2,049,868	1,604,547
<b>Net Cash Provided by Investing Activities</b>	<b>206,682</b>	7,565,258
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(7,434,174)</b>	14,591,355
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>18,060,845</b>	3,469,490
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 10,626,671</b>	<b>\$ 18,060,845</b>
<b>Cash and Cash Equivalents:</b>		
Current Assets: Cash and Cash Equivalents	\$ 9,685,215	\$ 17,256,065
Current Assets: Assets Whose Use is Limited, Cash Equivalents	793,451	702,758
Noncurrent assets: Assets Whose Use is Limited, Cash Equivalents	148,005	102,022
	<b>\$ 10,626,671</b>	<b>\$ 18,060,845</b>

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

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Statements of Cash Flows (Continued)  
For the Years Ended October 31, 2021 and 2020**

	2021	2020
<b>Reconciliation of Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities</b>		
Operating (Loss) Income	\$ (4,345,702)	\$ 1,923,608
Adjustments to Reconcile Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	2,581,423	2,014,404
Provision for Uncollectible Accounts	3,142,816	4,182,375
Recoupment of Advanced Payments - Medicare	(282,544)	-
Increase in Account Receivables	(3,527,890)	(2,090,375)
Decrease (Increase) in Other Receivables	410,041	(282,304)
Increase in Estimated Third-Party Payor Settlements	(988,803)	(701,808)
Decrease (Increase) in Prepaid Expenses	40,913	(27,408)
Increase in Inventory	(36,758)	(394,717)
Increase in Payables and Other Operating Liabilities	395,374	3,678,823
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>\$ (2,611,130)</b>	<b>\$ 8,302,598</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest Paid	\$ 150,918	\$ 132,586

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

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 1. Organization and Summary of Significant Accounting Policies**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America (U. S. GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Beauregard Memorial Hospital (the Hospital) facilities are owned by the Hospital Service District No. 2 of Beauregard Parish (the District). It is owned as a nonprofit corporation organized by the Beauregard Parish Police Jury under the provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950 and Act No. 506 of the Louisiana Legislature for the year 1976. The governing authority of the District is a Board of Commissioners appointed to office by the Beauregard Parish Police Jury. Also, included in the financials are four rural health clinics (RHCs): Beauregard Internal Medicine Center RHC, Beauregard Family Medical Center RHC, Beauregard Women's Health Center RHC, and Beauregard Medical and Surgical Center RHC. The four RHCs are reported as departments in the accompanying financial statements.

On June 6, 1979, the Board of Commissioners of the District entered into an agreement with the Board of Trustees of Beauregard Memorial Hospital to manage and operate the hospital facilities. Under the terms of this agreement, which will expire in 99 years from the date executed if all the renewal period options are exercised, the Board of Trustees of Beauregard Memorial Hospital would collect all revenues and deposit to the account of the District and pay all necessary expenses incurred during the normal operations of the hospital. The District would then reimburse Beauregard Memorial Hospital for these expenses.

During the year ended October 31, 1984, the Board of Trustees of Beauregard Memorial Hospital elected to change its name to the Board of Trustees of West Louisiana Health Services, Inc. The nonprofit corporation's name was changed to West Louisiana Health Services, Inc.

During the year ended October 31, 2010, the Board of Commissioners of Hospital Service District No. 2 of Beauregard Parish approved the reimbursement of expenses of the Beauregard Physician Group, an affiliate of West Louisiana Health Services, Inc., as necessary costs related to the operation of the Hospital. Beauregard Physician Group is comprised of Beauregard Urology Center, LLC, Beauregard Surgery Center, LLC, Family Healthcare of Beauregard, LLC, and Beauregard Foot and Ankle.

Reporting Entity - As more fully described, the Hospital Service District No. 2 of Beauregard Parish is governed by a board appointed by the Beauregard Parish Police Jury. Therefore, the District is a component unit of the Beauregard Parish Police Jury. The District does not have any component units, agencies, or organizations for which it is financially accountable under the criteria set forth by the GASB.



**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Accounting Standards: The Hospital follows GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*. GASB No. 62 incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: *FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure*.

Accounting Estimates: The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in estimates and assumptions in the near-term would be material to the financial statements. Estimates that are particularly susceptible to significant changes in the near-term and which require significant judgments by management include the allowances for doubtful accounts and contractual adjustments, third-party payor settlements, liabilities for self-insurance, and the depreciable lives of property and equipment.

Net Position: In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended*, net position is classified into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

*Net Investment in Capital Assets:* This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

*Restricted:* This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted:* All other net position is reported in this category.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Net Position (Continued):

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Operating Revenues and Expenses: The District's Statements of Revenues and 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 Hospital's principal activity. Non-exchange revenues, including grants and contributions 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, together with financing costs.

Net Patient Service Revenue and Related Accounts Receivable: Net patient service revenue and the related accounts receivable are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. The District provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the District is exposed to certain credit risk. The District manages such risk by regularly reviewing its accounts and contracts, and by providing appropriate allowances.

Patient Receivables: Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the services provided, less an estimate made for contractual adjustments or discounts provided to third-party payors, less an estimated allowance for doubtful accounts.

Patient receivables due directly from the patients, net of any third-party payor responsibility, are carried at the original charge for the service provided less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Hospital does not charge interest on patient receivables. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. Provision for bad debts was \$3,142,816 and \$4,182,375 for the years ended October 31, 2021 and 2020, respectively.

Third-Party Payor Arrangements:

The District participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Third-Party Payor Arrangements (Continued)

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 by the fiscal intermediary and must be accepted by the Department of Health and Hospitals of the State of Louisiana before those settlement amounts become final. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through October 31, 2019. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through October 31, 2014.

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Medicaid - Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per patient day. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

Effective January 1, 2019, the Hospital entered in an agreement with the Louisiana Quality Network (LQN) to facilitate payments to these entities under the State of Louisiana's Medicaid Managed Care Quality Incentive Program (Program). The Louisiana Department of Health (LDH) amended its agreements with its contracted Managed Care Organizations (MCOs) to include quality-based performance measures and quality-based outcomes. With the expected achievement of the defined quality measures, LDH will fund the MCOs, who in turn will fund the network that the hospitals contract with for this Managed Care Incentive Payment (MCIP). For each measurement year, LDH will evaluate the performance relative to the specific quality measures. In the event LDH finds a deficiency in the accomplishment of those performance measures, there is the potential for recoupment of the MCIPs. Under the terms of the agreement with the LQN, the Hospital recognized revenue of \$763,268 and \$2,340,074 for the years ended October 31, 2021 and 2020, respectively. This revenue is a component of other operating revenues. At October 31, 2021 and 2020, a receivable totaling \$369,588 and \$534,733, respectively, was reported as a component of other receivables.

HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana

Notes to Financial Statements

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Third-Party Payor Arrangements (Continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Retroactive cost settlements based upon annual cost reports are estimated for those programs subject to retroactive settlement and recorded in the financial statements. Final determination of retroactive cost settlements to be received under the Medicare and Medicaid regulations is subject to review by program representatives. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in a future period as final settlements are determined or determinable. Adjustments to estimated settlements resulted in an increase to net patient service revenue of \$987,261 in 2021.

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

Charity Care: The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Inventories: Inventories, excluding pharmaceuticals, are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. Pharmaceutical inventories are stated at current cost.

Property, Plant, and Equipment: The property, plant, and equipment of the Hospital is recorded at cost. Depreciation amounted to approximately \$2,581,423 and \$2,014,404 for the years ended October 31, 2021 and 2020, respectively, and was calculated using the straight-line method over the estimated useful lives of the various assets shown below:

<u>Asset</u>	<u>Method</u>	<u>Estimated Useful Life in Years</u>
Buildings	Straight-Line	5 - 40 Years
Equipment	Straight-Line	3 - 20 Years
Land Improvements	Straight-Line	5 - 15 Years

The costs of maintenance and repairs of property and equipment are charged to expense as incurred. Expenditures of \$5,000 or more for additions, improvements, and replacements are capitalized. The cost and related accumulated depreciation of property and equipment retired are removed from the accounts and any resulting gain or loss is recognized.

**HOSPITAL SERVICE DISTRICT NO. 2  
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DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Cash, Cash Equivalents, and Investments: Cash and cash equivalents include all checking accounts, savings accounts, money market funds, certificates of deposit, and certain investments in highly liquid debt instruments with original maturities of three months or less. Certificates of deposit with original maturities of more than three months are presented within Noncurrent assets as a component of Investments, by Board for Funded Depreciation. The demand deposits and certificates of deposits are stated at cost, which approximates market. Other investments securities are reported at fair value, except as disclosed in Note 9.

Investment Income: Interest, dividends, and gains and losses, both realized and unrealized, on investments in securities are included in nonoperating income when earned, except as disclosed in Note 9.

Risk Management: The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims; and judgments. Commercial insurance coverage is purchased for claims arising from such matters. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years. The Hospital is self-insured for employee health benefits as discussed in Note 17.

Coronavirus Aid, Relief, and Economic Security (CARES) Act: In response to the economic impact of COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted by Congress and was subsequently signed into law on March 27, 2020. The CARES Act included a variety of economic assistance provisions for businesses and individuals. The Hospital suspended non-emergent or noncritical surgeries, procedures, and appointments beginning in mid-March through early-May in 2020 due to COVID-19. Under certain provisions in the CARES Act, the Hospital received Provider Relief Funding of \$400,000 and \$9,624,672 during the years ended October 31, 2021 and 2020, respectively. Utilizing the guidance for reporting the use of those funds as provided in the Consolidated Appropriations Act, 2021, the Hospital recognized grant revenue related to the Provider Relief Funding totaling \$3,926,729 and \$5,453,930 in its statements of revenues and expenses and changes in net position for the years ended October 31, 2021 and 2020, respectively.

Unearned COVID-19 grants of \$400,000 and \$4,170,742 on the statements of net position, at October 31, 2021 and 2020, respectively, represent the portion of the receipts deferred into a future period for recognition when earned.

For the year ended October 31, 2020, the Hospital also received two grants totaling \$91,276 that are deferred and included within unearned Covid-19 grants on the statements of net position.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Coronavirus Aid, Relief, and Economic Security (CARES) Act: (Continued)

Under the CARES Act, the Hospital received \$3,674,624 in advances under the Medicare Accelerated and Advance Payments Program (AAPP) during the year ended October 31, 2020.

Through the Continuing Appropriations Act, 2021 and Other Extensions Act (the CA Act) that was enacted October 1, 2020, the Hospital will not be subject to recoupment of its Medicare payments for a period of one year from the date it received its AAPP payments. Starting on the date that is one year from its receipt of the AAPP payments, repayment will be made out of the Hospital's future Medicare payments. The schedule for such repayments will be as follows:

- Twenty five percent (25%) of the Hospital's Medicare payments will first offset against the outstanding AAPP balance for the next eleven (11) months.
- Fifty percent (50%) of the Hospital's Medicare payments will first offset against the outstanding AAPP balance for the next six (6) months.
- The Hospital will receive a letter setting forth its remaining balance and will have thirty (30) days to pay the balance in full.
- Any unpaid balance after the 30 days will accrue interest at a rate of four percent (4.00%).

The Hospital has classified these advances as advance payments on its statement of position, with a portion classified as a current liability and the balance classified as a long-term liability.

**Reclassifications**

Certain changes have been made to the presentation of the October 31, 2020 financial statements to conform to the current period presentation.

**Recent Accounting Pronouncements - Adopted**

Effective November 1, 2020, the Hospital adopted GASB Statement No. 84, *Fiduciary Activities*. The objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. There has been no impact to the financial statements.

**HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements - Not Yet Adopted**

The objective of GASB Statement No. 87, *Leases*, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

**Note 2. Assets Whose Use is Limited**

The amounts reported as assets whose use is limited by bond indenture for sinking fund are comprised of cash held by the District for debt service related to its required long-term debt described in Note 3.

Funded depreciation is so designated by the Board of Commissioners to replace and repair buildings and equipment.

**Note 3. Long-Term Debt**

On October 16, 2012, Certificates of Indebtedness, Series 2012, of Hospital Service District No. 2 of the Parish of Beauregard, State of Louisiana, in the amount of \$2,000,000 were issued for the purpose of constructing, acquiring, and equipping a new intensive care unit addition. These Certificates of Indebtedness bear interest at a rate of 2.11% and are to be retired over a period of approximately 10 years by making annual principal payments on April 1<sup>st</sup> of each year and semi-annual interest payments on April 1<sup>st</sup> and October 1<sup>st</sup> of each year. Annual principal and interest payments approximate \$268,000. The Certificates of Indebtedness mature on April 1, 2022. The outstanding principal balance was \$265,000 and \$525,000 at October 31, 2021 and 2020, respectively. The Certificates of Indebtedness are secured by the excess of annual revenues above statutory, necessary, and usual charges derived from the operation of the Hospital.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
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**Notes to Financial Statements**

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**Note 3. Long-Term Debt (Continued)**

On January 14, 2016, Certificates of Indebtedness, Series 2016, of Hospital Service District No. 2 of the Parish of Beauregard, State of Louisiana, in the amount of \$1,177,000 were issued for the purpose of renovating the surgical department. These Certificates of Indebtedness bear interest at a rate that ranges from 0.875% to 2.90% and are to be retired over a period of 5 years and 3 months by making annual principal payments on April 1<sup>st</sup> of each year and semi-annual interest payments on April 1<sup>st</sup> and October 1<sup>st</sup> of each year. Annual principal and interest payments approximate \$247,000. The Certificates of Indebtedness mature on April 1, 2021. The outstanding principal balance was \$-0- and \$241,000 at October 31, 2021 and 2020, respectively. The Certificates of Indebtedness are secured by excess revenues in parity with the 2012, 2018, and 2020 Certificates of Indebtedness.

On August 17, 2018, Certificates of Indebtedness, Series 2018, of Hospital Service District No. 2 of the Parish of Beauregard, State of Louisiana, in the amount of \$1,204,450 were issued for the purpose of providing funds for acquiring, constructing, and installing improvements and replacements to the hospital facilities, including acquiring equipment and fixtures therefor. Certificate R-1 shall be in the denomination of \$903,338 and Certificate R-2 shall be in the denomination of \$301,112. Both certificates are payable in five annual installments on April 1<sup>st</sup>. They will bear interest on April 1<sup>st</sup> and October 1<sup>st</sup> of each year, beginning October 1, 2018. Certificate R-1 will bear interest at an annual rate of 3.1% while Certificate R-2 will bear interest at an annual rate of 1.55%. Annual principal and interest payments approximate \$259,000. The outstanding principal balance was \$504,000 and \$745,000 at October 31, 2021 and 2020, respectively. The Certificates of Indebtedness mature on April 1, 2023 and are secured by excess revenues in parity with the 2012, 2016, and 2020 Certificates of Indebtedness.

On January 22, 2020, Excess Revenue Bonds, Series 2020, of Hospital Service District No. 2 of the Parish of Beauregard, State of Louisiana, in the amount of \$3,732,000 were issued for the purpose of providing funds for acquiring, constructing, and installing improvements and replacements to the hospital facilities, including acquiring equipment and fixtures therefor. The Certificates of Indebtedness bear interest at a rate of 3.25% and are to be retired over a period of 9 years by making annual principal payments on April 1<sup>st</sup> of each year and semi-annual interest payments on April 1<sup>st</sup> and October 1<sup>st</sup> of each year. The Certificates of Indebtedness mature on April 1, 2029. Annual principal and interest payments approximate \$494,000. The outstanding principal balance was \$3,549,000 at October 31, 2021. The Certificates of Indebtedness are secured by excess revenues in parity with the 2012, 2016, and 2018 Certificates of Indebtedness.



**HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

**Note 3. Long-Term Debt (Continued)**

Scheduled principal and interest payments of all the Certificates of Indebtedness payable are as follows:

<b>Year Ending October 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 898,000	\$ 122,221	\$ 1,020,221
2023	656,000	99,818	755,818
2024	419,000	83,021	502,021
2025	435,000	69,144	504,144
2026	450,000	54,763	504,763
2026 - 2029	1,460,000	72,312	1,532,312
<b>Total</b>	<b>\$ 4,318,000</b>	<b>\$ 501,279</b>	<b>\$ 4,819,279</b>

The following is a summary of debt transactions of the District for the years ended October 31, 2021 and 2020:

	<b>Certificates of Indebtedness, Series 2012</b>	<b>Certificates of Indebtedness, Series 2016</b>	<b>Certificates of Indebtedness, Series 2018</b>	<b>Certificates of Indebtedness, Series 2020</b>
Outstanding at November 1, 2019	\$ 780,000	\$ 477,000	\$ 978,000	\$ -
Bond Proceeds	-	-	-	3,732,000
Bonds Retired	255,000	236,000	233,000	-
Outstanding at November 1, 2020	525,000	241,000	745,000	3,732,000
Bond Proceeds	-	-	-	-
Bonds Retired	260,000	241,000	241,000	183,000
<b>Outstanding at October 31, 2021</b>	<b>\$ 265,000</b>	<b>\$ -</b>	<b>\$ 504,000</b>	<b>\$ 3,549,000</b>

**HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

**Note 4. Capital Assets**

Capital asset activity for the year ended October 31, 2021, was as follows:

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,738,145	\$ -	\$ -	\$ 1,738,145
Construction in Progress	3,783,123	1,938,822	(4,505,704)	1,216,241
<b>Total Capital Assets Not Being Depreciated</b>	<b>5,521,268</b>	<b>1,938,822</b>	<b>(4,505,704)</b>	<b>2,954,386</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	24,154,939	455,497		24,610,436
Land Improvements	1,331,953	-		1,331,953
Equipment	20,956,787	6,030,373	(2,773)	26,984,387
<b>Total Capital Assets Being Depreciated</b>	<b>46,443,679</b>	<b>6,485,870</b>	<b>(2,773)</b>	<b>52,926,776</b>
Less: Accumulated Depreciation	(32,632,111)	(2,581,423)	2,949	(35,210,585)
<b>Total Capital Assets Being Depreciated, Net of Depreciation</b>	<b>13,811,568</b>	<b>3,904,447</b>	<b>176</b>	<b>17,716,191</b>
<b>Total Capital Assets, Net of Depreciation</b>	<b>\$ 19,332,836</b>	<b>\$ 5,843,269</b>	<b>\$ (4,505,528)</b>	<b>\$ 20,670,577</b>

Capital asset activity for the year ended October 31, 2020 was as follows:

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,694,145	\$ 44,000	\$ -	\$ 1,738,145
Construction in Progress	267,371	3,580,150	(64,398)	3,783,123
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,961,516</b>	<b>3,624,150</b>	<b>(64,398)</b>	<b>5,521,268</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	24,137,525	30,756	(13,342)	24,154,939
Land Improvements	1,335,208	-	(3,255)	1,331,953
Equipment	20,901,633	423,904	(368,750)	20,956,787
<b>Total Capital Assets Being Depreciated</b>	<b>46,374,366</b>	<b>454,660</b>	<b>(385,347)</b>	<b>46,443,679</b>
Less: Accumulated Depreciation	(31,007,275)	(2,014,404)	389,568	(32,632,111)
<b>Total Capital Assets Being Depreciated, Net of Depreciation</b>	<b>15,367,091</b>	<b>(1,559,744)</b>	<b>4,221</b>	<b>13,811,568</b>
<b>Total Capital Assets, Net of Depreciation</b>	<b>\$ 17,328,607</b>	<b>\$ 2,064,406</b>	<b>\$ (60,177)</b>	<b>\$ 19,332,836</b>

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
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**Notes to Financial Statements**

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**Note 5. Leases**

The Hospital has entered into lease agreements as lessee for financing the acquisition of medical equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. The capitalized cost of these assets is \$746,440. The Hospital is depreciating these capital assets over their estimated productive life. The accumulated depreciation on the equipment under these capital leases was \$497,503 and \$374,747 at October 31, 2021 and 2020, respectively.

The future minimum lease payment under these capital leases, and the present value of the net minimum lease payment at October 31, 2021 is \$10,916.

**Note 6. Due to/from West Louisiana Health Services, Inc.**

At October 31, 2021 and 2020, the District had a payable of \$72,209 and \$1,908,795 to West Louisiana Health Services, Inc. and Affiliates, respectively. These balances arise principally from the timing difference of recording accounts payable and accrued liabilities on the books of West Louisiana Health Services, Inc. and Affiliates and the actual payment by the District.

**Note 7. Compensated Absences**

Employees of the Hospital are entitled to compensated absences. Compensated absences totaling \$942,020 and \$944,159 for the years ended October 31, 2021 and 2020, respectively, are a vested benefit, and are accrued in the financial statements of West Louisiana Health Services, Inc. and Affiliates.

**Note 8. Defined Contribution Plan**

The Hospital sponsors the Beauregard Memorial Hospital 401(k) Retirement Plan, established under the Employee Retirement Income Security Act (ERISA) guidelines, to provide retirement benefits for all of its full-time and part-time employees who meet certain age and service requirements through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The Hospital makes dollar-for-dollar matching contributions up to 5% of eligible participants' compensation. The Hospital's contributions for each employee (and plan earnings allocated to the employee's account) are fully vested after six years of service. Hospital contributions for, and plan earnings forfeited by, employees who leave employment before six years of service are used to reduce the Hospital's current period contribution requirement. This plan is administered by the Massachusetts Mutual Life Insurance Company.

**HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

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**Note 8. Defined Contribution Plan (Continued)**

The Hospital's total payroll in fiscal year 2021 was \$22,472,208. The Hospital's contributions were calculated using the base salary amount of \$15,305,457. The Hospital's contribution for covered employees amounted to \$701,734. There were no forfeitures used to reduce hospital contributions. Eligible employees' contributions amounted to \$887,447.

The Hospital's total payroll in fiscal year 2020 was \$21,457,176. The Hospital's contributions were calculated using the base salary amount of \$14,892,657. The Hospital's contribution for covered employees amounted to \$706,039. There were no forfeitures used to reduce hospital contributions. Eligible employees' contributions amounted to \$879,860.

**Note 9. Cash and Investments**

Under Louisiana Revised Statute 39:2955, the Hospital may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana Law and national banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

At October 31, 2021, the Hospital had cash and cash equivalents (book balances) totaling \$10,626,671, of which \$10,478,666 is in interest-bearing demand deposits and \$148,005 is in money market funds (unrated). At October 31, 2020, the Hospital had cash and cash equivalents (book balances) totaling \$18,060,845, of which \$17,958,828 is in interest-bearing demand deposits and \$102,017 is in money market funds (unrated).

At October 31, 2021, the Hospital had investments totaling \$8,966,922, of which \$8,673,553 is in certificates of deposit (CD) and \$293,369 is in obligations of the Federal Home Loan Mortgage Corporation. At October 31, 2020, the Hospital had investments totaling \$7,581,778, of which \$7,188,271 is in certificates of deposit (CD) and \$393,507 is in obligations of the Federal Home Loan Mortgage Corporation.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the Hospital's name.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 9. Cash and Investments (Continued)**

*Custodial Credit Risk* is the risk that in the event of bank failure, the Hospital's deposits may not be returned. At October 31, 2021, the Hospital had \$19,160,694 in demand deposits and certificates of deposit (bank balances before outstanding checks or deposits in transit). These deposits are secured from risk by \$1,160,602 of federal deposit insurance and \$21,674,584 of pledged securities held in a custodial bank in the Hospital's name.

*Interest Rate Risk* is the risk that changes in the interest rate will adversely affect the fair value of the investment. At October 31, 2021, the Hospital had investments in obligations of the Federal Home Loan Mortgage Corporation totaling \$293,369. These investments have maturity dates that range from 1 - 20 years in the future.

**Fair Value of Investments**

The Hospital measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles in the United States of America. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

*US Government Obligations* - Valued using matrix pricing based on securities' relationship to benchmark quoted prices.

At October 31, 2021 and 2020, the Hospital had the following recurring fair value measurements:

October 31, 2021	Level 1	Level 2	Level 3	Fair Value
Certificates of Deposit	\$ -	\$ 8,673,553	\$ -	\$ 8,673,553
US Government Obligations	-	293,369	-	293,369
<b>Investments at Fair Value</b>	<b>\$ -</b>	<b>\$ 8,966,922</b>	<b>\$ -</b>	<b>\$ 8,966,922</b>
October 31, 2020	Level 1	Level 2	Level 3	Fair Value
Certificates of Deposit	\$ -	\$ 7,188,271	\$ -	\$ 7,188,271
US Government Obligations	-	393,507	-	393,507
<b>Investments at Fair Value</b>	<b>\$ -</b>	<b>\$ 7,581,778</b>	<b>\$ -</b>	<b>\$ 7,581,778</b>

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 10. Investment - LLC**

The Hospital owns 33% of Beauregard Memorial Hospital Home Care, LLC (the LLC). The LLC was formed to provide home health services to the residents of the community. The total assets of the LLC were \$2,651,410 and \$2,814,490, total liabilities were \$318,404 and \$572,376, and results of operations were \$264,501 and \$169,463 as of and for the years ended October 31, 2021 and 2020, respectively. The investment is accounted for using the equity method. Financial statements are available upon request.

**Note 11. Board of Commissioners**

The Board of Commissioners received no compensation for the fiscal years ended October 31, 2021 and 2020.

**Note 12. Hospital Insurance**

The Hospital is a member of the Louisiana Patient's Compensation Fund for the purpose of malpractice insurance. Under current Louisiana law, its liability is limited to the statutory maximum of \$500,000 which is covered by a primary \$100,000 with the Louisiana Hospital Association Malpractice and General Liability Trust, and an additional \$400,000 through the State of Louisiana Patients' Compensation Fund. All participating hospitals share proportionately in the expense of the fund.

**Note 13. Allowance for Doubtful Accounts**

Accounts and notes receivable are stated at cost less an allowance for doubtful accounts. The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situation that might affect the user's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 14. Charity Care**

The Hospital provides care to patients who qualify under federal guidelines and other policies of the Hospital at fees less than its established rates. The amount of charity care is reduced from the amount of fees for services presented in the statements of revenues and expenses and changes in net position. The amount of charity care for disclosure purposes should be measured by costs, including direct and indirect costs. Management has calculated the costs associated with providing charity care utilizing the cost to charge ratio obtained from the Medicare cost report data. The amount of costs associated with charity care for the fiscal years ended October 31, 2021 and 2020 was \$5,249,440 and \$3,537,386, respectively.

**Note 15. Patient Accounts Receivable**

Patient accounts receivable were comprised of the following for the years ended October 31:

	2021	2020
Medicare	\$ 840,752	\$ 554,743
Medicaid	464,080	587,232
Other	10,371,903	13,499,181
	<u>11,676,735</u>	<u>14,641,156</u>
Less: Allowance for Doubtful Accounts	(8,151,040)	(11,500,535)
<b>Total</b>	<b>\$ 3,525,695</b>	<b>\$ 3,140,621</b>

**Note 16. Concentrations of Credit Risk**

The Hospital is located in DeRidder, Louisiana. The Hospital grants credit without collateral to its patients; most of them are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows as of and for the years ended October 31:

	2021	2020
Medicare	35 %	21 %
Medicaid	20	19
Other	45	60
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 16. Concentrations of Credit Risk (Continued)**

The mix of net patient revenues was as follows:

	2021	2020
Medicare	38 %	25 %
Medicaid	22	12
Other	40	63
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

**Note 17. Contingencies**

Certain claims, suits, and complaints arising in the ordinary course of operations are pending against the Hospital. In the opinion of management, all such matters would involve such amounts which would not have a significant effect on the financial position or results of operations of the Hospital if disposed of unfavorably.

**Self-Insured Medical Benefits**

The Hospital is self-insured for employee medical benefits. Under this arrangement, the employees contribute a portion of the cost with the Hospital paying the difference to a third-party administrator. A portion of the monthly contribution is used to purchase a re-insurance contract that covers individual claims exceeding \$125,000. The Hospital is also insured for aggregate claims exceeding approximately \$2.7 million. The obligation for claims incurred before the financial statement date, but not reported is estimated on an overall basis based on prior loss experience. The obligation is determined based on the present value of the ultimate cost to settle the claims. The accrued liability for incurred, but not reported health insurance benefit claims at October 31, 2021 and 2020 was \$395,000 and \$370,000, respectively, and is reported in the financial statements of West Louisiana Health Services, Inc. and Affiliates.

The following is a summary of changes in aggregate liabilities for claims incurred by the District for the years ended October 31, 2021 and 2020:

Claims Outstanding at November 1, 2019	\$ 250,000
Incurred Claims	2,048,808
Payment of Claims	<u>(1,928,808)</u>
Claims Outstanding at November 1, 2020	370,000
Incurred Claims	2,322,025
Payment of Claims	<u>(2,297,025)</u>
<b>Claims Outstanding at October 31, 2021</b>	<b><u>\$ 395,000</u></b>



**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 17. Contingencies (Continued)**

**Low Income and Needy Care Collaboration Agreements**

The District has entered into Low Income and Needy Care Collaboration Agreements (LINCCA) with certain participating private healthcare providers primarily to improve access and provide low income and needy care services in the community it serves by the participating providers. Payments to the Department of Health and Hospitals in conjunction with LINCCA totaled \$-0- and \$950,000 during the fiscal years ended October 31, 2021 and 2020, respectively. These payments are being amortized over the effective term of the agreement. A total of \$-0- and \$947,145 was recognized and included in professional and contractual services expenses during the fiscal years ended October 31, 2021 and 2020, respectively. The remainder of \$-0- and \$69,379 was included in prepaid expenses on the Hospital's statements of net position as of October 31, 2021 and 2020, respectively.

**Note 18. Related-Party Transactions**

During the fiscal-year ended October 31, 2017, the Hospital rented equipment and billing software to the Beauregard Physician Group, an affiliate of West Louisiana Health Services, Inc. These arrangements have no formal rental agreements and are considered month-to-month with a fixed monthly payment. During the fiscal year ended October 31, 2016, the Hospital rented multiple clinical buildings and equipment to the Beauregard Physician Group. The rental arrangements, except one building which has no formal rental agreement, had a one-year term and a fixed monthly payment on the building usage. For 2021 and 2020, the rent received is equal to depreciation expense on such equipment and software. Payments from the Beauregard Physician Group totaled \$1,591 and \$5,847 for the fiscal years ended October 31, 2021 and 2020, respectively. The cost, accumulated depreciation and carrying amount of the rented property totaled \$141,925, \$119,656, and \$22,269 at October 31, 2021 and \$118,065, \$118,065, and \$-0- at October 31, 2020, respectively.

**Note 19. Physicians' Upper Payment Limit/Full Medicaid Pricing Program (UPL)**

The Hospital entered into an agreement with the Louisiana Department of Health (LDH), which was approved by The Centers for Medicare and Medicaid Services. Under the agreement, LDH makes payments under the Physician's Supplemental Payment Program for non-state-owned public hospitals (HSDs). The purpose of this program is to enhance payments to physicians employed or contracted by the public hospitals. The Hospital agreed to transfer funds to LDH to be used as Medicaid matching funds for the purpose of making physician supplemental payments and providing the State with additional resources to assist in the medical costs to the State.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Financial Statements**

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**Note 19. Physicians' Upper Payment Limit/ Full Medicaid Pricing Program (UPL)  
(Continued)**

These matching funds are comprised of (1) an amount to be utilized as the "non-federal share" of the supplemental payments for services provided by the identified physician, and other healthcare professionals and (2) the "state retention amount" which is fifteen percent of the "non-federal share", for LDH to utilize in delivering healthcare services. In turn, LDH agrees to make supplemental Medicaid payments to the Hospital. The supplemental payments include the "non-federal share" and the "federal funds" generated by the "non-federal share" payments. The total amount of the supplemental payments is intended to represent the difference between the Medicaid payments otherwise made to these qualifying providers at the Average Community Rate for these services.

The Hospital recognizes its transfers and the funds received within income from operations. Any amounts related to that year that are not received as of fiscal year-end are recorded as a component of other receivables in the accompanying statements of net position. These receivables can be subject to adjustments that are reflected in the period they become known.

Revenues received under this agreement totaled \$4,767,659 and \$6,036,417 for the years ended October 31, 2021 and 2020, respectively. Transfers to LDH totaled \$2,238,556 and \$2,745,300 for the fiscal years ended October 31, 2021 and 2020, respectively. Receivables were \$-0- and \$330,405 at October 31, 2021 and 2020, respectively.

**Note 20. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 14, 2022, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## Independent Auditor's Report on Supplementary Information

To the Board of Commissioners  
Hospital Service District No. 2 of Beauregard Parish  
DeRidder, Louisiana

We have audited the financial statements of the business-type activities of Hospital Service District No. 2 of Beauregard Parish as of and for the years ended October 31, 2021 and 2020, and have issued our report thereon, dated March 14, 2022, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to March 14, 2022.

The accompanying schedules of gross patient service revenues and other revenues are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information for the years ended October 31, 2021 and 2020 is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis, as required by Louisiana Revised Statute, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



A Professional Accounting Corporation

Metairie, LA  
March 14, 2022

### LOUISIANA • TEXAS

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## **SUPPLEMENTAL INFORMATION**

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Schedule of Gross Patient Service Revenues  
For the Years Ended October 31, 2021 and 2020**

	2021	2020
<b>Inpatient</b>		
Nursing Revenue from Daily Patient Services	9,271,944	\$ 9,985,014
Nursing Revenue from Labor, Delivery, and Nursery	650,249	1,524,532
Nursing Revenue from Surgery	8,086,452	8,883,770
Nursing Revenue from Recovery	5,702,091	1,643,139
Anesthesia	113,875	144,413
Central Supply	3,088,786	2,842,005
Laboratory	6,144,818	8,286,680
Blood Bank	222,787	251,807
Electrodiagnosis	558,483	1,019,690
EEG	11,305	13,300
Radiology	3,813,519	5,303,109
Nuclear Medicine	193,291	301,184
Pharmacy	8,428,784	7,303,995
IV	2,711,944	2,606,216
Physical Therapy	228,416	218,887
Respiratory Therapy	3,215,381	3,338,914
Ultrasound	176,687	222,598
Cath Lab	735	6,860
<b>Total Inpatient</b>	<b>52,619,547</b>	<b>53,896,113</b>
<b>Outpatient</b>		
Nursing Revenue	3,848,917	\$ 4,018,307
Emergency Rooms	19,355,438	17,937,677
Anesthesia	564,730	540,463
Central Supply	7,462,973	6,515,122
Laboratory	26,319,470	24,594,596
Blood Bank	191,683	216,572
Electrodiagnosis	1,664,292	1,800,823
EEG	34,580	19,950
Radiology	30,255,514	25,120,187
Nuclear Medicine	1,346,793	1,484,383
Pharmacy	13,860,029	13,033,006
IV	2,379,816	2,103,197
Physical Therapy	4,708,562	3,783,182
Respiratory Therapy	1,564,633	1,132,388
Ultrasound	1,816,314	1,676,340
Wound Care	1,047,246	-
Cardiac Rehab	83,756	103,545
Sleep Center	516,398	520,488
Cath Lab	5,836	39,391
Rural Health Clinics	12,330,157	11,568,454
<b>Total Outpatient</b>	<b>129,357,136</b>	<b>116,208,074</b>
<b>Charity Care</b>	<b>(5,249,440)</b>	<b>(6,719,489)</b>
<b>Total Gross Patient Service Revenues</b>	<b>\$ 176,727,243</b>	<b>\$ 163,384,697</b>

See independent auditor's report on supplementary information.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Schedule of Other Revenues  
For the Years Ended October 31, 2021 and 2020**

	2021	2020
<b>Other Revenues</b>		
Cafeteria	\$ 203,075	\$ 163,294
EHR Incentive Payment	-	8,500
UPL/FMP Grant Revenues	4,767,659	6,036,417
Uncompensated Care Costs	4,953,794	4,129,386
Managed Care Incentive Payment (MCIP)	763,268	2,340,074
Scrap Sales	-	1,885
Vending Machine	9,953	16,957
Rental Income	525,281	402,941
Pharmacy Sales to Employees	-	120,532
Miscellaneous	19,368	48,491
Wellness Income	4,438	26,196
<b>Total Other Revenues</b>	<b>\$ 11,246,836</b>	<b>\$ 13,294,673</b>

See independent auditor's report on supplementary information.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Schedule of Compensation, Benefits, and  
Other Payments to Agency Head or Chief Executive Officer  
For the Year Ended October 31, 2021**

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**Agency Head: William F. Barrow II, Former CEO - last day December 31, 2020**

<b>Purpose</b>	<b>Amount</b>
Salary	\$426,068
Benefits - Insurance	\$3,881
Benefits - Retirement	\$40,995
Benefits	\$0
Car Allowance	\$1,400
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

**Agency Head: Traci Thibodeaux, Current CEO - started January 1, 2021**

<b>Purpose</b>	<b>Amount</b>
Salary	\$288,462
Benefits - Insurance	\$13,271
Benefits - Retirement	\$27,907
Benefits	\$0
Car Allowance	\$7,000
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report on supplementary information.



**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 Board of Commissioners  
Hospital Service District No. 2 of Beauregard Parish  
De  
Ridder, 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hospital Service District No. 2 of Beauregard Parish (the District) as of and for the year ended October 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 14, 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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental 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 Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
March 14, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED  
BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Commissioners  
Hospital Service District No. 2 of Beauregard Parish  
DeRidder, Louisiana

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

We have audited Hospital Service District No. 2 of Beauregard Parish's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended October 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

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

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



### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA  
March 14, 2022

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended October 31, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Direct Award:			
COVID-19 Provider Relief Funds	93.498		\$ 3,948,738
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697		197,846
Through: Louisiana Hospital Association COVID-19 National Bioterrorism Hospital Preparedness Program	93.889		24,037
Through: State of Louisiana COVID-19 Small Rural Hospital Improvement Grant Program	93.301		<u>84,317</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>4,254,938</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 4,254,938</u></u>

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana**

**Notes to Schedule of Expenditures of Federal Awards**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Hospital Service District No. 2 of Beauregard Parish (the District) under programs of the federal government for the year ended October 31, 2021 and is presented on the full accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**Note 2. De Minimis Cost Rate**

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

**Note 3. Relationship to Financial Statements**

Grant revenues are included in the statements of revenues, expenses, and changes in net position for the year ended October 31, 2021 as follows:

<b>Fiscal Year</b>	<b>Provider Relief Funding Received</b>	<b>Amount Recognized as Revenue</b>	<b>Amount Reported as Unearned Revenue</b>	<b>Amount Reported on the SEFA</b>
2020	\$ 9,182,813	\$ 5,256,084	\$ 3,926,729	\$ -
2021	\$ 400,000	3,926,729	\$ 400,000	\$ 3,948,738

The District received COVID-19 Provider Relief Funds during the years ended October 31, 2021 and 2020, in the amounts of \$9,182,813 and \$400,000, respectively. Based on compliance requirements by the U.S. Department of Health and Human Services, payments received from April 10, 2020 to June 30, 2020 have a deadline to use funds as of June 30, 2021 and are reported on the Schedule for the year ended October 31, 2021. Payments received subsequent to June 30, 2020 have subsequent deadlines to use funds, and will be reported on future Schedules, as applicable.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended October 31, 2021**

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**Part I - Summary of Auditor's Results**

**Financial Statement Section**

Type of Auditor's Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness?	None Reported
Noncompliance Material to Financial Statements Noted?	No

**Federal Awards Section**

Internal Control over Major Programs:	
Material weakness(es) identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness?	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>Title</u>	<u>Assistance Listing Number</u>
Provider Relief Funds	93.498

Dollar Threshold used to Distinguish between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	No

**Part II - Schedule of Financial Statement Findings Section**

None.

**Part III - Federal Awards Findings and Questioned Costs Section**

None.

**HOSPITAL SERVICE DISTRICT NO. 2  
OF BEAUREGARD PARISH  
DeRidder, Louisiana  
Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended October 31, 2021**

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**Part I - Financial Statement Findings**

None.

**Part II - Federal Award Findings and Questioned Costs**

None.