

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Independent Auditor's Reports and Financial Statements
September 30, 2022 and 2021**

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
September 30, 2022 and 2021**

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital (the District), a component unit of Richland Parish Policy Jury, as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents..

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of September 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head or Chief Executive Officer, the Combining Statement of Net Position and the Combining Statement of Revenues, Expenses and Changes in Net Position listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head or Chief Executive Officer has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Combining Statement of Net Position and the Combining Statement of Revenues, Expenses and Changes in Net Position have not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

FORVIS,LLP

**Dallas, Texas
March 16, 2023**

Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital A Component Unit of Richland Parish Police Jury Management's Discussion and Analysis September 30, 2022 and 2021

Introduction

This management's discussion and analysis of the financial performance of Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital (the District) provides an overview of the District's financial activities for the years ended September 30, 2022 and 2021. It should be read in conjunction with the accompanying financial statements of the District.

Financial Highlights

- Cash and investments increased in 2022 by \$10,560,891, or 42.0%, and increased in 2021 by \$1,388,145, or 5.8%.
- The District's net position increased in both 2022 and 2021, with a \$8,182,772, or 19.1% increase in 2022, and a \$12,023,722, or 38.9% increase in 2021.
- The District reported operating income of \$4,470,849 in 2022, primarily due to an increase in net patient service revenue of \$2,630,198. In 2021, the District reported an operating income of \$2,177,230.
- Net nonoperating revenues decreased by \$2,931,702, or 44.1% in 2022, compared to 2021, and increased by \$3,945,099, or 146.2% in 2021, compared to 2020.

Using This Annual Report

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

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

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

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

The Statement of Cash Flows

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

The District's Net Position

The District's net position is the difference between its assets and liabilities reported in the statements of net position. The District's net position increased by \$8,182,772, or 19.1% in 2022 over 2021, and by \$12,023,722, or 38.9% in 2021 over 2020, as shown in Table 1.

**Hospital Service District No. 1A of the Parish of Richland
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Management's Discussion and Analysis
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Table 1: Assets, Liabilities, and Net Position

	2022	2021	2020
Assets			
Cash and investments	\$ 35,684,117	\$ 25,123,226	\$ 23,735,081
Patient accounts receivable, net	3,530,515	3,832,842	2,209,190
Other current assets	3,707,097	5,510,310	5,368,166
Capital assets, net	9,975,250	10,223,921	8,887,949
Other assets	236,088	236,088	236,088
Total assets	<u>\$ 53,133,067</u>	<u>\$ 44,926,387</u>	<u>\$ 40,436,474</u>
Liabilities			
Long-term debt	\$ -	\$ -	\$ 2,416,341
Current liabilities	2,039,110	2,015,202	7,132,670
Total liabilities	<u>2,039,110</u>	<u>2,015,202</u>	<u>9,549,011</u>
Net Position			
Net investment in capital assets	9,966,417	10,076,161	8,415,029
Unrestricted	41,127,540	32,835,024	22,472,434
Total net position	<u>51,093,957</u>	<u>42,911,185</u>	<u>30,887,463</u>
Total liabilities and net position	<u>\$ 53,133,067</u>	<u>\$ 44,926,387</u>	<u>\$ 40,436,474</u>

The most significant change in the District's financial position from 2021 to 2022 was the increase in other current assets, which is attributable to an increase in cash and investments of \$10,560,891. The increase in cash and investments is attributable to increased operating revenues, specifically net patient service revenue, and fewer cash expenditures in 2022 for capital assets as compared to 2021.

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

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Management's Discussion and Analysis
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Operating Results and Changes in the District's Net Position

In 2022 and 2021, the District's net position increased by \$8,182,772 and \$12,023,722, respectively, as shown in Table 2.

Table 2: Operating Results and Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues			
Net patient service revenue	\$ 30,031,947	\$ 27,401,749	\$ 22,676,581
Grant revenue	3,208,815	3,264,329	2,345,724
Other	2,977,005	3,054,138	2,956,857
Total operating revenues	<u>36,217,767</u>	<u>33,720,216</u>	<u>27,979,162</u>
Operating Expenses			
Salaries and wages	15,586,432	16,208,828	14,264,190
Employee benefits	3,935,278	3,812,777	2,969,474
Purchased services and professional fees	4,724,358	4,365,366	4,018,986
Supplies and other	6,571,948	6,448,494	5,761,859
Depreciation and amortization	928,902	707,521	563,123
Total operating expenses	<u>31,746,918</u>	<u>31,542,986</u>	<u>27,577,632</u>
Operating Income	<u>4,470,849</u>	<u>2,177,230</u>	<u>401,530</u>
Nonoperating Revenues			
Property taxes	880,826	818,889	809,867
Investment income	170,422	182,391	296,987
Noncapital grants and gifts	2,660,675	5,642,345	1,591,672
Total nonoperating revenues	<u>3,711,923</u>	<u>6,643,625</u>	<u>2,698,526</u>
Capital Grants and Gifts & Special Item	<u>-</u>	<u>3,202,867</u>	<u>636,530</u>
Increase in Net Position	<u>\$ 8,182,772</u>	<u>\$ 12,023,722</u>	<u>\$ 3,736,586</u>

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Operating Results

The first component of the overall change in the District's net position is its operating income or loss – generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The District has reported operating income for the past three years, 2022, 2021, and 2020. Grants and property taxes (nonoperating revenues) levied by the District have provided sufficient resources to enable the District to serve lower income and other residents.

The District reported operating income of \$4,470,849 for 2022, which increased by \$2,293,619, compared to 2021. The primary components of the change in operating results were:

- An increase in net patient service revenue of approximately \$2,630,000 or 9.6%.
- An increase in total operating expenses of approximately \$204,000 or 0.6%.

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

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

Nonoperating Revenues

Nonoperating revenues (expenses) consist primarily of property taxes levied by the District and noncapital grants and gifts. Noncapital grants and gifts decreased by \$2,981,670, or 52.8% in 2022, compared to 2021 due to the recognition of Provider Relief Fund revenue as provided for in the CARES Act and discussed in *Note 11*.

Capital Grants and Gifts

The District receives both capital and operating grants from various state and federal agencies for specific programs. The District received capital grants and gifts of \$0 and \$137,657 in 2022 and 2021, respectively.

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Grant Expenses

The District actively applies for available state and federal grants. A majority of the grants are reimbursement grants requiring the District to spend the money for an approved purchase and then request reimbursement from the grantor. The revenues and expenses associated with these grants generally offset each other. The District recorded approximately \$2,661,000 and \$5,642,000 of noncapital grants and gifts in 2022 and 2021, respectively; however, the expenses associated with these grant receipts have been recorded in operating expenses for each year. These amounts are inclusive of the Provider Relief Funds recognized during 2022 and 2021, as discussed in *Note 11*.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating income and nonoperating revenues and expenses for 2022 and 2021, as discussed earlier.

Capital Asset

At the end of 2022 and 2021, the District had \$9,975,250 and \$10,223,921, respectively, of net capital assets, as detailed in *Note 5* to the financial statements.

Contacting the District's Financial Management

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

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Statements of Net Position
September 30, 2022 and 2021**

Assets

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 30,250,658	\$ 19,733,954
Short-term investments - certificates of deposit	4,519,778	4,496,294
Board designated - short-term investments	913,681	892,978
Patient accounts receivable, net of allowance; 2022 - \$2,012,000; 2021 - \$1,455,000	3,530,515	3,832,842
Estimated amounts due from third-party payers	1,560,378	2,851,048
Grant and other receivables	840,246	1,096,030
Supplies	1,052,764	1,123,982
Prepaid expenses and other	<u>253,709</u>	<u>439,250</u>
Total current assets	<u>42,921,729</u>	<u>34,466,378</u>
Capital Assets, Net	<u>9,975,250</u>	<u>10,223,921</u>
Other Assets	<u>236,088</u>	<u>236,088</u>
Total assets	<u>\$ 53,133,067</u>	<u>\$ 44,926,387</u>

Liabilities and Net Position

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Accounts payable	\$ 798,700	\$ 619,324
Accrued expenses	1,093,880	1,003,709
Revenue received in advance	18,500	107,169
Estimated self-insured health insurance costs	128,030	285,000
	<u>2,039,110</u>	<u>2,015,202</u>
Net Position		
Net investment in capital assets	9,966,417	10,076,161
Unrestricted	41,127,540	32,835,024
	<u>51,093,957</u>	<u>42,911,185</u>
	<u>\$ 53,133,067</u>	<u>\$ 44,926,387</u>

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2022 and 2021**

	2022	2021
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2022 - \$1,220,000; 2021 - \$1,165,000	\$ 30,031,947	\$ 27,401,749
Grant revenue	3,208,815	3,264,329
Other	2,977,005	3,054,138
Total operating revenues	36,217,767	33,720,216
Operating Expenses		
Salaries and wages	15,586,432	16,208,828
Employee benefits	3,935,278	3,812,777
Purchased services and professional fees	4,724,358	4,365,366
Supplies and other	6,571,948	6,448,494
Depreciation and amortization	928,902	707,521
Total operating expenses	31,746,918	31,542,986
Operating Income	4,470,849	2,177,230
Nonoperating Revenues		
Property taxes	880,826	818,889
Investment income	170,422	182,391
Noncapital grants and gifts	2,660,675	5,642,345
Total nonoperating revenues	3,711,923	6,643,625
Income Before Capital Grants and Gifts and Special Item	8,182,772	8,820,855
Capital Grants and Gifts and Special Item		
Capital grants and gifts	-	137,657
Special item - forgiveness of PPP Loan	-	3,065,210
Total capital grants and gifts and special item	-	3,202,867
Increase in Net Position	8,182,772	12,023,722
Net Position, Beginning of Year	42,911,185	30,887,463
Net Position, End of Year	\$ 51,093,957	\$ 42,911,185

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Statements of Cash Flows
Years Ended September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	\$ 31,624,944	\$ 25,990,444
Payments to suppliers and contractors	(10,962,828)	(11,183,481)
Payments to employees	(19,588,509)	(19,762,279)
Other receipts, net	6,360,261	6,795,624
	<u>7,433,868</u>	<u>1,840,308</u>
Cash Flows From Noncapital Financing Activities		
Property taxes supporting operations	880,826	818,889
Principal and interest paid on PPP loan	-	(342,000)
Refund to District of principal and interest paid on PPP loan	342,000	-
CARES Act funding received	1,224,854	100,000
Noncapital grants and gifts	1,335,821	1,019,553
	<u>3,783,501</u>	<u>1,596,442</u>
Cash Flows From Capital and Related Financing Activities		
Capital grants and gifts	-	137,657
Purchase of capital assets	(826,900)	(2,368,653)
	<u>(826,900)</u>	<u>(2,230,996)</u>
Cash Flows From Investing Activities		
Interest on investments	170,422	109,427
Purchase of investments	(5,433,459)	(4,444,070)
Proceeds from disposition of investments	5,389,272	4,423,330
	<u>126,235</u>	<u>88,687</u>
Increase in Cash	10,516,704	1,294,441
Cash, Beginning of Year	<u>19,733,954</u>	<u>18,439,513</u>
Cash, End of Year	<u>\$ 30,250,658</u>	<u>\$ 19,733,954</u>

**Hospital Service District No. 1A of the Parish of Richland
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Statements of Cash Flows (Continued)
Years Ended September 30, 2022 and 2021**

	2022	2021
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 4,470,849	\$ 2,177,230
Depreciation and amortization	928,902	707,521
Provision for uncollectible accounts	1,219,738	1,165,402
Changes in operating assets and liabilities		
Patient accounts receivable	(917,411)	(2,789,054)
Estimated amounts due from third-party payers	1,290,670	149,172
Accounts payable and accrued expenses	262,835	271,344
Other assets and liabilities	178,285	158,693
	<u>\$ 7,433,868</u>	<u>\$ 1,840,308</u>
 Noncash Investing, Capital and Financing Activities		
Capital asset acquisitions included in accounts payable and accrued expenses	\$ 8,833	\$ 147,760
Forgiveness of PPP Loan	\$ -	\$ 3,065,210

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
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Notes to Financial Statements
September 30, 2022 and 2021**

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

Nature of Operations and Reporting Entity

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

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

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

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

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

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

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The Delhi Health Care Foundation (the Foundation) is a 501(c)3 nonprofit health organization, established in order to promote and support the Hospital in the provision of health care. The Foundation is a separate legal entity but is financially integrated with the District, and is reported as a blended component unit of the District and does not issue separate financial statements. The Foundation had no activity during 2022 and 2021.

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, property taxes, investment income and interest on capital assets - related debt are included in nonoperating revenues (expenses). The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

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

Patient Accounts Receivable

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

Supplies

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

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Investments and Investment Income

Investments in non-negotiable certificates of deposit are carried at amortized cost.

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District.

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

Capital Asset Impairment

The District evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized during the years ended September 30, 2022 or 2021.

Compensated Absences

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

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Risk Management

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

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

Net Position

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

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

Net Patient Service Revenue

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

Charity Care

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

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Property Taxes

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

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

The District received approximately 2.0% of its financial support from property taxes in 2022 and 2021. These funds were used to support building, maintenance and repairs.

Income Taxes

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

Note 2: Net Patient Service Revenue

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

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

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

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

Approximately 80% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended September 30, 2022 and 2021. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The District entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor), whereby the Grantor awards an intergovernmental transfer (IGT) grant to be used solely to provide adequate and essential medically necessary and available health care services to the District's service population subject to the availability of such grant funds. The aggregate IGT grant income was approximately \$2,135,000 and \$1,716,000, for the years ended September 30, 2022 and 2021, respectively, of which \$1,720,000 and \$1,532,000, respectively, is included in net patient service revenue and the residual amount is included in other operating revenue.

Note 3: Deposits

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

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

	<u>2022</u>	<u>2021</u>
Insured by Federal Deposit Insurance Corporation	\$ 2,045,542	\$ 4,453,431
Uninsured and uncollateralized	79,593	247,356
Collateralized by securities held by the pledging financial institution's Trust Department in the District's name	<u>33,516,197</u>	<u>20,720,615</u>
Total depository balance	<u><u>\$ 35,641,332</u></u>	<u><u>\$ 25,421,402</u></u>

Summary of Carrying Values

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

	<u>2022</u>	<u>2021</u>
Carrying value Deposits	<u><u>\$ 35,684,117</u></u>	<u><u>\$ 25,123,226</u></u>
Included in the following statements of net position captions		
Cash	\$ 30,250,658	\$ 19,733,954
Short-term investments - certificates of deposit	4,519,778	4,496,294
Board designated - short-term investments	<u>913,681</u>	<u>892,978</u>
	<u><u>\$ 35,684,117</u></u>	<u><u>\$ 25,123,226</u></u>

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Note 4: Patient Accounts Receivable

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

	2022	2021
Medicare	\$ 1,729,169	\$ 1,902,891
Medicaid	715,087	912,210
Other third-party payers	657,181	949,583
Patients	2,441,132	1,522,860
	5,542,569	5,287,544
Less allowance for uncollectible accounts	(2,012,054)	(1,454,702)
	\$ 3,530,515	\$ 3,832,842

Note 5: Capital Assets

Capital assets activity for the years ended September 30 was:

	2022				
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Land	\$ 1,837,427	\$ 102,403	\$ -	\$ -	\$ 1,939,830
Land improvements	241,720	-	-	-	241,720
Buildings and improvements	12,868,603	181,480	-	-	13,050,083
Equipment	8,002,612	313,105	(145,991)	-	8,169,726
Vehicles	769,811	83,095	(55,617)	-	797,289
Furniture	76,557	-	-	-	76,557
Construction in progress	6,287	7,890	-	-	14,177
	<u>23,803,017</u>	<u>687,973</u>	<u>(201,608)</u>	<u>-</u>	<u>24,289,382</u>
Less accumulated depreciation					
Land improvements	163,789	39,116	-	-	202,905
Buildings and improvements	5,849,503	475,957	-	-	6,325,460
Equipment	6,622,261	378,261	(138,249)	-	6,862,273
Vehicles	773,985	35,568	(55,617)	-	753,936
Furniture	169,558	-	-	-	169,558
	<u>13,579,096</u>	<u>928,902</u>	<u>(193,866)</u>	<u>-</u>	<u>14,314,132</u>
Capital assets, net	\$ 10,223,921	\$ (240,929)	\$ (7,742)	\$ -	\$ 9,975,250

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	2021				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	
Land	\$ 1,708,256	\$ 129,171	\$ -	\$ -	\$ 1,837,427
Land improvements	241,720	-	-	-	241,720
Buildings and improvements	6,789,371	1,317,115	-	4,762,117	12,868,603
Equipment	7,608,263	557,684	(163,335)	-	8,002,612
Vehicles	730,288	39,523	-	-	769,811
Furniture	76,557	-	-	-	76,557
Construction in progress	4,768,404	-	-	(4,762,117)	6,287
	<u>21,922,859</u>	<u>2,043,493</u>	<u>(163,335)</u>	<u>-</u>	<u>23,803,017</u>
Less accumulated depreciation					
Land improvements	151,049	12,740	-	-	163,789
Buildings and improvements	5,541,796	307,707	-	-	5,849,503
Equipment	6,484,795	300,801	(163,335)	-	6,622,261
Vehicles	687,712	86,273	-	-	773,985
Furniture	169,558	-	-	-	169,558
	<u>13,034,910</u>	<u>707,521</u>	<u>(163,335)</u>	<u>-</u>	<u>13,579,096</u>
Capital assets, net	<u>\$ 8,887,949</u>	<u>\$ 1,335,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,223,921</u>

Note 6: Medical Malpractice Claims

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

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

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Note 7: Employee Health Claims

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

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 285,000	\$ 131,681
Current year claims incurred and changes in estimates for claims incurred in prior years	1,212,093	1,599,177
Claims and expenses paid	<u>(1,369,063)</u>	<u>(1,445,858)</u>
Balance, end of year	<u>\$ 128,030</u>	<u>\$ 285,000</u>

Note 8: Long-term Obligations

The following is a summary of long-term obligation transactions for the District for the year ended September 30, 2021:

	<u>2021</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Long-term debt					
PPP loan	<u>\$ 3,065,210</u>	<u>\$ -</u>	<u>\$ (3,065,210)</u>	<u>\$ -</u>	<u>\$ -</u>

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Paycheck Protection Program Loan

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

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

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

Note 9: Pension Plan

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

Employees are eligible to participate upon date of employment and are immediately vested in the employer's matching contribution. Contributions to the plans by the District are determined by the Board at a minimum of 6.2% of the participant's compensation. Contribution rates for plan members and the District, expressed as a percentage of covered payroll, was 5.9% and 6.0% for 2022 and 2021, respectively. Contributions made by plan members were approximately \$927,000 and \$972,000 during 2022 and 2021, respectively. Employer contributions made by the District were approximately \$924,000 and \$972,000 during 2022 and 2021, respectively. Forfeitures were not material in 2022 and 2021.

Note 10: Contingencies

Litigation

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

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Workers' Compensation

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

Note 11: COVID-19 Pandemic and CARES Act Funding

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

As discussed below, the District received general and targeted Provider Relief Fund distributions as provided for under the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.

The extent of the COVID-19 pandemic's adverse effect on the District's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the District's control and ability to forecast. Because of these and other uncertainties, the District cannot estimate the length or severity of the effect of the pandemic.

Provider Relief Fund

From the commencement of the pandemic through September 30, 2022, the District received approximately \$5,968,000 of distributions from the CARES Act Provider Relief Fund (the Provider Relief Fund), of which approximately \$1,225,000 and \$100,000 were received during the years ended September 30, 2022 and 2021, respectively. These distributions from the Provider Relief Fund are not subject to repayment, provided the District is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the U.S. Department of Health and Human Services.

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The District is accounting for such payments as conditional contributions. Payments are recognized as non-operating revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the District's operating revenues and expenses, the District recognized approximately \$1,225,000 and \$4,515,000, related to the Provider Relief Fund in 2022 and 2021, respectively, and these payments are recorded as noncapital grants and gifts in the statements of revenues, expenses and changes in net position. The unrecognized amount of Provider Relief Fund distributions are recorded as part of revenue received in advance in the accompanying statements of net position.

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

Note 12: Future Change in Accounting Principle

GASB Statement No. 96 – *Subscription Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in subscription assets – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for certain SBITAs.

Supplementary Information

**Hospital Service District No. 1A of the Parish of Richland
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Schedule of Compensation, Benefits and Other Payments to Agency Head or
Chief Executive Officer
September 30, 2022**

Agency Head Name: Michael W. Carroll, CEO

Purpose	Amount
Salary	\$ 151,752
Benefits - insurance	1,022
Benefits - retirement	8,692
Cell phone	768

**Hospital Service District No. 1A of the Parish of Richland
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A Component Unit of Richland Parish Police Jury
Combining Statement of Net Position
September 30, 2022**

	Hospital and Clinics	Delhi Community Health Center	Eliminations	Combined
Assets				
Current Assets				
Cash	\$ 26,625,443	\$ 3,625,215	\$ -	\$ 30,250,658
Short-term investments - certificates of deposit	4,519,778	-	-	4,519,778
Board designated - short-term investments	913,681	-	-	913,681
Patient accounts receivable, net	2,676,172	854,343	-	3,530,515
Due from affiliate	144,541	-	(144,541)	-
Estimated amounts due from third-party payers	1,517,096	43,282	-	1,560,378
Grant and other receivables	322,782	517,765	(301)	840,246
Supplies	898,224	154,540	-	1,052,764
Prepaid expenses and other	212,256	41,453	-	253,709
	<u>37,829,973</u>	<u>5,236,598</u>	<u>(144,842)</u>	<u>42,921,729</u>
Total current assets				
Capital Assets, Net	4,131,339	5,843,911	-	9,975,250
Other Assets	<u>236,088</u>	<u>-</u>	<u>-</u>	<u>236,088</u>
Total assets	<u><u>\$ 42,197,400</u></u>	<u><u>\$ 11,080,509</u></u>	<u><u>\$ (144,842)</u></u>	<u><u>\$ 53,133,067</u></u>

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Combining Statement of Net Position (Continued)
September 30, 2022**

	Hospital and Clinics	Delhi Community Health Center	Eliminations	Combined
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 708,996	\$ 89,704	\$ -	\$ 798,700
Accrued expenses	852,458	241,422	-	1,093,880
Revenue received in advance	-	18,500	-	18,500
Estimated self-insured health insurance costs	128,030	-	-	128,030
Due to affiliate	-	144,842	(144,842)	-
	<u>1,689,484</u>	<u>494,468</u>	<u>(144,842)</u>	<u>2,039,110</u>
Total current liabilities				
Net Position				
Net investment in capital assets	4,122,506	5,843,911	-	9,966,417
Unrestricted	36,385,410	4,742,130	-	41,127,540
	<u>40,507,916</u>	<u>10,586,041</u>	<u>-</u>	<u>51,093,957</u>
Total net position				
Total liabilities and net position	<u>\$ 42,197,400</u>	<u>\$ 11,080,509</u>	<u>\$ (144,842)</u>	<u>\$ 53,133,067</u>

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended September 30, 2022**

	Hospital and Clinics	Delhi Community Health Center	Eliminations	Combined
Operating Revenues				
Net patient service revenue	\$ 25,850,530	\$ 4,181,417	\$ -	\$ 30,031,947
Grant revenue	-	3,208,815	-	3,208,815
Other	1,591,361	1,565,644	(180,000)	2,977,005
Total operating revenues	<u>27,441,891</u>	<u>8,955,876</u>	<u>(180,000)</u>	<u>36,217,767</u>
Operating Expenses				
Salaries and wages	11,448,612	4,137,820	-	15,586,432
Employee benefits	2,940,423	994,855	-	3,935,278
Purchased services and professional fees	4,333,262	391,096	-	4,724,358
Supplies and other	5,023,202	1,728,746	(180,000)	6,571,948
Depreciation and amortization	536,497	392,405	-	928,902
Total operating expenses	<u>24,281,996</u>	<u>7,644,922</u>	<u>(180,000)</u>	<u>31,746,918</u>
Operating Income	<u>3,159,895</u>	<u>1,310,954</u>	<u>-</u>	<u>4,470,849</u>
Nonoperating Revenues				
Property taxes	880,826	-	-	880,826
Investment income	167,693	2,729	-	170,422
Noncapital grants and gifts	2,470,192	190,483	-	2,660,675
Total nonoperating revenues	<u>3,518,711</u>	<u>193,212</u>	<u>-</u>	<u>3,711,923</u>
Increase in Net Position	6,678,606	1,504,166	-	8,182,772
Net Position, Beginning of Year	<u>33,829,310</u>	<u>9,081,875</u>	<u>-</u>	<u>42,911,185</u>
Net Position, End of Year	<u>\$ 40,507,916</u>	<u>\$ 10,586,041</u>	<u>\$ -</u>	<u>\$ 51,093,957</u>



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital (the District), a component unit of Richland Parish Police Jury, which comprise the District's statement of net position as of September 30, 2022, and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

**Dallas, Texas
March 16, 2023**

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

A Component Unit of Richland Parish Police Jury

Single Audit Reports

September 30, 2022

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
September 30, 2022**

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**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022**

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Pass-Through State of Louisiana - Department of Health				
Family Planning Services	93.217	20000543033	\$ -	\$ 76,892
Direct Programs:				
Health Center Program Cluster				
Grants for New and Expanded Services under the Health Center Program	93.527		-	1,685,303
Community Health Centers	93.224		-	540,562
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224		-	72,903
COVID-19 American Rescue Plan Act Funding for Health Centers	93.224		-	631,751
COVID-19 Expanding Capacity for Coronavirus Testing	93.224		-	45,997
Total 93.224			<u>-</u>	<u>1,291,213</u>
Total Health Center Program Cluster			-	2,976,516
COVID-19 Small Rural Hospital Improvement Grant Program	93.301		-	261,717
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697		-	100,000
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912		-	1,042,421
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 4,457,546</u>

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

A Component Unit of Richland Parish Police Jury

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital (the District) under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

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

Note 4: Federal Loan Programs

The District did not have any loan programs during the year ended September 30, 2022.

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

For the year ended September 30, 2022, the District received \$0 in federally donated personal protective equipment in response to the COVID-19 pandemic.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Hospital Service District No. 1A of the Parish of Richland d/b/a Richland Parish Hospital (the District), a Component Unit of Richland Parish Police Jury, which comprise the District's balance sheet as of September 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financials and have issued our report thereon dated March 16, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Dallas, Texas
March 16, 2023

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

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Hospital Service District No. 1A of the Parish of Richland d.b.a. Richland Parish Hospital's (the District), a Component Unit of Richland Parish Police Jury, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended September 30, 2022. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the District, as of and for the year ended September 30, 2022, and have issued our report thereon dated March 16, 2023 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

FORVIS,LLP

Dallas, Texas
March 16, 2023

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

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

2. Internal control over financial reporting:
 Significant deficiency(ies) identified? Yes None reported
 Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over the major federal awards program:
 Significant deficiency(ies) identified? Yes None reported
 Material weakness(es) identified? Yes No

5. Type of auditor’s report issued on compliance for the major federal program:
 Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No

7. Identification of the major federal program:

Cluster/Program	Assistance Listing Number
Health Center Program Cluster	93.224 & 93.527

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022**

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

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022**

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**Hospital Service District No. 1A of the Parish of Richland
d.b.a. Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022**

Reference Number	Summary of Finding	Status
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No matters are reportable.

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

**Independent Auditor's Report
On Applying Agreed-Upon
Procedures**

September 30, 2022





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Independent Accountant's Report on Applying Agreed-Upon Procedures

Boards of Directors and the Louisiana Legislative Auditor
Hospital Service District No. 1A of the Parish of Richland
d/b/a Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Delhi, Louisiana

We have performed the procedures enumerated in the attachment to this report on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures as of and for the year ended September 30, 2022. The management of Hospital Service District No. 1A of the Parish of Richland d/b/a Richland Parish Hospital (the District), a component unit of Richland Parish Police Jury, is responsible for the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures as of and for the year ended September 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in the attachment to this report.

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

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

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

FORVIS,LLP

Dallas, Texas
March 20, 2023

**Hospital Service District No. 1A of the Parish of Richland d/b/a
Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Applying Agreed-Upon Procedures
Year Ended September 30, 2022**

Written Policies and Procedures

Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

**Hospital Service District No. 1A of the Parish of Richland d/b/a
Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Applying Agreed-Upon Procedures
Year Ended September 30, 2022**

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings

No exceptions were identified in the performance of the procedures listed above.

**Hospital Service District No. 1A of the Parish of Richland d/b/a
Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Applying Agreed-Upon Procedures
Year Ended September 30, 2022**

Board or Finance Committee

Procedures

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Findings

The District did not have a negative unassigned fund balance in the prior year audit report. Accordingly, there are no items to report for step 2c.

No exceptions were identified in the performance of the procedures listed above.

Bank Reconciliations

Procedures

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

**Hospital Service District No. 1A of the Parish of Richland d/b/a
Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Applying Agreed-Upon Procedures
Year Ended September 30, 2022**

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings

No exceptions were identified in the performance of the procedures listed above.

Collections (Excluding Electronic Funds Transfers)

Procedures

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

**Hospital Service District No. 1A of the Parish of Richland d/b/a
Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Applying Agreed-Upon Procedures
Year Ended September 30, 2022**

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings

No exceptions were identified in the performance of the procedures listed above.

**Hospital Service District No. 1A of the Parish of Richland d/b/a
Richland Parish Hospital
A Component Unit of Richland Parish Police Jury
Applying Agreed-Upon Procedures
Year Ended September 30, 2022**

Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases)

Procedures

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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Findings

No exceptions were identified in the performance of the procedures listed above.

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

Procedures

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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Findings

No exceptions were identified in the performance of the procedures listed above.

Travel and Travel-Related Expenses Reimbursements (Excluding Card Transactions)

Procedures

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings

No exceptions were identified in the performance of the procedures listed above.

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Contracts

Procedures

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

Findings

No exceptions were identified in the performance of the procedures listed above.

Payroll and Personnel

Procedures

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings

No exceptions were identified in the performance of the procedures listed above.

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Ethics

Procedures

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

Findings

Management asserts the District did not make any changes to their ethics policy during the fiscal year. Accordingly, there are no items to report for step 20b.

No exceptions were identified in the performance of the procedures listed above.

Debt Service

Procedures

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

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Findings

There was no debt issued during the fiscal year ending September 30, 2022, and the District did not have any debt outstanding at September 30, 2022. Accordingly, there are no items to report for steps 21 and 22.

Fraud Notice

Procedures

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

Findings

Management assets there were no misappropriations of public funds during the fiscal year. Accordingly, there are no items to report for step 23.

No exceptions were identified in the performance of step 24.

Information Technology Disaster Recovery/Business Continuity

Procedures

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Findings

We performed the procedure and discussed the results with management.

Sexual Harassment

Procedures

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;

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- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Findings

Management asserts the District did not receive any complaints pertaining to sexual harassment for the fiscal year. Accordingly, there are no items to report for steps 28b-28e.

No exceptions were identified in the performance of step 26, 27, and 28a.