

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

Audits of Financial Statements

For the Years Ended
December 31, 2020 and 2019



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Madison Parish Hospital Service District (the District), a component unit of Madison Parish Police Jury, State of Louisiana, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madison Parish Hospital Service District as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021 on our consideration of Madison Parish Hospital Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
August 16, 2021

BASIC FINANCIAL STATEMENTS

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash	\$ 9,340,785	\$ 4,361,551
Investments	2,063,351	2,024,163
Patient Accounts Receivable, Less Allowance for Bad Debts (\$495,230 in 2020 and \$552,594 in 2019)	1,320,018	1,967,827
Grant Payments Receivable	1,522,460	1,801,781
Taxes Receivable	1,316,225	1,426,986
Estimated Third-Party Payor Settlements Receivable	709,014	844,332
Inventory	368,162	253,202
Prepaid Expenses	275,762	257,654
Total Current Assets	16,915,777	12,937,496
Assets Limited to Use		
Cash - Designated	194,500	250,028
Total Assets Limited to Use	194,500	250,028
Capital Assets, Net	6,343,570	5,133,586
Intangible Assets, Net	298,753	127,479
Total Assets	\$ 23,752,600	\$ 18,448,589

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Net Position (Continued)
December 31, 2020 and 2019

	2020	2019
Liabilities and Net Position		
Current Liabilities		
Current Maturities of Capital Lease Obligations	\$ 74,695	\$ 146,517
Paycheck Protection Program Loan	1,945,007	-
Accounts Payable	447,984	356,365
Accrued Expenses and Other Liabilities	1,259,524	951,043
Unearned Revenue	1,512,248	-
Estimated Third-Party Settlements Payable	-	207,149
Bond Anticipation Note Payable	50,001	-
Total Current Liabilities	5,289,459	1,661,074
Long-Term Liabilities		
Long-Term Capital Lease Obligations, Net of Current Maturities	32,167	106,863
Long-Term Third-Party Settlements Payable	850,722	727,055
Total Long-Term Liabilities	882,889	833,918
Total Liabilities	6,172,348	2,494,992
Net Position		
Net Investment in Capital Assets	6,236,708	4,880,206
Unrestricted	11,343,544	11,073,391
Total Net Position	17,580,252	15,953,597
Total Liabilities and Net Position	\$ 23,752,600	\$ 18,448,589

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Net Patient Service Revenues	\$ 11,466,459	\$ 13,267,286
Rural Health Grant	2,923,982	2,749,337
Other Revenue	46,502	48,431
Total Operating Revenues	14,436,943	16,065,054
Operating Expenses		
Salaries and Wages	8,155,953	7,587,080
Purchased Services	2,405,534	1,994,968
Employee Benefits	4,081,312	3,756,498
Purchased Goods and Supplies	1,401,212	1,279,067
Legal and Professional Fees	1,467,591	1,435,354
Depreciation and Amortization	475,025	583,794
Repairs and Maintenance and Utilities	334,055	373,186
Other Expenses	84,369	153,798
Total Operating Expenses	18,405,051	17,163,745
Operating Loss	(3,968,108)	(1,098,691)
Non-Operating Income (Expense)		
Federal Grants	3,541,837	-
Ad Valorem Taxes	1,317,251	1,290,006
Sales Taxes	661,491	714,248
Revenue Sharing	30,758	29,039
Grant Revenue	4,059	-
Interest Income	76,176	44,096
Per Diem	(2,100)	(3,000)
Loss on Disposal of Capital Assets	-	(87,393)
Other	(3,601)	-
Interest Expense	(31,108)	(46,685)
Total Non-Operating Income, Net	5,594,763	1,940,311
Change in Net Position	1,626,655	841,620
Net Position, Beginning of Year	15,953,597	15,111,977
Net Position, End of Year	\$ 17,580,252	\$ 15,953,597

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash Receipts from Patients and Third-Party Payors	\$ 12,212,606	\$ 11,156,332
Other Cash Receipts from Operations	3,207,362	2,663,712
Cash Payments to Employees for Salaries and Benefits	(12,136,366)	(11,334,805)
Cash Payments to Vendors for Operating Expenses and Fees	(5,532,328)	(5,212,754)
Net Cash Used in Operating Activities	(2,248,726)	(2,727,515)
Cash Flows from Non-Capital Financing Activities		
Grant Revenue	3,541,837	-
Increase in unearned revenue	1,512,248	-
Proceeds from Paycheck Protection Program	1,945,007	-
Proceeds from Notes Payable	50,001	-
Ad Valorem Taxes, Sales Taxes, and Revenue Sharing	2,120,261	1,897,664
Net Cash Provided by Non-Capital Financing Activities	9,169,354	1,897,664
Cash Flows from Capital and Related Financing Activities		
Acquisition of Property and Equipment	(225,601)	(321,098)
Construction of Facility	(1,579,070)	(965,579)
Acquisition of Intangible Assets	(54,114)	-
Proceeds on Sale of Fixed Assets	2,500	55,107
Principal Payments on Capital Leases	(146,518)	(183,445)
Interest Payments on Capital Leases	(31,107)	(46,685)
Net Cash Used in Capital and Related Financing Activities	(2,033,910)	(1,461,700)
Cash Flows from Investing Activities		
Interest Received	76,176	44,096
Purchase of Investments	(39,188)	(2,024,163)
Decrease in Designated Cash	55,528	3,960,915
Net Cash Provided by Investing Activities	92,516	1,980,848
Net Increase (Decrease) in Cash	4,979,234	(310,703)
Cash, Beginning of Year	4,361,551	4,672,254
Cash, End of Year	\$ 9,340,785	\$ 4,361,551

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

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities		
Operating Loss	\$ (3,968,108)	\$ (1,098,691)
Adjustments to Reconcile Operating Loss to		
Net Cash Used in Operating Activities		
Depreciation and Amortization Expense	475,025	583,794
(Increase) Decrease in Operating Assets		
Patient Accounts Receivable, Net	647,809	(632,318)
Prepaid Expenses	(18,108)	(35,754)
Inventory	(114,960)	1,967
Other Receivables	277,680	(85,625)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	91,619	(111,412)
Accrued Expenses and Other Liabilities	308,481	177,591
Estimated Third-Party Payor Settlements Payable	51,836	(1,527,067)
Net Cash Used in Operating Activities	\$ (2,248,726)	\$ (2,727,515)
Supplemental Disclosure of Non-Cash Capital		
and Related Financing Activities		
New Equipment Capital Leases	\$ -	\$ 12,500

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

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

Notes to Financial Statements

Note 1. Organization

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

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

Nature of Activities

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

Note 2. Summary of Significant Accounting Policies

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

Basis of Accounting

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

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

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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

Enterprise Fund

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

Cash and Cash Equivalents

Cash consists of interest-bearing and non-interest-bearing demand deposits. Cash equivalents, if any, include all highly liquid investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. All amounts in excess of Federal Deposit Insurance Corporation (FDIC) insured amounts are required to be secured by securities invested in the U.S. Government by Louisiana Statute. The District had no cash equivalents for the years ended December 31, 2020 and 2019.

Patient Accounts Receivable

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

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

Inventory

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

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

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Prepaid Expenses

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

Capital Assets

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

The following estimated useful lives are generally used:

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

Intangible Assets

Intangible assets' estimated useful lives are generally 5 years. Further, intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. There were no impairments recorded in 2020 or 2019.

Net Patient Service Revenue and Concentration of Credit Risk

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

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

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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

Medicare

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

Medicaid

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

Laws and regulations governing Medicare and Medicaid programs are complex and, subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near-term.

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

The District has recorded a net payable of \$141,708 at December 31, 2020 and a net receivable of \$844,332 at December 31, 2019 to Medicare and Medicaid programs which are included as a component of the estimated third-party settlements payable captioned on the statements of net position, along with the balance due in relation to the matters described in Note 8.

The fiscal intermediary has completed its review of estimated Medicare settlements for fiscal years ended through December 31, 2018. The fiscal intermediary has completed its review of estimated Medicaid settlements for fiscal years ended through December 31, 2011. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the fiscal intermediary's audit of filed cost reports and additional information becoming available. The Hospital does not anticipate significant adverse adjustments to the recorded settlements for those years.

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

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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

Other Agreements

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

Charity Care

Effective November 1, 2016, the District approved a charity care policy. The policy allows the District to provide services without charge or at amounts less than established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care amounted to \$124,205 and \$169,204 for the years ended December 31, 2020 and 2019, respectively.

The following is a summary of net revenue by payor type for the years ended December 31, 2020 and 2019:

	2020	2019
Commercial	18.44%	15.09%
Medicare	26.98%	38.61%
Medicaid	46.27%	39.54%
Self Pay	8.31%	6.76%
Total	100.00%	100.00%

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

Payments to one vendor represented 4% of total expenses paid for the year ended December 31, 2019. Accounts payable to this vendor represented 17% of accounts payable at December 31, 2019.

Gifts, Grants, and Bequests

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

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

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Rural Hospital Grant

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

Operating Revenues and Expenses

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

Compensated Absences

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

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

Accounting Estimates

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

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

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Ad Valorem Taxes

The District is permitted by state statute to levy taxes up to 13.11 (13.11 for 2020 and 12.67 for 2019) mills per \$1,000 of assessed valuation. Ad valorem taxes are levied each November 1st on the assessed value listed as of the prior January 1st for property located within the District. The assessed value for 2020 and 2019, upon which the levy was based, netted the District \$1,317,251 and \$1,290,006 of tax revenue, respectively. Taxes become delinquent December 31st of each year. Delinquent property tax certificates are sold to the public beginning April 1st, at which time a lien attaches to the property. In the election held on November 6, 2018, the tax was renewed for a period of 20 years.

Risk Management

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

Net Position

Net position of the District is displayed in three components:

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

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

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

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

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

New Upcoming Accounting Pronouncements

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

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

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

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

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

Notes to Financial Statements

Note 3. Cash

The District had the following deposits reflected on the accompanying statements of net position for the years ended December 31, 2020 and 2019:

	2020	2019
Cash	\$ 9,340,785	\$ 4,361,551
Cash - Designated	194,500	250,028
Total	\$ 9,535,285	\$ 4,611,579

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020, \$12,073,481 of the District's bank deposits, including a certificate of deposit of \$2,063,351, was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities with a market value of \$2,145,798 owned by the fiscal agent bank in the District's name and letters of credit in the amount of \$11,400,000.

Note 4. Intangible Assets, Net

Intangible assets consist of software licensing. Costs of \$776,170 and \$1,067,109, respectively, are being amortized over the lives of the assets on a straight-line basis for the years ended December 31, 2020 and 2019. For the years ended December 31, 2020 and 2019, accumulated amortization totaled \$476,419 and \$939,630, respectively. Intangible assets, net of accumulated amortization for the years ended December 31, 2020 and 2019 totaled \$298,753 and \$127,479, respectively. Amortization expense for the years ended December 31, 2020 and 2019 was \$71,109 and \$113,522, respectively.

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

Notes to Financial Statements

Note 5. Capital Assets, Net

Capital assets for the years ended December 31, 2020 and 2019 consisted of the following:

	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Capital Assets, Not Being Depreciated				
Land	\$ 269,549	\$ -	\$ -	\$ 269,549
New Hospital (CIP)	2,282,478	1,387,303	-	3,669,781
Total Capital Assets, Not Being Depreciated	2,552,027	1,387,303	-	3,939,330
Capital Assets, Being Depreciated				
Buildings and Improvements	6,587,930	11,399	-	6,599,329
Medical Equipment	3,477,816	215,620	(726,939)	2,966,497
Total Capital Assets, Being Depreciated	10,065,746	227,019	(726,939)	9,565,826
Less: Accumulated Depreciation	(7,484,187)	(404,338)	726,939	(7,161,586)
Capital Assets, Being Depreciated, Net	2,581,559	(177,319)	-	2,404,240
Capital Assets, Net	\$ 5,133,586	\$ 1,209,984	\$ -	\$ 6,343,570
	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Capital Assets, Not Being Depreciated				
Land	\$ 269,549	\$ -	\$ -	\$ 269,549
Capital Assets, Being Depreciated				
Buildings and Improvements	6,476,683	311,247	(200,000)	6,587,930
Medical Equipment	3,458,465	19,351	-	3,477,816
Total Capital Assets, Being Depreciated	9,935,148	330,598	(200,000)	10,065,746
Less: Accumulated Depreciation	(7,071,415)	(470,272)	57,500	(7,484,187)
Capital Assets, Being Depreciated, Net	2,863,733	(139,674)	(142,500)	2,581,559
Capital Assets, Net	\$ 3,133,282	\$ (139,674)	\$ (142,500)	\$ 2,851,108

Depreciation expense, which includes capital lease assets and does not include amortization of intangibles, incurred for the years ended December 31, 2020 and 2019 was \$403,916 and \$470,272, respectively. Included in the cost of assets above are capital lease assets with a cost of \$752,172, as well as accumulated depreciation of \$586,900 and \$539,557, respectively, as of December 31, 2020 and 2019.

The District has been working with an architectural firm and Louisiana based general contractor in accordance with the Louisiana State CMAR Program guidelines to construct a new facility.

The Hospital Service District and the general contractor have contractually agreed on a guaranteed maximum price of \$24,800,000 to construct the facility. At December 31, 2020, \$160,772 has been incurred and \$24,639,228 remains to be paid under the contract.

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

Notes to Financial Statements

Note 6. Leases

Capital Leases

The District had the following capital leases payable for the years ended December 31, 2020 and 2019:

Lessor	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Siemens	\$ 43,453	\$ -	\$ 43,453	\$ -	\$ -
Balboa II	3,134	-	3,134	-	-
GE Ultrasound	27,121	-	18,961	8,159	8,159
DeLage/AIS Printers	1,596	-	935	662	662
DeLage/AIS Printers	1,485	-	708	777	717
First American	57,936	-	21,557	36,379	22,645
Stago U.S.	17,311	-	5,239	12,072	5,754
DeLage/AIS Printers	6,653	-	5,288	1,365	1,365
DeLage/AIS Printers/Copiers	9,165	-	2,408	6,757	2,571
Regents Capital	65,443	-	38,944	26,499	26,500
Great American Financial	4,263	-	950	3,313	1,039
Great American Financial	4,243	-	997	3,247	1,038
R. J. Young	5,698	-	2,005	3,693	2,161
R. J. Young	5,880	-	1,939	3,939	2,084
Total	\$ 253,380	\$ -	\$ 146,518	\$ 106,862	\$ 74,695

Lessor	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
GE Healthcare	\$ 14,240	\$ -	\$ (14,240)	\$ -	\$ -
Siemens	115,765	-	(72,313)	43,452	43,452
Balboa II	7,028	-	(3,894)	3,134	3,134
GE Ultrasound	45,238	-	(18,116)	27,122	18,961
DeLage/AIS Printers	2,465	-	(869)	1,596	935
DeLage/AIS Printers/Copiers	2,183	-	(699)	1,484	708
First American	78,457	-	(20,521)	57,936	21,557
Stago	22,081	-	(4,770)	17,311	5,239
DeLage/AIS Printers	11,675	-	(5,022)	6,653	5,288
DeLage/AIS Printers/Copiers	11,421	-	(2,256)	9,165	2,408
Regents Capital	103,441	-	(37,998)	65,443	38,944
Great American Financial	5,131	-	(868)	4,263	950
Great American Financial	5,200	-	(957)	4,243	997
R. J. Young	-	6,300	(602)	5,698	2,005
R. J. Young	-	6,200	(320)	5,880	1,939
Total	\$ 424,325	\$ 12,500	\$ (183,445)	\$ 253,380	\$ 146,517

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

Notes to Financial Statements

Note 6. Leases (Continued)

Capital Leases (Continued)

The terms and due dates of the District's capital lease obligations for the years ended December 31, 2020 and 2019 are as follows:

A medical equipment financing arrangement in the original amount of \$84,287, with an interest rate of 1.03% per annum, payable to GE Healthcare in sixty (60) monthly installments of \$1,431, beginning September 15, 2014, through the maturity date of August 15, 2019. The lease is secured by the equipment financed under the agreement.

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

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

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

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

An equipment financing arrangement in the original amount of \$3,500, with an interest rate of 1.23% per annum, payable to DeLage/Automated Imaging Systems in sixty (60) monthly installments of \$60, beginning January 5, 2017, through the maturity date of December 5, 2022. The lease is secured by the equipment financed under the agreement.

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

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

Notes to Financial Statements

Note 6. Leases (Continued)

Capital Leases (Continued)

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

Note 6. Leases (Continued)

Capital Leases (Continued)

The minimum future lease payments under capital leases as of December 31, 2020 are as follows:

Year Ending December 31,	Amount
2021	\$ 78,405
2022	29,544
2023	<u>3,809</u>
Total Minimum Lease Payments under Capital Leases	111,758
Less: Amount Representing Interest	<u>(4,896)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 106,862</u></u>

Commitments Under Noncancelable Operating Leases

The District is committed under various noncancelable operating leases, all of which are for equipment. These leases expire in various years through 2022. Future minimum operating lease payments as of December 31, 2020 are as follows:

Year Ending December 31,	Amount
2021	\$ 149,171
2022	<u>55,538</u>
Total	<u><u>\$ 204,709</u></u>

Total lease expense under noncancelable operating leases for the years ended December 31, 2020 and 2019 was \$144,849 and \$172,975, respectively.

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

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

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

Notes to Financial Statements

Note 8. Contingencies

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

Governmental Third-Party Reimbursement Programs

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

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

Health Care Industry

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

Provider Relief Funds

During the year ended December 31, 2020, the District received \$3,787,699 in Provider Relief Funds pursuant to the CARES Act. The District recorded Provider Relief Fund revenue for expenses related to the Covid-19 pandemic and for lost revenues totaling \$3,541,837. The remainder of the fund have been recorded as unearned revenue, a liability at December 31, 2020.

Litigation and Other Matters

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

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

Notes to Financial Statements

Note 8. Contingencies (Continued)

Litigation and Other Matters (Continued)

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

Note 9. Employee Medical Benefit Plan

The District is self-insured to provide group medical coverage for its employees. A third party administers the group medical coverage for the District. The District funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier covered individual claims in excess of \$65,000 for the plan years ended December 31, 2020 and 2019. There were no significant changes in insurance coverage from the prior year.

The liability for unpaid claims including incurred but not reported amounts, if any, is estimated based on actual claims paid subsequent to year-end and is included in accrued expenses in the accompanying statements of net position. Changes in the District's claims liability during the years ended December 31, 2020 and 2019 are reflected below:

Claims Liability 01/01/20	Claim Payments	Claims and Changes in Estimates	Claims Liability 12/31/20
\$ 347,509	\$ (1,755,359)	\$ 1,917,398	\$ 509,548
Claims Liability 01/01/19	Claim Payments	Claims and Changes in Estimates	Claims Liability 12/31/19
\$ 199,867	\$ (2,300,164)	\$ 2,447,806	\$ 347,509

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

Notes to Financial Statements

Note 10. Employee Savings Plan and Trust

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

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

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

- Matching contributions will be made every pay period, in amounts equal to 100% of the first 3% of compensation deferred by the participant, plus 50% of the next 2% of compensation deferred by the participant.
- Total IRC 457(b) contributions, including elective deferrals by participants and matching contributions by the employer, shall not exceed the lesser of 100% of the participant's compensation or the Applicable Dollar Amount, which is \$108,226, plus an extra \$125,565 for participants who have attained age 50 or more during 2020.
- No employer contributions (contribution by the employer that is not a matching contribution) will be made to the Plan for the plan year beginning January 1, 2020 and ending December 31, 2020.

There was a total of 71 participants during the period January 1, 2020 through December 31, 2020. Actual participant contributions for the period ended December 31, 2020 were \$296,453, and the employer matching funds for the same period were \$193,594. Amounts for both the participant contributions and the employer's match are transferred to the separate Trust within the same business day.

Note 11. Notes Payable

On April 17, 2020, the District entered into a U.S. Small Business Association (SBA) Payroll Protection Program (PPP) loan with Delta Bank in the amount of \$1,945,275, at an interest rate of 1.00% per annum, with the first six months of interest deferred. The PPP loan has a term of two years and is unsecured and guaranteed by the SBA.

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

Notes to Financial Statements

Note 11. Notes Payable (Continued)

The principal amount of the PPP loan is subject to forgiveness under the PPP upon the District's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the District. The District intends to apply for forgiveness of the PPP loan with respect to these covered expenses. To the extent that all or part of the PPP loan is not forgiven, the District will be required to pay interest on the PPP loan at a rate of 1.0% per annum, and commencing on December 7, 2020, principal and interest payments will be required through the maturity date in May 7, 2022. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of an event of default.

The District has been approved for a USDA Community Development Loan to finance the construction of the District's new facility. Pursuant to the Community Development loan, the District entered into a bond anticipation note payable with Delta Bank with an interest rate at prime minus 1.35%. At December 31, 2020, the balance of the bond anticipation note payable was \$50,001.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 16, 2021, and determined that the following subsequent events should be disclosed:

On January 26, 2021, the District applied for forgiveness of its PPP loan in the amount of \$1,945,275. On May 24, 2021, the PPP loan was forgiven.

On March 29, 2021, the District received a 2nd PPP loan in the amount of \$2,000,000.

No further subsequent events occurring after August 16, 2021 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2020

Agency Head
Theodore Topolewski, CEO

Purpose	Amount
Salary	\$357,017
Benefits - Insurance	\$2,560
Benefits - Retirement	\$0
Benefits - Other	\$1,642
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$437
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$33

See independent auditor's report.

**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Madison Parish Hospital Service District (the District), a component unit of the Madison Parish Police Jury, State of Louisiana, for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 16, 2021.

Internal Control Over Financial Reporting

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

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

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

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

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

Baton Rouge, LA
August 16, 2021

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Schedule of Findings and Responses
For the Year Ended December 31, 2020

Part I - Summary of Auditor's Results

Financial Statements

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting and compliance and other matters: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | None Reported |
| | c. Noncompliance material to the financial statements? | No |
| | d. Other matters identified? | No |
| 3. | Management letter comment provided? | None |

Federal Awards

Not applicable.

MADISON PARISH HOSPITAL SERVICE DISTRICT
A Component Unit of Madison Parish Police Jury
Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

None.