

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER

DECEMBER 31, 2020 AND 2019

FRANKLINTON, LOUISIANA



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FINANCIAL STATEMENTS
WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
DECEMBER 31, 2020 AND 2019
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Washington Parish Hospital Service District No.1
d/b/a Riverside Medical Center
Franklinton, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (Hospital), a component unit of the Washington Parish Council, State of Louisiana, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center as of December 31, 2020 and 2019, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

The Hospital has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules identified in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2021 on our consideration of the Hospital'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 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 hospital'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 Hospital's internal control over financial reporting and compliance.



LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, LA
July 22, 2021

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF NET POSITION

DECEMBER 31,

ASSETS

	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 8,457,718	\$ 1,318,757
Patient Accounts Receivable, less Allowance for Doubtful Accounts of \$2,903,628 and \$3,169,610, respectively	4,357,442	5,023,369
Estimated Third-Party Payor Settlements	2,839,229	1,572,993
Inventory	733,896	712,657
Prepaid Expenses	146,410	90,489
Ad Valorem Tax Receivable	1,389,790	1,079,125
Other Receivables	1,573,684	1,920,362
	19,498,169	11,717,752
ASSETS WHOSE USE IS LIMITED:		
By Bond Indenture	98,580	96,700
	98,580	96,700
Capital Assets		
Property, Plant and Equipment	27,936,154	26,884,711
Less Accumulated Depreciation	(21,484,079)	(20,664,393)
	6,452,075	6,220,318
Total Capital Assets, Net of Accumulated Depreciation	6,452,075	6,220,318
Total Assets	\$ 26,048,824	\$ 18,034,770

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF NET POSITION

DECEMBER 31,

LIABILITIES AND NET POSITION

	2020	2019
Current Liabilities		
Accounts Payable	\$ 2,493,647	\$ 2,956,778
Current Maturities of Debt	2,472,210	914,093
Estimated Third-Party Payor Settlements	3,220,540	692,183
Patient Accounts - Credit Balances	319,144	195,544
Accrued Salaries	475,055	382,084
Accrued Compensated Absences	949,945	871,495
Accrued Payroll Liabilities and Health Insurance Reserve	253,373	337,648
Accrued Interest Payable	36,696	21,701
Total Current Liabilities	10,220,610	6,371,526
Long-Term Debt		
Leases Payable	807,510	498,376
Cost Report Extended Repayment Plans	-	196,413
2017 Series of Indebtedness	526,000	604,000
2019 Series of Indebtedness	870,000	885,000
Paycheck Protection Program	524,014	-
Total Long-Term Debt	2,727,524	2,183,789
Total Liabilities	12,948,134	8,555,315
Net Position		
Invested in Assets, Net of Related Debt	5,124,095	5,381,695
Restricted	98,580	96,700
Unrestricted	7,878,015	4,001,060
Total Net Position	13,100,690	9,479,455
Total Liabilities and Net Position	\$ 26,048,824	\$ 18,034,770

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

DECEMBER 31,

	2020	2019
Operating Revenues		
Net Patient Service Revenue before Provision for Doubtful Accounts	\$ 23,485,863	\$ 29,459,225
Less: Provisions for Doubtful Accounts	(1,653,168)	(2,178,412)
Net Patient Service Revenue after Provision for Doubtful Accounts	21,832,695	27,280,813
Ad Valorem Taxes	1,474,146	1,485,230
Intergovernmental Transfers - Operating	3,615,100	3,694,508
Other Operating Revenue	332,764	313,509
Total Operating Revenues	27,254,705	32,774,060
Operating Expenses		
Salaries	12,196,047	12,336,536
Employee Benefits	3,944,049	4,080,426
Outside Services and Professional Fees	5,980,546	6,509,353
Depreciation and Amortization	1,139,850	1,654,984
Supplies and Other Expenses	6,496,867	6,694,828
Total Operating Expenses	29,757,359	31,276,127
Gain (Loss) from Operations	(2,502,654)	1,497,933
Non-Operating Revenues (Expenses)		
Non-Operating Grants	105,165	47,965
Provider Relief Funds	6,118,065	-
Rental Income	44,241	33,556
Interest Income	28,140	16,969
Interest Expense	(171,722)	(214,569)
Gain (Loss) on the Sale of Assets	-	200
Total Non-Operating Revenues (Expenses)	6,123,889	(115,879)
Change in Net Position	3,621,235	1,382,054
Beginning Net Position	9,479,455	8,097,401
Ending Net Position	\$ 13,100,690	\$ 9,479,455

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF CASH FLOWS

DECEMBER 31,

	2020	2019
Cash Flows from Operating Activities		
Receipts from Patients and Third-Party Payors	\$ 23,547,618	\$ 28,719,093
Receipts from Ad Valorem Taxes	1,163,481	1,402,777
Receipts from Intergovernmental Transfers	3,821,970	3,641,689
Payments to Suppliers	(11,993,043)	(14,357,729)
Payments to Employees for Salaries and Benefits	(16,268,314)	(17,231,641)
	271,712	2,174,189
Net Cash Flows Provided By (Used In) Operating Activities		
Cash Flows from Non-Capital Financing Activities		
Proceeds from Provider Relief Funds	6,118,065	-
Proceeds From Notes Payable	3,402,503	1,275,400
Payments on Notes Payable	(770,679)	(1,425,473)
	8,749,889	(150,073)
Net Cash Flows Provided By Non-Capital Financing Activities		
Cash Flows from Investing Activities		
Interest and Rental Income	72,381	50,525
Gain (Loss) on the Sale of Assets	-	(200)
	72,381	50,325
Net Cash Flows Provided By Investing Activities		
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	(1,264,351)	(1,085,675)
Interest Paid on Debt Obligations	(156,727)	(201,635)
Payment of Lease Obligations	(532,063)	(600,033)
	(1,953,141)	(1,887,343)
Net Cash Flows (Used in) Capital and Related Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	7,140,841	187,098
Cash and Cash Equivalents at Beginning of the Year	1,415,457	1,228,359
Cash and Cash Equivalents at Ending of the Year	\$ 8,556,298	\$ 1,415,457

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF CASH FLOWS

DECEMBER 31,

	2020	2019
Reconciliation of Income from Operations to Net Cash Flows		
Provided by (Used In) Operating Activities		
Net Income (Loss) from Operations	\$ (2,502,654)	\$ 1,497,933
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	1,139,850	1,654,984
Provision for Doubtful Accounts	1,653,168	2,178,412
Increase in Patient Accounts Receivable	(863,641)	(3,727,484)
Decrease in Ad Valorem Taxes Receivable	(310,665)	(82,453)
(Increase) Decrease in Inventory	(21,239)	840
(Increase) Decrease in Prepaid Expenses	(55,921)	12,184
Decrease in Other Receivables	346,678	442,689
Increase in Estimated Third-Party Payor Settlements Receivable	(1,266,236)	(924,528)
Increase in Estimated Third-Party Payor Settlements Payable	2,528,357	105,857
(Decrease) Increase in Accounts Payable	(463,131)	805,038
Increase in Accrued Salaries	92,971	29,064
Increase in Accrued Compensated Absences	78,450	52,160
(Decrease) Increase in Accrued Payroll Liabilities and Health Insurance Reserve	(84,275)	129,493
Net Cash Flows Provided By (Used In) Operating Activities	\$ 271,712	\$ 2,174,189

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital) is an acute care facility created pursuant to Louisiana Revised Statutes of 1950, Title 46, Chapter 10. It is the Hospital's mission to provide its community with high quality care and education in a friendly, caring and professional manner. The administration of the Hospital is governed by a Board of Commissioners consisting of members appointed by the Washington Parish Council.

The financial reporting entity consists of (a) the primary government (councilman), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Codification Section 2100 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Council appoints all of the members of the Hospital's governing board and has the ability to impose its will on the Hospital, the Hospital is a component unit of Washington Parish Council. The basic financial statements present information only on the funds maintained by the Hospital and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Use of Estimates

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

Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The basic financial statements include Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, money market accounts and certificates of deposit with an original maturity of three months or less, excluding amounts restricted as to use by Board designation, other arrangements under trust agreements, or with third-party payors.

Restricted Assets

Assets whose use is limited include funds set aside by the Board of Commissioners to satisfy deposit requirements of the Hospital's debt agreements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets

The Hospital's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of contribution, which is then treated as cost. Equipment under lease is stated at the sum of the initial measurement of the lease liability plus any payments made to the lessor at or before the commencement of the lease term plus initial direct cost necessary to place the lease asset in service. Maintenance, repairs and minor replacements, and improvements are expensed as incurred. Major replacements and improvements are capitalized at cost.

Description of property, plant and equipment is calculated on the straight-line method using the following estimated asset lives:

Land Improvements	15-20 years
Buildings and Building Improvements	20-40 years
Computers and Furniture	3- 7 years

Leased equipment is amortized on the straight-line method over the shorter of the lease term or estimated useful lives of the assets.

Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out method.

Cost of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these same borrowed funds, before the funds are spent on the construction of the capital assets, is also capitalized.

Restricted Resources

The Hospital first applies restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted net assets are available.

Net Position

GASB 63 and GASB Codification Section P80, states that net position is equal to assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position invested in capital assets, net of related debt, excludes unspent debt proceeds.

Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted when there are limitations imposed on their use either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Operating Revenue and Expenses

The Hospital's statement of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services—the Hospital's principal activity and from ad valorem taxes elected to be used for operations. Non-exchange revenues, including taxes designated for debt service, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Compensated Absences

Full-time employees are granted vacation in varying amounts as established by Hospital policy. Unused vacation days earned, up to a maximum range of 288-448 hours per year, depending on tenure, may be carried forward and accumulated. Effective January 1, 2018, the Hospital adopted a new policy that applies to employees hired after the effective date that limits the maximum range to 160-280 hours per year, depending on tenure. In the event of termination, an employee is reimbursed for accumulated vacation days. In addition, full and part-time employees are also granted sick pay at a rate of 0.02313 hours per paid hour as established by Hospital policy. Unused sick pay, up to a maximum of 480 hours, may be accumulated. Unused sick pay is not payable upon termination, unless the employee has a balance in the Reserve EIT bank, which was created to "grandfather in" eligible employees at the time the extended sick policy was revised. These employees are paid at the rate of one-half their current hourly rate, for each accrued hour of sick time, not to exceed 480 hours.

Accrued compensated absences on the Hospital's Statement of Net Position were \$949,945 and \$871,495 for years ended December 31, 2020 and 2019, respectively.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Investment in Debt and Equity Securities

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized costs. Interest, dividends, gains, and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating revenue when earned.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - Effective July 1, 2004, the Hospital was approved for "critical access" status under the Medicare Rural Hospital Flexibility Program. The program allows States to designate rural facilities as "critical access hospitals" if they are located a sufficient distance from other hospitals, make available 24-hour emergency care, maintain no more than 25 inpatient beds, and keep inpatients no longer than 96 hours (except where weather or emergency conditions dictate, or a Peer Review Organization waives the limit). Payments for inpatient/outpatient services under critical access are on the basis of reasonable costs.

Prior to July 1, 2004, the Hospital was paid for inpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined classification of patients and the appropriateness of the patients' admissions are subject to a validation review by a Medicare peer review organization, which is under contract with the Hospital to perform such reviews.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cost reimbursed services are paid at tentative rates, with final settlement determined after submission of annual cost reports and the completion of audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through December 31, 2018.

Medicaid Inpatient services rendered to Medicaid and Medicaid Managed Care Organizations ("MCOs") program beneficiaries are reimbursed at a fixed rate per day for medical/surgical patients. Outpatient services for traditional Medicaid and MCO program beneficiaries are reimbursed under a cost reimbursement methodology, with certain limitations and exceptions. The Hospital is reimbursed at an interim rate with final settlement determined after submission of annual cost reports filed by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through December 31, 2014.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. These adjustments will be recorded in the year they are realized.

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Ad valorem Taxes

Property taxes were levied on January 1, on property values assessed on that date. Notices of tax liability are mailed on or about November 1, of the same year and are due and payable at that time. All unpaid taxes levied become delinquent January 1, of the following year. Property tax revenues are recognized in the same fiscal year within which they are billed because they are considered available in that period. Available includes those property tax receivables expected to be collected within sixty days after year end. However, the receivable for property taxes is recorded at January 1, the lien date.

A special election was held on Saturday, April 21, 2012 where the taxpayers approved a 10-year, 18 mills tax for "acquiring, constructing, improving, maintaining and operating the hospital and medical buildings and facilities, including equipment and fixtures, of the District". For the fiscal years ended 2020 and 2019, this was the only millage assessed by the Hospital.

Ad valorem taxes make up approximately 5.4% and 4.5% of the hospital's financial support for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Hospital is a political subdivision and exempt from taxes.

Advertising

The Hospital expenses advertising costs as incurred. Advertising expenses incurred during the years ended December 31, 2020 and 2019, totaled \$11,407 and \$16,720, respectively.

Environmental Matters

Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at the time, management is not aware of any environmental matters which need to be considered.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reclassifications

To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net position.

NOTE 2: CASH AND CASH EQUIVALENTS

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital's bylaws require that all bank balances be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Hospital.

The carrying amounts of deposits are included in the Hospital's Statement of Net Position as follows:

	2020	2019
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized by securities held by the pledging financial institution's trust department in the Hospital's name	10,098,360	3,715,435
Total Collateral Held for Bank Balances	\$ 10,348,360	\$ 3,965,435
 Total Carrying Value per Bank	 \$ 8,819,742	 \$ 1,537,045

For the Purposes of cash flows, cash and cash equivalents for the years ended December 31 are as follows:

	2020	2019
Total Cash and Cash Equivalents	\$ 8,556,298	\$ 1,415,457

NOTE 3: ACCOUNTS RECEIVABLE - PATIENTS

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with Medicaid, Commercial and Self-pay patients, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience and on the age of the receivable balance. The aged balance indicates that third-party claims have reached an age where the probability of payment is low and the self-pay patients are unable or unlikely to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Patient's Accounts Receivable consists of the following:

	2020	2019
Total Patient Accounts Receivable	\$ 11,916,807	\$ 11,781,256
LESS: Allowances for Doubtful Accounts and Contractual Allowances	(7,559,365)	(6,757,887)
Net Patient Accounts Receivable	\$ 4,357,442	\$ 5,023,369

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 4: ACCOUNTS RECEIVABLE - OTHER

Other Receivables consist of the following:

	2020	2019
FMP Receivable	\$ 1,450,478	\$ 1,657,348
Other Receivables	123,206	263,014
Total Accounts Receivable - Other	\$ 1,573,684	\$ 1,920,362

NOTE 5: RELATED PARTY RECEIVABLE

During the year ended December 31, 2015, the Hospital elected to make health care coverage available for members of the Hospital Board that are not otherwise eligible for Medicare or an employer sponsored health plan.

Included in the other receivables balance described in Note 4, the Hospital has accrued \$500 and \$246 in 2020 and 2019, respectively, in relation to amounts receivable by board members enrolled in the Hospital's health plan for their portion of the Healthcare premium.

NOTE 6: MAJOR SOURCE OF REVENUE

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 77% and 77% of its gross patient service revenue in 2020 and 2019, respectively, from patients covered by the Medicare and Medicaid programs. The Hospital received Intergovernmental Revenue of \$3,615,100 and \$3,694,508, which accounted for 13% and 11% of total revenues for the years ended December 31, 2020 and 2019, respectively.

NOTE 7: NET PATIENT SERVICE REVENUE

Patient service revenue, net of contractual allowances and discounts, recognized in the period from major payor sources, is as follows.

Net Patient Service Revenue by Payor before Provision for Doubtful Accounts:

	2020	2019
Medicare	\$ 4,122,352	\$ 4,866,805
Medicaid	6,323,415	6,910,808
All Other Payors	13,040,096	17,681,612
Total Net Patient Service Revenue Before Provision for Doubtful Accounts	\$ 23,485,863	\$ 29,459,225

The following schedule represents Total Net Patient Service Revenue:

	2020	2019
Gross Patient Service Revenue	\$ 68,412,047	\$ 77,591,819
LESS: Contractual Adjustments	(44,926,184)	(48,132,594)
Net Patient Service Revenue Before Provision for Doubtful Accounts	23,485,863	29,459,225
Provision for Doubtful Accounts	(1,653,168)	(2,178,412)
Net Patient Service Revenue after Provision for Doubtful Accounts	\$ 21,832,695	\$ 27,280,813

NOTE 8: CHARITY CARE

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Hospital maintains records to identify and monitor the level of charity care it provides. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. The Hospital did not have charity care patients for the years ended December 31, 2020 and 2019, respectively.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 9: CAPITAL ASSETS

Property, plant, and equipment, by major category, are as follows:

December 31, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
Land Improvements	\$ 900,225	\$ -	\$ -	\$ 900,225
Buildings	15,024,480	108,810	10,348	15,122,942
Equipment	7,580,867	1,174,548	1,106,526	7,648,889
Right of Use Buildings	334,085	-	-	334,085
Right of Use Equipment	2,970,304	1,041,825	234,236	3,777,893
Total Right of Use Assets	<u>3,304,389</u>	<u>1,041,825</u>	<u>234,236</u>	<u>4,111,978</u>
Gross Capital Assets	26,809,961	2,325,183	1,351,110	27,784,034
Less: Accumulated Depreciation	(18,434,744)	(970,318)	453,959	(18,951,103)
Less: Accumulated Depreciation-Right of Use	(2,229,649)	(537,563)	234,236	(2,532,976)
Gross Accumulated Depreciation	<u>(20,664,393)</u>	<u>(1,507,881)</u>	<u>688,195</u>	<u>(21,484,079)</u>
Depreciable Capital Assets, Net	6,145,568	817,302	662,915	6,299,955
Land	42,921	-	-	42,921
Construction in Progress	31,829	97,949	20,579	109,199
Net Capital Assets	<u>\$ 6,220,318</u>	<u>\$ 915,251</u>	<u>\$ 683,494</u>	<u>\$ 6,452,075</u>

December 31, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
Land Improvements	\$ 900,225	\$ -	\$ -	\$ 900,225
Buildings	14,409,925	894,420	279,865	15,024,480
Equipment	9,704,194	266,460	2,389,787	7,580,867
Right of Use Buildings	-	334,085	-	334,085
Right of Use Equipment	-	2,970,304	-	2,970,304
Total Right of Use Assets	<u>-</u>	<u>3,304,389</u>	<u>-</u>	<u>3,304,389</u>
Gross Capital Assets	25,014,344	4,465,269	2,669,652	26,809,961
Less: Accumulated Depreciation	(19,108,730)	(1,320,242)	1,994,228	(18,434,744)
Less: Accumulated Depreciation-Right of Use	-	(2,229,649)	-	(2,229,649)
Gross Accumulated Depreciation	<u>(19,108,730)</u>	<u>(3,549,891)</u>	<u>1,994,228</u>	<u>(20,664,393)</u>
Depreciable Capital Assets, Net	5,905,614	915,378	675,424	6,145,568
Land	42,921	-	-	42,921
Construction in Progress	76,662	23,725	68,558	31,829
Net Capital Assets	<u>\$ 6,025,197</u>	<u>\$ 939,103</u>	<u>\$ 743,982</u>	<u>\$ 6,220,318</u>

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 amounted to \$1,139,850 and \$1,654,984, respectively.

GASB 87 Implementation

On January 1, 2020, the hospital implemented GASB 87 for Leases, which required the 2019 financial statements to be restated for comparative purposes. The nature of those changes included: 1) reclassifying operating leases as Right to Use assets and recording the corresponding liability; 2) calculating and recording the depreciation expense on those assets; 3) reclassifying the corresponding rent expense as interest and a reduction of the liability; 4) recategorizing assets previously identified as capital lease as Right of Use assets. The total effect on net position of these changes was \$3,526.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 10: LONG-TERM DEBT

Long-term debt at December 31, 2020 and 2019, consists of the following:

	2020	2019
Note Payable, for the acquisition of the Cerner Patient Accounting Software System in progress collateralized by the system, payable in 60 monthly installments at a 3.531% interest rate, maturity in 2019	\$ -	\$ 72,149
Note Payable, for the acquisition of the pharmacy inventory from Fuller Selle, LLC dba PharmaCare, payable in 48 monthly installments with no interest rate, maturity in 2020	-	7,055
2017 Series of Indebtedness, payable in semi-annual installments at a 3.51% interest rate, maturity in 2027	604,000	679,000
2019 Series of Indebtedness dated February 12, 2019 with final maturity annual interest of 5.25%, maturing March 1, 2033, with interest payable semi-annually	885,000	900,000
Right of Use Obligation, of the Canon CDXI Upgrade, payable in 60 monthly installments at a 4.65% interest rate, maturity in 2025	51,368	-
Right of Use Obligation, of Fresenius Kabi IV Pumps, payable in 60 monthly installments at a 6.8% interest rate, maturity in 2022	26,624	42,024
Right of Use Obligation, of Infinitt Workstation, payable in 60 monthly installments at a 7.00% interest rate, maturity in 2022	3,444	5,825
Right of Use Obligation, of Infinitt PACS System, payable in 60 monthly installments at a 7.36% interest rate, maturity in 2022	54,971	92,812
Right of Use Obligation, of the Aquilion Prime 800 Cat Scan Machine, payable in 36 monthly installments at a 4.74% interest rate, maturity in 2023	103,028	-
Right of Use Obligation, of Infinix Cath Lab System, payable in 36 monthly installments at a 4.75% interest rate, maturity in 2023	115,998	-
Right of Use Obligation, of 3D Mammo & Dexa Machine, payable in 60 monthly installments at a 5.019% interest rate, maturity in 2025	341,309	-
Right of Use Obligation, of RadPro Omera Digital System, payable in 60 monthly installments at a 3.79% interest rate, maturity in 2025	214,975	-
Right of Use Obligation, of the Olympus Videoscope, payable in 60 monthly installments at a 4.13% interest rate, maturity in 2021	14,289	41,999
Right of Use Obligation, of the GE Nuclear Medicine System, payable in 60 monthly installments at a 3.82% interest rate, maturity in 2021	25,267	50,182

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 10: LONG-TERM DEBT, CONTINUED

	2020	2019
Right of Use Obligation, of a GE Ultrasound Logic S8 XD Clear, payable in 60 monthly installments at a 2.09% interest rate, maturity in 2022	28,688	42,574
Right of Use Obligation, of a GE Ultrasound Vivid E90, payable in 60 monthly installments at a 2.19% interest rate, maturity in 2023	68,606	95,950
Right of Use Obligation, of Olympus Gastrosopes and Colonoscopes, payable in 36 monthly installments at a 2.19% interest rate, maturing in 2022	40,433	63,994
Right of Use Obligation, of Beckman IS Billing hardware, payable in 72 monthly installments at a 2.09% interest rate, maturity in 2023	3,221	4,604
Right of Use Obligation, of Beckman DHX800, payable in 60 monthly installments at a 2.09% interest rate, maturity in 2022	12,656	22,546
Right of Use Obligation, of a Cannon Copier, payable in 60 monthly installments at a 2.19% interest rate, maturity in 2023	77,594	104,673
Right of Use Obligation, of a Cannon Copier, payable in 56 monthly installments at a 2.19% interest rate, maturity in 2023	2,336	3,151
Right of Use Obligation, of a Cannon Copier, payable in 48 monthly installments at a 2.19% interest rate, maturity in 2023	2,240	3,021
Right of Use Obligation, of a Cannon Copier, payable in 46 monthly installments at a 2.19% interest rate, maturity in 2023	2,816	3,798
Right of Use Obligation, of a Cannon Copier, payable in 45 monthly installments at a 2.19% interest rate, maturity in 2023	2,816	-
Right of Use Obligation, of a Carefusion ICU Medical Station, payable in 60 monthly installments at a 2.09% interest rate, maturity in 2022	9,134	16,788
Right of Use Obligation, of Carefusion Medical Workstation, payable in 60 monthly installments at a 2.09% interest rate, maturity in 2022	59,987	98,946
Right of Use Obligation, of Olympus Eye Scopes, payable in 45 monthly installments at a 2.09% interest rate, maturity in 2021	5,194	18,491
Right of Use Obligation, of a Pitney Bowes Postage Machine, payable in 20 quarterly installments at a 2.19% interest rate, maturity in 2023	9,944	13,211
Right of Use Obligation, of a Werfem ACL Top 300, payable in 60 monthly installments at a 3.98% interest rate, maturity in 2021	6,288	16,569

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 10: LONG-TERM DEBT, CONTINUED

	2020	2019
Right of Use Obligation, of a Winthrop Portable Care Stream, payable in 60 monthly installments at a 3.98% interest rate, maturity in 2021	9,132	24,304
Right of Use Obligation, of a Winthrop Telephone System, payable in 60 monthly installments at a 3.98% interest rate, maturity in 2021	12,289	32,705
Right of Use Obligation, of Seven Seven Investments Building, payable in 60 monthly installments at a 4.00% interest rate, maturity in 2022	23,331	40,036
Small Business Administration Paycheck Protection Program Loan dated May 5, 2020, bearing an interest rate of 1.0%, with payments due monthly	2,332,755	-
Line of Credit issued on May 20, 2020 for \$1,100,000, bearing an interest rate of 5.50%, with payments due 2021	50,001	-
Cost Report Extended Payment Plans, FY 12/31/17 and FY 12/31/18-Interim Rate Review, payable in 33 monthly installments at a 10.125% and a 10.25% interest rates, maturity in 2021	-	276,306
Cost Report Extended Payment Plans, FY 12/31/18 - Interim Rate Review, payable in 33 monthly installments at a 10.125% interest rate, maturity in 2021	-	63,651
Cost Report Extended Payment Plans, FY 12/31/19 - Interim Rate Review, payable in 18 monthly installments at a 10.375% interest rate, maturity in 2020	-	101,573
Cost Report Extended Payment Plan, FY 12/31/16-NPR, payable in 33 monthly installments at a 10.125% interest rate, maturity in 2021.	-	72,149
Cost Report Extended Payment Plans, FY 12/31/19 - Interim Rate Review, payable in 18 monthly installments at a 10.625% interest rate, maturity in 2021	-	87,796
Total Long-term Debt	5,199,734	3,097,882
Less: Current Portion	(2,472,210)	(914,093)
Long-term Portion	\$ 2,727,524	\$ 2,183,789

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 10: LONG-TERM DEBT, CONTINUED

A summary of long-term debt activity for the years ended September 30, 2020 and 2019, consists of the following:

	December 31, 2020			
	Beginning Balance	Additions	Reductions	Ending Balance
Lease Obligations	\$ 838,203	\$ 1,021,838	\$ 532,063	\$ 1,327,978
Line of Credit	-	50,001	-	50,001
Note Payable - Pharmacy and Cost Report Repayment Plans	680,679	-	680,679	-
2017 Series of Indebtedness	679,000	-	75,000	604,000
2019 Series of Indebtedness	900,000	-	15,000	885,000
Paycheck Protection Program Loan	-	2,332,755	-	2,332,755
Total	<u>\$ 3,097,882</u>	<u>\$ 3,404,594</u>	<u>\$ 1,302,742</u>	<u>\$ 5,199,734</u>

	December 31, 2019			
	Beginning Balance	Additions	Reductions	Ending Balance
Lease Obligations	\$ 804,783	\$ 637,703	\$ 604,283	\$ 838,203
Note Payable - Pharmacy and Cost Report Repayment Plans	1,778,590	252,562	1,350,473	680,679
2017 Series of Indebtedness	751,000	-	72,000	679,000
2019 Series of Indebtedness	-	900,000	-	900,000
Total	<u>\$ 3,334,373</u>	<u>\$ 1,790,265</u>	<u>\$ 2,026,756</u>	<u>\$ 3,097,882</u>

Balance due within one year:

	2020	2019
Lease Obligations	\$ 520,468	\$ 339,827
Line of Credit	50,001	-
Note Payable - Pharmacy and Cost Report Repayment Plans	-	484,266
2017 Series of Indebtedness	78,000	75,000
2019 Series of Indebtedness	15,000	15,000
Paycheck Protection Program Loan	1,808,741	-
Total	<u>\$ 2,472,210</u>	<u>\$ 914,093</u>

Scheduled repayments on long-term debt are as follows:

	December 31, 2020					
	Notes Payable			Right of Use		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,953,804	\$ 93,237	\$ 2,047,041	\$ 520,401	\$ 41,597	\$ 561,998
2022	619,014	59,910	678,924	401,660	25,323	426,983
2023	98,000	55,574	153,574	195,400	13,373	208,773
2024	101,000	52,220	153,220	149,574	6,299	155,873
2025	104,000	48,756	152,756	58,881	655	59,536
2026 - 2030	578,000	188,464	766,464	-	-	-
2031 - 2033	420,000	44,626	464,626	-	-	-
Total	<u>\$ 3,873,818</u>	<u>\$ 542,787</u>	<u>\$ 4,416,605</u>	<u>\$ 1,325,916</u>	<u>\$ 87,247</u>	<u>\$ 1,413,163</u>

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 10: LONG-TERM DEBT, CONTINUED

	December 31, 2019					
	Notes Payable			Right of Use		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 596,655	\$ 99,198	\$ 695,853	\$ 343,981	\$ 23,022	\$ 367,003
2021	184,841	65,716	250,557	303,863	10,920	314,783
2022	93,000	58,818	151,818	152,454	2,592	155,046
2023	95,000	55,574	150,574	42,088	347	42,435
2024	98,000	52,220	150,220	-	-	-
2025 - 2029	643,000	208,764	851,764	-	-	-
2030 - 2033	545,000	73,082	618,082	-	-	-
Total	\$ 2,255,496	\$ 613,372	\$ 2,868,868	\$ 842,386	\$ 36,881	\$ 879,267

Interest expense incurred on long-term debt was \$171,722 and \$214,569 for the years ended December 31, 2020 and 2019, respectively.

NOTE 11: LEASES

The Hospital leases office space to various tenants, including physicians. Rental income received under these arrangements totaled \$44,241 and \$33,556 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12: CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit to patients, substantially all of whom are local residents. The Hospital generally does not require collateral or other security extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross and commercial insurance policies).

The mix of gross receivables from patients and third-party payors at December 31, are as follows:

	2020	2019
Medicare	45%	35%
Medicaid	20%	18%
Commercial and other third-party payors, and patients	35%	47%
	100%	100%

NOTE 13: DEFINED CONTRIBUTION PLAN

The Hospital offers to its employees a single employer defined contribution plan, the Riverside Medical Center Retirement Plan, in accordance with Internal Revenue Code Section 457. Substantially all employees who have completed one year of service are eligible to participate. Under the plan, the maximum deferral offered to the employees is \$19,500 and \$19,000 for December 31, 2020 and 2019, respectively, as defined in the plan agreement. The Hospital is required to match 100% of the employees' deferral, not to exceed 3% of the employees' salary or maximum deferral. Participants become fully vested after five years, with no graduated vesting occurring between years one through four. Employer contributions were \$166,463 and \$192,802 for the years ended December 31, 2020 and 2019, respectively. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use. Forfeitures may be used to reduce future Hospital contributions. Forfeitures reflected in pension expense as a reduction of employer contributions were \$17,760 and \$-0- for the years ended December 31, 2020 and 2019, respectively.

The Hospital has no liability for losses under the plan. An independent administrator serves as trustee of the employees' deferrals and the Hospital's matching contributions. Each employee chooses from an array of investment options offered by the administrator.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 14: CONTINGENCIES

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

The principal contingencies are described below.

Third Party Cost-Based Charges

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

Professional Liability Risk

The Hospital is contingently liable for losses from professional liability not underwritten by the Hospital's insurance carrier.

Workman's Compensation Risk

The Hospital participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 2020 and 2019. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any.

Accordingly, the Hospital is contingently liable for assessments for the Louisiana Hospital Association Trust Fund. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals.

Self-Insurance for Health Insurance

The Hospital has elected to self-insure employees, board members, and eligible dependents health claims. The self-insured claims are processed through a plan administrator. The Hospital's self-insured plan has stop-loss insurance coverage for claims in excess of \$50,000 per individual per plan year, unless the individual is specifically identified by the plan to have a different stop-loss coverage.

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements,

reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

NOTE 15: NET POSITION

Net position for the years ended December 31, are as follows:

	2020	2019
Invested in Capital Assets, net of related debt	\$ 5,124,095	\$ 5,381,695
Restricted for:		
Bond Indenture	98,580	96,700
Unrestricted	7,878,015	4,001,060
Total Net Position	\$ 13,100,690	\$ 9,479,455

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 16: GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income recognized is \$3,615,100 and \$3,694,508 for the years ended December 31, 2020 and 2019, respectively.

NOTE 17: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement 96. The objective of GASB 96, Subscription-Based Information Technology Arrangements, is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

NOTE 18: CARES ACT FUNDING

In response to the COVID-19 pandemic, Congress passed H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which was signed into law by the President on March 27, 2020. This Act established several different tranches of funds meant to ensure businesses would be able to continue paying their employees and other bills despite the COVID related declines in patient volumes and revenues and increase in operating costs. Riverside Medical Center received funds from three of the different portions of CARES Act funds: The Small Business Administration's Paycheck Protection Program, the Medicare Accelerated and Advanced Payment Program, and Provider Relief Funds.

Paycheck Protection Program

The Hospital received \$2,332,755 on May 5, 2020. This money was to be used for payroll costs, utility payments, lease agreements, and interest on mortgage obligations. Under the terms of the Program, if certain criteria are met when the Hospital applies for loan forgiveness, all or part of the loan could be forgiven. Any portion that is not forgiven must be repaid over two years at an interest rate of 1%.

Medicare Accelerated and Advanced Program

The Hospital received \$2,705,253 in Medicare Accelerated and Advanced Payments on April 17, 2020. This program was in existence prior to COVID-19 but was amended and expanded by the Act for the purposes of providing a source of more funding to Medicare Part A providers and Part B suppliers. If these funds are not repaid within one year from the date they were received, CMS will recover the funds by way of recoupment of twenty-five (25) percent of Medicare payments owed to the Hospital for the first eleven (11) months, then recouped at fifty (50) percent for the next six (6) months. The total recoupment will take place over a maximum of twenty-nine (29) months. After that time, a demand letter will be issued for any remaining balance due subject to an interest rate of four (4) percent.

Provider Relief Funds

The Hospital received \$6,118,065 under this section of the CARES Act. The terms and conditions require that recipients be able to demonstrate that lost net patient revenues and increased expenses attributable to COVID 19, excluding expenses and losses that have been reimbursed from other sources, exceed the total amount of Provider Relief funding received. The Hospital has recognized \$6,118,065 of the available funds as an offset to lost net patient revenue in the current fiscal year. The Hospital recognized this as non-operating revenue per the guidance laid out in GASB Technical Bulletin 2020-1.

NOTE 19: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 22, 2021.

Subsequent to year end, the Paycheck Protection Program loan of \$2,332,755 was forgiven by the Small Business Administration.

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SCHEDULE OF REVENUE

DECEMBER 31,

	2020			2019
	INPATIENT	OUTPATIENT	TOTAL	TOTAL
Daily Patient Services				
Medical and Surgical	\$ 736,843	\$ 920,722	\$ 1,657,565	\$ 1,615,634
Intensive Care	146,590	9,160	155,750	84,486
Swing Bed	28,200	-	28,200	132,516
Total Daily Patient Services	<u>911,633</u>	<u>929,882</u>	<u>1,841,515</u>	<u>1,832,636</u>
Other Nursing Services				
Emergency Services	105,797	6,842,956	6,948,753	8,510,027
Operating and Recovery Rooms	258,445	4,392,140	4,650,585	6,645,965
Total Other Nursing Services	<u>364,242</u>	<u>11,235,096</u>	<u>11,599,338</u>	<u>15,155,992</u>
Other Professional Services				
Anesthesiology	77,275	933,922	1,011,197	1,461,611
Cardiac Rehab	-	172,101	172,101	316,523
Cardiopulmonary	841,239	960,334	1,801,573	1,672,185
Cardiologist Clinic	-	74,852	74,852	175
CT Scan	202,321	6,313,464	6,515,785	7,108,849
Cath Lab	110,495	3,319,810	3,430,305	4,660,945
Dialysis	20,400	22,100	42,500	21,892
Dietary	6,075	6,831	12,906	20,505
Echo and Doppler	123,602	1,312,614	1,436,216	2,021,309
Electrocardiology/Electroencephalography	40,869	736,291	777,160	1,304,884
Family Care Clinic	-	1,151,487	1,151,487	1,675,241
Hospice	47,685	-	47,685	22,155
Hospitalist	329,151	343,822	672,973	450,690
Infusion Therapy	38,575	1,413,093	1,451,668	1,031,023
Internal Medicine	-	1,159,446	1,159,446	1,201,979
Laboratory	780,356	15,688,773	16,469,129	16,752,138
Mammography	-	689,807	689,807	513,016
MRI	6,381	534,137	540,518	760,175
Nuclear Medicine	35,380	1,118,990	1,154,370	1,665,502
Pediatric Internal Medicine Clinic	50	1,313,008	1,313,058	1,510,551
Pharmacy	1,789,485	5,729,945	7,519,430	7,705,219
Physician Offices	-	30,091	30,091	35,944
Radiology	81,330	1,896,983	1,978,313	2,303,363
Speech/Occupational/Physical Therapy	39,996	2,351,979	2,391,975	2,311,720
Thomas Clinic	-	1,137,459	1,137,459	1,547,297
Riverside Medical Center Surgery Center	-	89,174	89,174	108,390
Ultrasound	41,163	1,077,519	1,118,682	1,315,747
Wound Care	-	781,334	781,334	1,104,163
Total Other Professional Services	<u>4,611,828</u>	<u>50,359,366</u>	<u>54,971,194</u>	<u>60,603,191</u>
Gross Patient Service Revenue	<u>\$ 5,887,703</u>	<u>\$ 62,524,344</u>	68,412,047	77,591,819
Less: Contractual Adjustments			(44,926,184)	(48,132,594)
Net Patient Service Revenue before Provision for Doubtful Accounts			<u>\$ 23,485,863</u>	<u>\$ 29,459,225</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF OTHER REVENUE

DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Other Operating Revenue		
Cafeteria	\$ 65,514	\$ 71,782
Vending	18,547	23,100
Other	<u>248,703</u>	<u>218,627</u>
 Total Other Operating Revenue	 <u>\$ 332,764</u>	 <u>\$ 313,509</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF EXPENSES

DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Salaries		
Administrative	\$ 1,516,176	\$ 1,500,610
Anesthesiology	372,411	351,454
Cardiac Rehab	40,522	76,820
Cardiopulmonary	565,898	531,978
Cath Lab	165,097	209,123
Central Services and Supply	86,662	88,701
CT Scan	61,832	65,487
Dietary	142,227	142,101
Echo and Doppler	66,926	70,467
Electrocardiology	35,611	40,891
Emergency Services	1,450,459	1,533,726
Franklinton Clinic	641,817	665,345
Hospitalist	208,271	-
Housekeeping	203,014	186,863
Infusion Therapy	127,893	139,747
Intensive Care	145,476	93,394
Laboratory	855,767	871,307
Mammography	46,664	48,666
Medical and Surgical	860,583	844,489
Nuclear Medicine	71,632	68,409
Nursing Administration	660,561	658,183
Operating and Recovery Rooms	192,402	229,532
Pediatric Internal Medicine Clinic	538,050	575,008
Physician Office	547,609	793,506
Plant Operations	200,335	210,870
Radiology	385,316	368,157
Social Services	133,235	135,031
Speech/Occupational/Physical Therapy	618,281	566,648
Surgery Center	406,845	405,096
Thomas Clinic	699,560	717,439
Ultrasound	148,915	147,488
	<u>\$ 12,196,047</u>	<u>\$ 12,336,536</u>
Total Salaries		

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF EXPENSES

DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Outside Services and Professional Fees		
Administrative	1,482,215	1,653,573
Cardiology	641,366	878,310
Cath Lab	2,504	11,838
CT Scan	500	500
Dialysis	34,375	30,825
Dietary	34,866	45,605
Electrocardiology/Electroencephalography	27,950	96,888
Emergency Services	1,411,764	1,385,608
Franklinton Clinic	2,485	2,124
Hospitalist	266,112	254,258
Housekeeping	63,698	70,566
Information Technology	378,092	383,932
Laboratory	540,516	646,223
Mammography	6,700	1,500
Med/Surge	-	60
MRI	203,500	227,300
Nuclear Medicine	6,416	6,949
Operating and Recovery Rooms	19,561	-
Pediatric Internal Medicine Clinic	624	-
Pharmacy	469,800	426,723
Physician Office	1,251	1,505
Plant Operations	39,344	43,611
Radiology	9,107	10,281
Social Services	4,605	4,563
Speech/Occupational/Physical Therapy	9,876	9,478
Surgery Center	1,664	1,608
Swingbed	2,400	2,400
Thomas Clinic	65,055	70,875
Wound Care	254,200	242,250
	<u>5,980,546</u>	<u>6,509,353</u>
Total Outside Services and Professional Fees	<u>\$ 5,980,546</u>	<u>\$ 6,509,353</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF EXPENSES

DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Supplies and Other Expenses		
Administrative	\$ 1,250,790	\$ 1,308,497
Anesthesiology	23,214	16,211
Cardiac Rehab	11,201	5,202
Cardiopulmonary	126,666	108,013
Cath Lab	396,543	473,843
Central Services and Supply	17,931	(709)
CT Scan	114,156	120,713
Dietary	126,699	142,492
Echo and Doppler	22,771	18,021
Electrocardiology/Electroencephalography	5,060	6,615
Emergency Services	157,491	154,782
Franklinton Clinic	71,017	89,426
Housekeeping	78,184	73,525
Hospitalist	268	255
Information Technology	114,841	102,475
Infusion Therapy	48,461	47,885
Intensive Care	23,824	9,709
Laboratory	1,145,936	970,572
Mammography	59,501	73,889
Medical and Surgical	132,913	83,984
MRI	20,703	24,341
Nuclear Medicine	52,662	73,302
Nursing Administration	27,245	32,252
Operating and Recovery Rooms	251,669	359,724
Pediatric Internal Medicine Clinic	106,772	121,492
Pharmacy	1,098,733	1,174,902
Physician Office	110,846	115,028
Plant Operations	618,070	688,084
Radiology	113,353	136,725
Social Services	17,539	26,070
Speech/Occupational/Physical Therapy	56,739	30,170
Surgery Center	9,249	8,527
Swing Bed	8,014	50
Thomas Clinic	65,744	91,367
Ultrasound	8,522	5,085
Wound Care	3,540	2,309
	<u>\$ 6,496,867</u>	<u>\$ 6,694,828</u>
Total Supplies and Other Expenses	<u>\$ 6,496,867</u>	<u>\$ 6,694,828</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF GOVERNING BOARD EXPENSES

DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Jerry Thomas	\$ 750	\$ 825
Donna Steele	600	900
JT Thomas	450	675
Pam Breland	825	825
John Nichols	825	750
Lori Schilling	900	825
Richard Watts	825	825
Tammy Magruder	900	900
Cynthia August	750	825
William Ferrante	900	825
	<hr/>	<hr/>
Total Governing Board Expenses	<u>\$ 7,725</u>	<u>\$ 8,175</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER

DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Peter Sullivan		
Our Lady of the Angels - Contract Labor	\$ 250,000	\$ 250,000
Conference Travel	710	600
Reimbursements	164	970
	<u>\$ 250,874</u>	<u>\$ 251,570</u>

**INDEPENDENT AUDITOR'S 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**

Board of Commissioners
Washington Parish Hospital Service District No. 1
d/b/a Riverside Medical Center
Franklinton, Louisiana

We have audited, in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital), a component unit of the Washington Parish Council, State of Louisiana, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the hospital's basic financial statements as listed in the table of contents, and have issued our report thereon dated July 22, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan", we did identify certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is 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. We consider the deficiencies described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan" as items 2020-1 and 2020-2 to be material weaknesses.

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.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 did not identify findings of noncompliance.

THE HOSPITAL'S RESPONSE TO FINDINGS

The Hospital's response to the findings identified in our audit is described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan". The Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Board of Commissioners and management of the Hospital, others within the organization, federal awarding agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, LA
July 22, 2021

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

We have audited the financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital), a component unit of the Washington Parish Council, State of Louisiana, as of and for the years ended December 31, 2020 and 2019 and have issued our report thereon dated July 22, 2021.

We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of December 31, 2020 and 2019 resulted in unmodified opinions.

Section I: Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements:

Compliance:

Compliance Material to Financial Statements No

Internal Control:

Material Weaknesses: Yes

Significant Deficiencies: No

Section II: Financial Statement Findings

Material Weaknesses

Finding 2020-1 Proposed Audit Adjustments

Criteria: The proposed audit adjustments had a material effect on the financial statements.

Condition and Cause: The proposed audit adjustments primarily included adjustments to cost report settlements and Right to Use Assets.

Effect: Hospital management has reviewed and approved these proposed audit adjustments.

Recommendation: Hospital management should continue to monitor interim financial statements in order to identify adjustments that need to be booked.

Management Response: Management agrees with this finding and continues to monitor interim financial statements in order to identify adjustments that need to be booked.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

Finding 2020-2 Preparation of Full Disclosure Financial Statements

Criteria: Management is responsible for the preparation and presentation of financial statements according to Generally Accepted Accounting Principles (GAAP). These principles include disclosure requirements.

Condition and Cause: The Hospital does not prepare full-disclosure GAAP Financial Statements.

Effect: The Hospital relied on its outside auditors to assist in the preparation of external financial statements and related disclosures.

Recommendation: Hospital's management and accounting personnel should review the draft financial statements and note disclosures prior to approving them and accepting responsibility for their contents and presentation.

Management Response: Management agrees with this finding.

Section III: Management Letter Items

There were no management letter items for the fiscal years ended December 31, 2020 and 2019.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2019

Finding 2019-1 Proposed Audit Adjustments

The proposed audit adjustments had a material effect on the financial statements.

Status: Unresolved; See Finding 2020-1

Finding 2019-2 Preparation of Full Disclosure Financial Statements

Management is responsible for the preparation and presentation of financial statements according to Generally Accepted Accounting Principles (GAAP). These principles include disclosure requirements.

Status: Unresolved; See Finding 2020-2