

**The Hospital Service District of
West Feliciana Parish Louisiana
A Component Unit of the
West Feliciana Parish Government
St. Francisville, Louisiana
October 31, 2023**

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The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2023

This portion of the Hospital's annual financial reporting presents background information and management's review of the Hospital's financial performance during the fiscal year ended October 31, 2023. This Section should be interpreted within the context of financial statements as displayed in this report.

FINANCIAL HIGHLIGHTS

The 2022-2023 fiscal year will be remembered as a year the hospital underwent growth and development across multiple fronts. One of the key highlights during this period was the strategic expansion of our physician services, with new practitioners across various specialties being brought onto our campus. In line with our commitment to enhancing patient care, we successfully acquired a pediatric clinic, enabling us to offer specialized services for children and adolescents within our healthcare network.

From a financial perspective, our hospital also achieved significant milestones. We successfully applied for and were approved for an Employee Retention Tax Credit of \$3 million, which is expected to be paid in the coming months. Additionally, we secured \$3.1 million in FEMA funding, of which \$1.5 million is included in non-operating revenue for the fiscal year, to cover critical construction projects aimed at upgrading and expanding our Rural Health Clinic to better serve our community. These financial successes have not only contributed to a \$7.6 million increase to net position for the fiscal year but have also positioned us to deliver higher-quality care and services to our patients. Looking ahead, we are excited about the continued growth and innovation that will further advance our mission of providing exceptional healthcare to those we serve.

REQUIRED FINANCIAL STATEMENTS

The basic financial statements of the Hospital report information regarding the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Hospital.

All of the current year's revenue and expenses are accounted for in the Statement of Revenue, Expenses, and Changes in Net Position. This statement measures improvements in the Hospital's operations over the past year, and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service and other revenue sources. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Hospital's cash flows from operations and financial activities, as well as define the sources of cash, its use, and cash balance changes during the reporting period. Additional statistical information and notes are offered as support, explanation and information.

FINANCIAL ANALYSIS OF THE HOSPITAL SERVICE DISTRICT

The Statements of Net Position and Statements of Revenue, Expenses, and Changes in Net Position report data about the Hospital's activities. These two (2) statements report the net position of the Hospital and changes in it. Increases or decreases in net position are one indicator regarding the financial integrity of the Hospital. Other non-financial indicators include changes in state and local economic conditions, as well as regulatory changes regarding Medicare and Medicaid, especially as these may impact Critical Access Hospital status, and related cost-based reimbursements.

**The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2023**

FINANCIAL ANALYSIS OF THE HOSPITAL SERVICE DISTRICT (Continued)

Net Position

Condensed statements of net position as of October 31, 2023, 2022, and 2021 are displayed in the following table:

Condensed Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 25,514,269	\$ 29,458,923	\$ 27,861,529
Assets limited as to use	24,100,127	11,504,661	8,980,952
Capital assets, net	<u>24,609,150</u>	<u>24,640,148</u>	<u>26,387,438</u>
Total assets	<u>\$ 74,223,546</u>	<u>\$ 65,603,732</u>	<u>\$ 63,229,919</u>
Current liabilities	\$ 4,329,687	\$ 2,550,150	\$ 2,218,681
Long-term liabilities	22,267,976	23,026,628	23,731,281
Net position	<u>47,625,883</u>	<u>40,026,954</u>	<u>37,279,957</u>
Total liabilities and net position	<u>\$ 74,223,546</u>	<u>\$ 65,603,732</u>	<u>\$ 63,229,919</u>

The following table presents the components of the Hospital's net position as of October 31, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net investment in capital assets	\$ 1,678,363	\$ 1,071,883	\$ 2,036,360
Restricted for debt service	2,826,725	8,561,038	8,980,952
Unrestricted	<u>43,120,795</u>	<u>30,394,033</u>	<u>26,262,645</u>
Total net position	<u>\$ 47,625,883</u>	<u>\$ 40,026,954</u>	<u>\$ 37,279,957</u>

Capital Assets

The following table presents the components of capital assets at October 31, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 2,936,173	\$ 2,863,473	\$ 2,849,839
Buildings and leasehold improvements	32,205,210	29,855,642	29,750,594
Equipment	12,996,061	12,925,375	12,599,905
Construction in progress	921,249	1,622,160	922,697
Intangible assets	<u>35,084</u>	<u>-</u>	<u>-</u>
	49,093,777	47,266,650	46,123,035
Less: accumulated depreciation	<u>24,484,627</u>	<u>22,626,502</u>	<u>19,735,597</u>
Capital assets, net	<u>\$ 24,609,150</u>	<u>\$ 24,640,148</u>	<u>\$ 26,387,438</u>

**The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2023**

FINANCIAL ANALYSIS OF THE HOSPITAL SERVICE DISTRICT (Continued)

Summary of Revenue, Expenses, and Changes in Net Position

The following table presents a summary of the Hospital's revenue and expenses for the latest three fiscal years:

**Condensed Statements of Revenue,
Expenses, and Changes in Net Position**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net patient service revenue	\$ 27,912,716	\$ 24,732,836	\$ 21,859,883
Other operating revenue	4,785,453	3,489,518	4,412,640
Operating revenue	<u>32,698,169</u>	<u>28,222,354</u>	<u>26,272,523</u>
Salaries, wages, and benefits	14,161,950	13,759,128	11,831,079
Other operating expenses	15,845,015	12,410,923	11,752,731
Depreciation	2,393,009	3,205,292	3,044,020
Operating expenses	<u>32,399,974</u>	<u>29,375,343</u>	<u>26,627,830</u>
Tax revenue	2,377,176	2,134,648	2,078,597
Employee Retention Tax Credit income	3,023,137	-	-
Interest income	1,089,590	129,863	74,147
Other non-operating revenue	1,693,701	2,580,681	4,188,064
Non-operating expenses	(882,870)	(945,206)	(966,062)
Non-operating revenue, net	<u>7,300,734</u>	<u>3,899,986</u>	<u>5,374,746</u>
Change in Net Position	7,598,929	2,746,997	5,019,439
Net Position, beginning of year	<u>40,026,954</u>	<u>37,279,957</u>	<u>32,260,518</u>
Net Position, end of year	<u>\$ 47,625,883</u>	<u>\$ 40,026,954</u>	<u>\$ 37,279,957</u>

SOURCES OF REVENUE

The Hospital derives the majority of its total revenue from patient service operations. The following table displays payor mix percentages as a function of total billed charges during 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Medicare	17%	17%	15%
Medicaid	29%	30%	30%
Commercial and other	51%	48%	49%
Self-Pay	3%	5%	6%

The Hospital derives additional revenue from ad valorem taxes, grants, and donations.

**The Hospital Service District of West Feliciana Parish Louisiana
Management’s Discussion and Analysis
October 31, 2023**

OPERATING AND FINANCIAL PERFORMANCE

The Hospital’s primary source of revenue is derived from patient services and is driven by admissions. The practical end of patient revenue involves converting admissions and treatment into cash collections. The industry standard regarding management of receivables is the measure of outstanding days in accounts receivable. The following table displays both inpatient days, along with days in accounts receivable from 2023, 2022, and 2021.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Inpatient Days	975	483	863
Net Outstanding Days in A/R	37	50	47

BUDGET AND STRATEGY FOR FISCAL YEAR 2024

The Board of Commissioners has approved the budget for the fiscal year ending October 31, 2024 with a projected increase in budgeted net position of \$6.6 million, which includes the anticipated receipt of approximately \$3 million of Employee Retention Tax Credit income that was recognized as non-operating revenue in the financial statements for the fiscal year ended October 31, 2023, but was not included in the budget for the fiscal year ended October 31, 2023. In order to do that, the Hospital plans on continuing its strategy of growing our specialty physician services and expanding the services in the Rural Health Clinic (RHC). In 2024, the Hospital plans to break ground on a new multi-use building that will house both an urgent care clinic as well as specialty physicians. This project will allow the Hospital to continue the addition of specialists and add services that are not currently offered in the community. The Hospital is looking forward to another successful year.

CONTACTING THE HOSPITAL’S CHIEF FINANCIAL OFFICER

This financial report is intended to provide our community, patients, and creditors with a general overview of the Hospital’s financial position and demonstrate accountability regarding all revenue received. If further information is required, requests should be submitted in writing to:

Chief Financial Officer
West Feliciana Hospital
5266 Commerce Street
St. Francisville, LA 70775



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

Independent Auditor's Report

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Hospital Service District of West Feliciana Parish Louisiana, a component unit of the West Feliciana Parish Government, as of and for the years ended October 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise The Hospital Service District of West Feliciana Parish Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The Hospital Service District of West Feliciana Parish Louisiana, as of October 31, 2023 and 2022, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Hospital Service District of West Feliciana Parish Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2024, on our consideration of The Hospital Service District of West Feliciana Parish Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Hospital Service District of West Feliciana Parish Louisiana'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 Service District of West Feliciana Parish Louisiana's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

April 25, 2024

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Net Position
October 31, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash and cash equivalents	\$ 11,240,525	\$ 8,310,724
Certificates of deposit	2,579,006	2,074,864
Investments	-	8,741,134
Accounts receivable - patients, net	2,798,193	3,412,406
Due from third party payors	2,589,695	3,564,539
Accounts receivable - other	5,155,720	2,315,550
Inventory	711,435	659,081
Prepaid expenses	439,695	380,625
Total current assets	25,514,269	29,458,923
Assets Limited As to Use	24,100,127	11,504,661
Capital Assets, net	24,609,150	24,640,148
Total assets	\$ 74,223,546	\$ 65,603,732
Liabilities and Net Position		
Current Liabilities		
Current maturities of bonds payable	\$ 632,811	\$ 607,507
Current maturities of note payable	30,000	30,000
Current maturities of lease liability	-	59,686
Accounts payable	1,159,531	528,131
Accrued expenses	1,547,519	1,324,826
Due to third party payors	959,826	-
Total current liabilities	4,329,687	2,550,150
Long-Term Liabilities		
Bonds payable, less current maturities	22,242,976	22,875,758
Note payable, less current maturities	25,000	55,000
Lease liability, less current maturities	-	95,870
Total long-term liabilities	22,267,976	23,026,628
Net Position		
Net investment in capital assets	1,678,363	1,071,883
Restricted for debt service	2,826,725	8,561,038
Unrestricted	43,120,795	30,394,033
Total net position	47,625,883	40,026,954
Total liabilities and net position	\$ 74,223,546	\$ 65,603,732

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Revenue, Expenses, and Changes in Net Position
Years Ended October 31, 2023 and 2022

	2023	2022
Operating Revenue		
Net patient service revenue	\$ 27,912,716	\$ 24,732,836
Other operating revenue	<u>4,785,453</u>	<u>3,489,518</u>
Operating revenue	<u>32,698,169</u>	<u>28,222,354</u>
 Operating Expenses		
Salaries, wages, and benefits	14,161,950	13,759,128
Professional services	9,689,228	7,682,552
Supplies and other expenses	2,068,645	1,161,841
Other operating expenses	4,087,142	3,566,530
Depreciation and amortization	<u>2,393,009</u>	<u>3,205,292</u>
Total operating expenses	<u>32,399,974</u>	<u>29,375,343</u>
Operating income (loss)	<u>298,195</u>	<u>(1,152,989)</u>
 Non-Operating Revenue (Expenses)		
Federal grant revenue	1,529,944	2,409,506
Employee Retention Tax Credit income	3,023,137	-
Interest income	1,089,590	129,863
Interest expense	(882,870)	(945,206)
Tax revenue	2,377,176	2,134,648
Gain on disposal of assets	33,455	4,606
Other non-operating revenue	<u>130,302</u>	<u>166,569</u>
Non-operating revenue, net	<u>7,300,734</u>	<u>3,899,986</u>
 Change in Net Position	<u>7,598,929</u>	<u>2,746,997</u>
 Net Position, beginning of year	<u>40,026,954</u>	<u>37,279,957</u>
 Net Position, end of year	<u>\$ 47,625,883</u>	<u>\$ 40,026,954</u>

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Cash Flows
Years Ended October 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	\$ 35,415,842	\$ 27,658,756
Payments for goods and services	(14,458,687)	(12,440,079)
Payments to employees for services	(13,850,701)	(13,599,500)
Net cash provided by operating activities	7,106,454	1,619,177
Cash Flows from Non-Capital Financing Activities		
Tax receipts	2,378,537	2,195,605
Receipt of Provider Relief Funds	-	524,503
Other income	111,037	165,670
Net cash provided by non-capital financing activities	2,489,574	2,885,778
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(2,362,011)	(1,458,001)
Principal payments on bonds payable	(607,478)	(540,745)
Principal payments on note payable	(30,000)	(30,000)
Principal payments on lease liability	(155,556)	(56,512)
Interest paid	(883,686)	(945,130)
Net cash used in capital and related financing activities	(4,038,731)	(3,030,388)
Cash Flows from Investing Activities		
Purchases of certificates of deposit	(6,830,000)	(400,000)
Sales and maturities of certificates of deposit	1,263,789	1,966,206
Purchase of investments	(3,900,000)	(8,556,000)
Interest income	1,104,402	129,863
Net cash used in investing activities	(8,361,809)	(6,859,931)
Net Decrease in Cash and Cash Equivalents	(2,804,512)	(5,385,364)
Cash and Cash Equivalents, beginning of year		
Including \$8,561,038 and \$8,980,952 limited as to use for 2023 and 2022, respectively	16,871,762	22,257,126
Cash and Cash Equivalents, end of year		
Including \$2,826,725 and \$8,561,038 limited as to use for 2023 and 2022, respectively	\$ 14,067,250	\$ 16,871,762

(Continued)

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Cash Flows
Years Ended October 31, 2023 and 2022

(Continued)

	2023	2022
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 298,195	\$ (1,152,989)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,393,009	3,205,292
Provision for doubtful accounts	1,501,416	1,650,944
(Increase) Decrease in assets:		
Patient accounts receivable	(54,474)	(906,640)
Due from third party payors	974,844	(491,269)
Other receivables	290,969	(826,867)
Inventory	(52,354)	(101,175)
Prepaid expenses	(59,070)	(12,192)
Increase (Decrease) in liabilities:		
Accounts payable	631,400	70,506
Accrued expenses	222,693	183,567
Due to third party payors	959,826	-
Net cash provided by operating activities	\$ 7,106,454	\$ 1,619,177

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

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 1-Summary of Significant Accounting Policies

A. Legal Organization

On February 21, 1968, the West Feliciana Parish Police Jury passed a resolution creating the West Feliciana Parish Hospital Service District No. 1 (“the Hospital”) under the authority of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, as amended. The Hospital is a political subdivision of the West Feliciana Parish Government, whose jurors are elected officials. The Hospital’s seven (7) commissioners are appointed by the West Feliciana Parish Government. The Hospital’s legal name is now The Hospital Service District of West Feliciana Parish Louisiana and its DBA name is West Feliciana Hospital.

B. Nature of Business

The Hospital primarily earns revenue by providing inpatient, outpatient, and emergency care services to patients in the West Feliciana Parish area.

C. Basis of Accounting and Presentation

The Hospital utilizes the proprietary fund method of accounting, using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

As a proprietary fund, the Hospital distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing patient services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the Hospital’s proprietary fund are charges to customers related to patient services. Operating expenses for the Hospital’s proprietary fund include patient care expenses, general and administrative expenses, and depreciation and amortization on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The Hospital follows private-sector standards of accounting and financial reporting issued prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Hospital has elected not to follow subsequent private-sector guidance.

The Hospital follows GASB standards for state and local governments which require that resources be classified for accounting and reporting purposes into the following three net position components:

- The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted net position results when external constraints are placed on asset use by creditors, grantors, contributors, or laws through constitutional provisions or enabling legislation. At October 31, 2023 and 2022, the Hospital had \$2,826,725 and \$8,561,038, respectively, of net position restricted for debt service.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting and Presentation (Continued)

- The *unrestricted* component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position is often designated to indicate that management does not consider it to be available for general operations; however, these designations can be removed or modified. At October 31, 2023 and 2022, the Hospital's unrestricted net position designated for the replacement of depreciable capital assets amounted to \$21,273,402 and \$2,943,623, respectively.

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

D. Reporting Entity

As the governing authority of the parish, for reporting purposes, the West Feliciana Parish Government ("parish government") is the financial reporting entity for West Feliciana Parish. The financial reporting entity consists of (a) the primary government, (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.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* establishes criteria for determining which component units should be considered part of the West Feliciana Parish Government 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.

This criterion, as it relates to the Hospital, includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish government 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 parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government appoints all members to the Hospital's Board of Commissioners, the Hospital was determined to be a component unit of the West Feliciana Parish Government, the financial reporting entity. The accompanying financial statements present information only of the funds maintained by the Hospital and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 1-Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant item on the Statements of Net Position that involves a greater degree of accounting estimates subject to changes in the near future is the assessment of the allowance for doubtful accounts. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results of the period they are determined.

F. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Hospital considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

G. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable from patients, insurance companies, and third-party reimbursement contractual agencies are recorded at established charge rates. Certain third-party insured accounts (Medicare and Medicaid) are based on cost reimbursement agreements, which generally result in the Hospital collecting more or less than the established charge rates with the difference recorded as “contractual adjustments.” Final determination of settlement is subject to review by appropriate authorities.

The Hospital provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. Management estimates the losses based on historical collection experience coupled with a review of the current status of existing receivables. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

H. Inventory

Inventory is valued at the lower of cost or net realizable value (first-in, first-out method). Inventory is comprised of departmental supplies and pharmaceutical items.

I. Investments

Investments are carried at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating income when earned.

J. Capital Assets

Capital assets are stated at cost, except for assets donated to the Hospital. Donated assets are recorded at the appraised value at the date of donation. Depreciation is recorded on a straight-line basis over the useful lives of the assets. Capital assets under lease obligations are amortized on a straight-line basis over the shorter period of the lease term or the estimated useful life. Interest expense related to construction projects is capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures in excess of \$5,000 for major renewals and betterments that extend the useful lives of capital assets are capitalized.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 1-Summary of Significant Accounting Policies (Continued)

J. Capital Assets (Continued)

The estimated useful lives of capital assets are as follows:

Buildings and leasehold improvements	5 - 40 years
Equipment	3 - 20 years

Gifts of long-lived assets such as land, buildings, or equipment with no donor stipulations are reported as unrestricted support, while those with explicit donor stipulations are reported as restricted support.

K. Leases

Leases are recorded in accordance with GASB No. 87, *Leases*. At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term. Key estimates related to leases include the discount rate used to discount the expected lease payments to present value, lease term and lease payments.

L. Operating Revenue and Expenses

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

M. Net Patient Service Revenue

The Hospital is a "Critical Access Hospital" (CAH), which allows it to receive cost-based reimbursements from Medicare and Medicaid.

The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. Inpatient acute care services, swing bed services and outpatient services rendered to Medicare program beneficiaries are reimbursed at cost plus one percent (subject to limits, rules and regulations), while other outpatient laboratory services are reimbursed on a fee schedule. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through October 31, 2021.

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services to Medicaid program beneficiaries are reimbursed at cost plus ten percent, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through October 31, 2017.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 1-Summary of Significant Accounting Policies (Continued)

M. Net Patient Service Revenue (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretations. 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 entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates. To the extent management's estimate differs from actual results, the differences will be recorded in the year such differences arise.

N. Sliding Fee Discount Program

The Hospital's Sliding Fee Discount Program is used to provide free or discounted care to patients who are financially unable to pay for their medical services. Those with incomes at or below 100% of the Federal Poverty Guidelines will receive a full 100% discount. Those with income above 100% of the Federal Poverty Guidelines, but at or below 300% of the Federal Poverty Guidelines, will be discounted according to the Hospital's sliding fee schedule. Because the Hospital does not pursue collection of amounts determined to qualify for this program, they are not reported as revenue. Records of charges foregone for services and supplies furnished under the Sliding Fee Discount Program are maintained to identify and monitor the level of discounted care provided.

O. Grants and Donations

Grants and donations (including capital contributions of assets) are recognized as revenue when all eligibility requirements, including time requirements, imposed by the provider have been met.

P. Property Taxes

The Hospital receives property taxes, which are levied on or about October 1st for the current year. Property taxes are invoiced and collected by the West Feliciana Parish Sheriff. Taxes are due by December 31st following the levy date. The Hospital records the expected revenue to be received based on factors such as previous years' collections of assessments and the estimated taxable assessed value for the current year. Adjustments are made upon final receipt. The Hospital currently receives a 0.50 mill property tax, which is in effect through 2026.

Q. Income Taxes

The Hospital is exempt from income taxes under Internal Revenue Code Section 115. Accordingly, the accompanying financial statements do not include any provision for income taxes.

R. Advertising

Advertising costs are expensed as incurred. Advertising costs of \$169,490 and \$211,431 were expensed in 2023 and 2022, respectively.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 1-Summary of Significant Accounting Policies (Continued)

S. Environmental Matters

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

T. 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 and employee health, dental, and accident benefits. The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self-insurance of 1) Hospital professional liability and comprehensive general liability and 2) statutory workers' compensation. The Hospital continues to carry commercial insurance for all other risks of loss. As of October 31, 2023 and 2022, the Hospital has no known claims exceeding its coverage.

U. Fair Value Measurements

The Hospital follows GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. This topic establishes a hierarchal framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

The Hospital utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Hospital determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1: Quoted prices (unadjusted) in active markets accessible at the measurement date.
- Level 2: Prices based on observable inputs corroborated by market data, but no quoted active markets.
- Level 3: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investments.

V. Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation. These reclassifications had no effect on net position or the change in net position of the prior year.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 1-Summary of Significant Accounting Policies (Continued)

W. Recently Adopted Accounting Pronouncement

In May 2020, the GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. The objective of the Statement is to better meet the informational needs of financial statement users by establishing uniform accounting and financial reporting requirements and improving the comparability of financial statements among governments that have entered into subscription-based information technology arrangements (SBITAs). This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in subscription assets – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITAs. The study of the Hospital’s SBITAs proved to be immaterial; therefore, the implementation of this standard did not require any changes to the Hospital’s financial reporting.

Note 2-Deposits and Investments

The Hospital has various deposits and investments. The amounts reflected on the accompanying Statements of Net Position are as follows:

	<u>2023</u>	<u>2022</u>
Operations		
Cash and cash equivalents	\$ 11,240,525	\$ 8,310,724
Certificates of deposit	2,579,006	2,074,864
Investments	-	8,741,134
Assets Limited As to Use		
Cash and cash equivalents	2,826,725	8,561,038
Certificates of deposit	5,195,069	-
Investments	<u>16,078,333</u>	<u>2,943,623</u>
Total	<u>\$ 37,919,658</u>	<u>\$ 30,631,383</u>

A. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Hospital’s deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital’s deposits were entirely insured or entirely collateralized by securities held by the pledging bank’s trust department in the Hospital’s name as of October 31, 2023 and 2022.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 2-Deposits and Investments (Continued)

A. Deposits (Continued)

The Hospital's account balances according to banks' records at October 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Cash in banks	\$ 22,186,851	\$ 19,303,424
Insured by FDIC	\$ 4,343,254	\$ 1,917,601
Collateralization by fair market value of securities held by the pledging institution	\$ 17,843,597	\$ 17,385,823

B. Investments

The Hospital's investment policies comply with state statutes. Funds may be invested in time deposits, money market investment accounts, or certificates of deposit with financial institutions insured by the FDIC; direct obligations of the United States Government and its agencies; investment grade commercial paper of domestic United States corporations; one of the two highest short-term rating categories of either Standards & Poor's Corporation or Moody's Investors Service; and government backed mutual trust funds.

At October 31, 2023 and 2022, investments held by the Hospital consisted of \$13,140,367 and \$8,741,134, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB, LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a governmental external investment pool that reports at fair value. The following facts are relevant for an investment pool:

Credit Risk: LAMP is rated AAAM by Standard & Poor's.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Hospital's policy with respect to custodial risk is based on Louisiana statutes. LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 2-Deposits and Investments (Continued)

B. Investments (Continued)

Concentration of Credit Risk: The Hospital's investment policy does not limit the amount the Hospital may invest in any one issuer. Pooled investments are excluded from the five percent (5%) disclosure requirement.

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from rising interest rates, the Hospital limits investments to highly liquid investments or marketable U.S. Treasury and U.S. agency obligations. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. To provide for this liquidity, all investments at the time of purchase have a maximum remaining maturity of 397 days or 762 days for U.S. Government floating/variable rate investments, and the WAM of LAMP is restricted to not more than 90 days. At October 31, 2023 and 2022, the WAM for LAMP's total investments was 63 days and 44 days, respectively.

Foreign Currency Risk: Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the Louisiana state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, LA 70130.

As of October 31, 2023, the Hospital had the following debt investment securities and maturities:

Investment Type	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u><1 Yr</u>	<u>1-5 Yrs</u>	<u>6-10 Yrs</u>	<u>10+ Yrs</u>
U.S. Treasury Securities	\$ 1,734,752	\$ 1,144,772	\$ 589,980	\$ -	\$ -
U.S. Government Agency Bonds	1,191,696	1,191,696	-	-	-
Money Market Funds	11,518	11,518	-	-	-
Total	<u>\$ 2,937,966</u>	<u>\$ 2,347,986</u>	<u>\$ 589,980</u>	<u>\$ -</u>	<u>\$ -</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 2-Deposits and Investments (Continued)

B. Investments (Continued)

As of October 31, 2022, the Hospital had the following debt investment securities and maturities:

Investment Type	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u><1 Yr</u>	<u>1-5 Yrs</u>	<u>6-10 Yrs</u>	<u>10+ Yrs</u>
U.S. Treasury Securities	\$ 1,766,844	\$ 394,666	\$ 1,372,178	\$ -	\$ -
U.S. Government Agency Bonds	1,176,686	-	1,176,686	-	-
Money Market Funds	<u>93</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,943,623</u>	<u>\$ 394,759</u>	<u>\$ 2,548,864</u>	<u>\$ -</u>	<u>\$ -</u>

As of October 31, 2023, the Hospital held investments with the following ratings:

	<u>Ratings</u>		<u>Fair Value</u>
	<u>Moody's Investor</u>	<u>Standard & Poor's</u>	
U.S. Treasury Note	Aaa	Not Rated	\$ 1,374,684
U.S. Treasury Bill/Note	Not Rated	Not Rated	360,068
Federal Home Loan Bank	Aaa	AA+	1,191,696
Money Market Funds	Not Rated	Not Rated	<u>11,518</u>
Total			<u>\$ 2,937,966</u>

C. Fair Value Measurements

The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described in Note 1(U).

The following table sets forth, by level, the investments reported at fair value as of October 31, 2023:

Investment Type	<u>Fair Value</u>	<u>October 31, 2023</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Funds	\$ 11,518	\$ 11,518	\$ -	\$ -
Government Securities:				
U.S Treasury Securities	1,734,752	1,734,752	-	-
U.S. Government Agency Bonds	1,191,696	-	1,191,696	-
External investment pool*	<u>13,140,367</u>	<u>-</u>	<u>13,140,367</u>	<u>-</u>
Total Investments	<u>\$ 16,078,333</u>	<u>\$ 1,746,270</u>	<u>\$ 14,332,063</u>	<u>\$ -</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 2-Deposits and Investments (Continued)

C. Fair Value Measurements (Continued)

The following table sets forth, by level, the investments reported at fair value as of October 31, 2022:

Investment Type	Fair Value	October 31, 2022		
		Level 1	Level 2	Level 3
Money Market Funds	\$ 93	\$ 93	\$ -	\$ -
Government Securities:				
U.S Treasury Securities	1,766,844	1,766,844	-	-
U.S. Government Agency Bonds	1,176,686	-	1,176,686	-
External investment pool*	<u>8,741,134</u>	<u>-</u>	<u>8,741,134</u>	<u>-</u>
Total Investments	<u>\$ 11,684,757</u>	<u>\$ 1,766,937</u>	<u>\$ 9,917,820</u>	<u>\$ -</u>

*The Hospital's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

Note 3-Assets Limited As To Use

Assets whose use is limited under Board designations for the replacement of depreciable capital assets and as security interest for the Hospital Revenue Bonds are summarized as follows:

	<u>2023</u>	<u>2022</u>
Cash – Held as Security Interest for the Hospital Revenue Bonds		
Investar Bank - Money Market account yielding 4.41%	\$ 409,509	\$ 6,340,791
Investar Bank - Reserve Fund yielding 4.41%	1,525,506	1,494,158
Investar Bank - Contingency Fund yielding 4.41%	<u>891,710</u>	<u>726,089</u>
Total cash limited as to use	<u>\$ 2,826,725</u>	<u>\$ 8,561,038</u>
Investments – Board designated		
Cetera Investment Services - average yield of 3.38%	\$ 2,937,966	\$ 2,943,623
Louisiana Asset Management Pool - average yield of 5.37%	13,140,367	-
Certificates of Deposit yielding 5.10% - 5.35%	<u>5,195,069</u>	<u>-</u>
Total investments limited as to use	<u>\$ 21,273,402</u>	<u>\$ 2,943,623</u>
Total assets limited as to use	<u>\$ 24,100,127</u>	<u>\$ 11,504,661</u>

Board designated investments are designated for the purpose of setting up a funded depreciation account. During the year ended October 31, 2023, the Hospital's Board of Commissioners approved a resolution retroactive to November 1, 2022 that all funds on deposit with Louisiana Asset Management Pool are to be dedicated and reserved for the replacement of depreciable capital assets. The Board also approved a resolution retroactive to July 31, 2023 that six (6) certain certificates of deposit are to be dedicated and reserved for the replacement of depreciable capital assets.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 4-Certificates of Deposit

The Hospital has certificates of deposit with various federally insured financial institutions that are not limited as to use. The certificates of deposit bear interest at rates ranging from 3.25% to 4.1% per annum and have terms ranging from 15 to 18 months.

Note 5-Accounts Receivable – Patients

Patient accounts receivable consisted of the following at October 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Total patient accounts receivable	\$ 6,040,765	\$ 6,494,737
Less: allowance for uncollectible accounts	<u>(3,242,572)</u>	<u>(3,082,331)</u>
Accounts receivable - patients, net	<u>\$ 2,798,193</u>	<u>\$ 3,412,406</u>

Note 6-Accounts Receivable – Other

Accounts receivable - other consisted of the following at October 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accrued uncompensated care	\$ 408,510	\$ 1,081,635
Uncollected sales tax revenue	151,442	163,405
Uncollected ad valorem tax revenue	204,915	194,313
Grant funds receivable	1,183,792	802,371
Employee Retention Tax Credits receivable	3,023,137	-
All other	<u>183,924</u>	<u>73,826</u>
Total accounts receivable - other	<u>\$ 5,155,720</u>	<u>\$ 2,315,550</u>

Note 7-Capital Assets

A summary of capital assets additions, deductions, and balances for the year ended October 31, 2023 follows:

	<u>Balance</u> <u>October 31,</u> <u>2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>October 31,</u> <u>2023</u>
Land and land improvements	\$ 2,863,473	\$ 72,700	\$ -	\$ 2,936,173
Buildings and leasehold improvements	29,855,642	2,349,568	-	32,205,210
Equipment	12,925,375	605,573	(534,887)	12,996,061
Intangible assets	-	35,084	-	35,084
Construction in progress	<u>1,622,160</u>	<u>1,368,021</u>	<u>(2,068,932)</u>	<u>921,249</u>
Total capital assets	47,266,650	4,430,946	(2,603,819)	49,093,777
Accumulated depreciation and amortization	<u>(22,626,502)</u>	<u>(2,393,009)</u>	<u>534,883</u>	<u>(24,484,627)</u>
Capital assets, net	<u>\$ 24,640,148</u>	<u>\$ 2,037,937</u>	<u>\$ (2,068,936)</u>	<u>\$ 24,609,150</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 7-Capital Assets (Continued)

A summary of capital assets additions, deductions, and balances for the year ended October 31, 2022 follows:

	Balance October 31, 2021	Additions	Deductions	Balance October 31, 2022
Land and land improvements	\$ 2,849,839	\$ 13,634	\$ -	\$ 2,863,473
Buildings and leasehold improvements	29,750,594	105,048	-	29,855,642
Equipment	12,599,905	554,856	(229,386)	12,925,375
Construction in progress	922,697	784,463	(85,000)	1,622,160
Total capital assets	46,123,035	1,458,001	(314,386)	47,266,650
Accumulated depreciation and amortization	(19,735,597)	(3,205,291)	314,386	(22,626,502)
Capital assets, net	<u>\$ 26,387,438</u>	<u>\$ (1,747,290)</u>	<u>\$ -</u>	<u>\$ 24,640,148</u>

Note 8-Lease Liability

The Hospital entered into a six-year lease agreement for financing the acquisition of equipment. In accordance with the lease agreement, the Hospital was required to make quarterly principal and interest payments of \$16,756, through March 2025. Interest rates on capitalized leases are imputed based on the lower of the Hospital's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return. The lease agreement did not specify the lessor's implicit rate of return; therefore, the incremental borrowing rate of 5.5% was used to determine the lease liability.

The asset under lease was \$155,556, net of accumulated amortization of \$201,347, at October 31, 2022. However, during the year ended October 31, 2023, the asset under lease was purchased by the Hospital, the related obligation was settled, and the lease was terminated.

A schedule of changes in the Hospital's lease liability during the year ended October 31, 2023 is as follows:

	Balance October 31, 2022	Additions	Reductions	Balance October 31, 2023	Amount Due within One Year
Lease Liability					
Eye equipment	\$ 155,556	\$ -	\$ (155,556)	\$ -	\$ -

A schedule of changes in the Hospital's lease liability during the year ended October 31, 2022 is as follows:

	Balance October 31, 2021	Additions	Reductions	Balance October 31, 2022	Amount Due within One Year
Lease Liability					
Eye equipment	\$ 212,068	\$ -	\$ (56,512)	\$ 155,556	\$ 59,686

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 9-Bonds Payable

The schedule of changes in the Hospital's bonds payable for the year ended October 31, 2023 is as follows:

	Balance October 31, 2022	Additions	Reductions	Balance October 31, 2023	Amount Due Within One Year
Bonds Payable					
Hospital Revenue Bonds					
20 Year	\$ 6,610,076	\$ -	\$ (356,706)	\$ 6,253,370	\$ 373,121
40 Year	16,873,189	-	(250,772)	16,622,417	259,690
Total bonds payable	<u>\$ 23,483,265</u>	<u>\$ -</u>	<u>\$ (607,478)</u>	<u>\$ 22,875,787</u>	<u>\$ 632,811</u>

The schedule of changes in the Hospital's bonds payable for the year ended October 31, 2022 is as follows:

	Balance October 31, 2021	Additions	Reductions	Balance October 31, 2022	Amount Due Within One Year
Bonds Payable					
Hospital Revenue Bonds					
20 Year	\$ 6,908,662	\$ -	\$ (298,586)	\$ 6,610,076	\$ 356,735
40 Year	17,115,348	-	(242,159)	16,873,189	250,772
Total bonds payable	<u>\$ 24,024,010</u>	<u>\$ -</u>	<u>\$ (540,745)</u>	<u>\$ 23,483,265</u>	<u>\$ 607,507</u>

Hospital Revenue Bonds - 20 Year

Hospital Revenue Bonds (Series 2018B) of \$8,000,000, issued on October 19, 2017, due in monthly installments of \$53,908 (principal and interest) beginning November 2017 for 20 years at an interest rate of 4.77% for year 1, 4.92% for year 2, 5.08% for year 3, and a fixed rate of 5.25% for years 4 through 10. The interest rate will be reset on the tenth (10th) anniversary date (October 19, 2027) based on the Wall Street Prime as of such date, plus one percent (1%) per annum (not to exceed 7% per annum) and the amortized monthly payments shall continue thereafter through October 19, 2037. Bonds are secured by a pledge of net revenue from the operations of the Hospital, a mortgage lien on the property, and all Hospital equipment and appurtenances.

Hospital Revenue Bonds - 40 Year

Hospital Revenue Bonds (Series 2018A) of \$17,575,000, issued on October 19, 2018, bearing interest at 3.50% per annum. Bond proceeds totaling \$16,165,000 were disbursed to the Hospital during the year ended October 31, 2017, and the remaining \$1,410,000 of the bond proceeds were disbursed during the year ended October 31, 2018. Principal and interest are payable over a forty (40) year period. The first two annual payments were interest only. Thereafter, the bonds are due in monthly installments of \$69,773 (principal and interest), commencing November 19, 2019 and continuing through October 19, 2057. Bonds are secured by a pledge of net revenue from the operations of the Hospital, a mortgage lien on the property, and all Hospital equipment and appurtenances.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 9-Bonds Payable (Continued)

Hospital Revenue Bonds - 40 Year (Continued)

As required by the bond agreement, the Hospital is required to maintain three separate accounts: Sinking Fund, Reserve Fund, and Contingency Fund. The Sinking Fund is required to have an amount sufficient to pay promptly and fully the monthly principal and interest on the bonds due on the next payment date. The Reserve Fund must have an amount equal to the highest combined principal and interest falling due in any fiscal year on all bonds. The Reserve Fund was fully funded as of October 31, 2023 and 2022. The Contingency Fund shall have deposited a sum equal to five percent (5%) of the amount being paid monthly into the Sinking Fund to cover depreciation, extensions, additions, improvements and replacements necessary to properly operate the Hospital. The monthly payments into the Contingency Fund are increased to ten percent (10%) of the amount being paid monthly into the Sinking Fund when a sum equal to the Reserve Fund Requirement has been accumulated in the Reserve Fund.

In a resolution adopted by the Board, four additional requirements for security of the bond required by Investar Bank are as follows. 1) A separate and identifiable fund in the amount of \$9,500,000 was required as additional security for the Bonds, which sum will decrease by one-third on each anniversary date of the Bond delivery (commencing in the year 2019). 2) The "Hospital Reserve Fund" was fully funded upon closing. 3) The Hospital set aside in a separate fund the sum of \$1,250,000, which was applied to the Phase I renovations of the old hospital building and the Cypress Building. 4) The Hospital shall be required to hold sufficient operating cash and investments (operating reserve) in an amount equal to at least 120 days operating cash (calculated as the difference of annual operating expenses of the Issuer for the succeeding budget period less non-cash depreciation and amortization, divided by 365). This operating reserve requirement is in addition to other required debt service funds provided that the amount of such operating reserve shall not exceed 25% of the then outstanding principal balance of the Bonds. The operating reserve amount shall be determined at the delivery of the Bonds and, thereafter annually at the end of each fiscal year. These accounts have been classified as assets limited as to use.

Bond maturities for each of the next five years and thereafter, ending October 31, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 632,811	\$ 851,415	\$ 1,484,226
2025	659,191	825,035	1,484,226
2026	686,685	797,541	1,484,226
2027	714,768	769,458	1,484,226
2028	745,152	739,074	1,484,226
Thereafter	<u>19,437,180</u>	<u>9,798,873</u>	<u>29,236,053</u>
	<u>\$ 22,875,787</u>	<u>\$ 13,781,396</u>	<u>\$ 36,657,183</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 10-Note Payable

The Hospital has a note payable to the Fire Protection District No. 1 of West Feliciana Parish for a portion of the cost to construct a Fire and EMS Station that the Fire Protection District and the Hospital both utilize. The original balance of the note payable was \$265,000. The note bears no interest and is to be paid in annual installments of \$30,000 with one final payment of \$25,000 due on December 1, 2024. The note is secured by the Hospital's portion of the Bluff's Fire Station.

The schedule of changes in the Hospital's note payable for the year ended October 31, 2023 is as follows:

	Balance October 31, 2022	Additions	Reductions	Balance October 31, 2023	Amount Due Within One Year
Fire Protection District No. 1 note	\$ 85,000	\$ -	\$ (30,000)	\$ 55,000	\$ 30,000

The schedule of changes in the Hospital's note payable for the year ended October 31, 2022 is as follows:

	Balance October 31, 2021	Additions	Reductions	Balance October 31, 2022	Amount Due Within One Year
Fire Protection District No. 1 note	\$ 115,000	\$ -	\$ (30,000)	\$ 85,000	\$ 30,000

Future maturities of the note payable for the years ending October 31, are as follows:

2024	\$ 30,000
2025	25,000
	\$ 55,000

Note 11-Charity Care

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of the charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines based on a 200% scale. Accordingly, the Hospital does not report the amount it expects not to collect in net patient service revenue or in the allowance for uncollectible accounts. Total charity care provided through the Hospital's Sliding Fee Discount Program for the years ended October 31, 2023 and 2022 was \$51,945 and \$73,904, respectively. These amounts are included in the provision for bad debts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. Management estimates that approximately \$47,000 and \$69,000 of costs were related to discounted services provided through the Sliding Fee Discount Program for the years ended October 31, 2023 and 2022, respectively.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 12-Other Operating Revenue

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor), whereby the Grantor awards an intergovernmental transfer grant (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 for the year ended October 31, 2022 was \$2,058,738, which is included in other operating revenue in the accompanying statement of revenue, expenses, and changes in net position.

Effective July 1, 2022, the Louisiana Department of Health transitioned to a Directed Payment Program (DPP), which was approved by the Centers for Medicare and Medicaid (CMS), to reimburse hospitals for uncompensated care. For the fiscal years ended October 31, 2023 and 2022, revenue earned under the DPP totaled \$4,331,438 and \$1,318,446, which is included in other operating revenue in the accompanying statements of revenue, expenses, and changes in net position.

Note 13-Tax Revenue

The Hospital receives tax revenue from sales tax and property tax collected on purchases and property assessments in West Feliciana Parish, Louisiana. The sales tax is used for the operation of the Hospital, and the property tax is used for the operation and maintenance of the Hospital.

Tax revenue was as follows for the years ended October 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Sales tax	\$ 2,162,147	\$ 1,929,568
Ad valorem tax	209,280	198,918
State revenue sharing	<u>5,749</u>	<u>6,162</u>
Total tax revenue	<u>\$ 2,377,176</u>	<u>\$ 2,134,648</u>

Note 14-Coronavirus Aid, Relief, and Economic Security (CARES) Act

In response to the economic impact of COVID-19, the CARES Act was enacted by Congress and was subsequently signed into law on March 27, 2020. The CARES Act included a variety of economic assistance, including providing loan programs for small businesses, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. As a result of the CARES Act, the Hospital recognized income in the amount of \$3,023,137 during the fiscal year ended October 31, 2023. As a result of the CARES Act, the Hospital received assistance in the amount of \$524,503 during the fiscal year ended October 31, 2022.

Funds received through the various CARES Act programs are recognized based on the terms and conditions set forth by the related programs. A brief description of the programs the Hospital received or recognized funding from during the years ended October 31, 2023 and 2022 is included below.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 14-Coronavirus Aid, Relief, and Economic Security (CARES) Act (Continued)

Employee Retention Tax Credits ("ERTC")

The Hospital is eligible for the Employee Retention Tax Credit ("ERTC") under the CARES Act of 2020, as modified by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021. For the year ended December 31, 2020, the ERTC provides a refundable tax credit against certain employment taxes of up to \$5,000 per employee. For the year ended December 31, 2021, the ERTC provides a refundable tax credit against certain employment taxes of up to \$7,000 per employee for each of the first three quarters of 2021.

The Hospital is eligible for total tax credits of \$3,023,137 through the ERTC for the quarters ending March 31, 2021; June 30, 2021; and September 30, 2021. The Hospital filed for these credits in its fiscal year ended October 31, 2023 and because all conditions associated with ERTC eligibility had been met, the Hospital recognized the total amount of \$3,023,137 as non-operating revenue in the statement of revenue, expenses, and changes in net position for the year ended October 31, 2023 and this amount is included in accounts receivable – other in the statement of net position as of October 31, 2023.

The Hospital is accounting for the credits as a conditional contribution under ASC 958-605.

Provider Relief Funds

Provider Relief Funds were issued by the U.S. Department of Health & Human Services (DHHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to COVID-19. These funds are not subject to repayment, provided the Hospital is able to attest and comply with the terms and conditions of the funding, including demonstrating that the funds received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by DHHS.

Utilizing the guidelines for reporting the use of those funds as provided in the Consolidated Appropriations Act, 2021, the Hospital is accounting for such payments as conditional contributions. These payments are recognized as non-operating revenue once the applicable terms and conditions required to retain the funds have been met. No funds were received in excess of the reported expenses and lost revenues.

For the fiscal year ended October 31, 2022, Provider Relief Funds were recognized as follows:

		<u>2022</u>
Unearned COVID-19 Provider Relief Funds, beginning balance	\$	-
Provider Relief Funds received		524,503
Funds recognized as non-operating revenue due to:		
Lost revenues		(524,503)
COVID-19 related expenses		<u>-</u>
Unearned COVID-19 Provider Relief Funds, ending balance	\$	<u><u>-</u></u>

Funds expended under the Provider Relief Fund program were subject to single audit requirements for the fiscal year ended October 31, 2022.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 15-Lease Revenue

The Hospital (“lessor”) leases office space on its campus to various medical service providers with terms ranging from month-to-month to one year. The Hospital also leases its lab, certain hospital equipment, and its lab interface system to an independently owned clinical laboratory under a lease with a term of five years. Revenue from these leases totaled \$96,731 and \$123,678 for the years ended October 31, 2023 and 2022, respectively. The Hospital did not recognize any lessor leases in accordance with GASB 87, as they were deemed immaterial to the financial statements. This revenue is included in other non-operating revenue in the statements of revenue, expenses, and changes in net position.

Note 16-Cash Flows Supplemental Information

Total cash and cash equivalents for October 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 11,240,525	\$ 8,310,724
Cash assets limited as to use	<u>2,826,725</u>	<u>8,561,038</u>
Total cash and cash equivalents	<u>\$ 14,067,250</u>	<u>\$ 16,871,762</u>

Note 17-Compensated Absences

Accumulated unpaid vacation is accrued when earned. Full-time employees can earn and vest in vacation leave according to years of service as shown below:

<u>Years of Service</u>	<u>Vacation Time Earned</u>
Less than 5 years	6.67 hours per month
After 5 years	10.00 hours per month
After 10 years	13.33 hours per month

Sick pay is not vested and therefore not accrued. Employees only vest in vacation leave after six months of employment. The Hospital’s policy is to recognize the cost of sick pay when actually paid to employees. Accrued compensated absences at October 31, 2023 and 2022 were \$822,588 and \$626,427, respectively. These amounts are included in accrued expenses on the statements of net position.

Note 18-Retirement Plan

The Hospital has executed the Variable Annuity Life Insurance Company (VALIC) prototype Profit Sharing Plan with Cash or Deferred Arrangement Option Non-Standardized Adoption Agreement No. 3. The defined contribution plan (457) provides benefits to substantially all employees. The Hospital matches contributions made by an employee up to six percent of the employee’s compensation. Total payroll for the fiscal years ended October 31, 2023 and 2022 was \$11,405,414 and \$11,132,610, respectively. Covered payroll for 2023 and 2022 was \$10,963,693 and \$10,997,970, respectively. Total pension expense was \$400,016 and \$387,101 for 2023 and 2022, respectively.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2023

Note 19-Concentration of Credit Risk

The Hospital is located in St. Francisville, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables (net of allowances) from patients and third-party payors at October 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Medicare	17.0%	37.5%
Medicaid	29.2%	32.1%
Commercial and other third-party payors	48.1%	28.5%
Self-pay	5.7%	1.9%
	100.0%	100.0%

Note 20-Payments to Board Members

The following schedule shows the amount of board per diems paid during the years ended October 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Melvin Harvey	\$ 360	\$ 520
Olton Scott	400	520
	\$ 760	\$ 1,040

Note 21-Subsequent Events

Management evaluated all subsequent events through April 25, 2024, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

**Independent Auditor's Report
on Supplementary Information**

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

We have audited the basic financial statements of The Hospital Service District of West Feliciana Parish Louisiana, a component unit of the West Feliciana Parish Government, as of and for the years ended October 31, 2023 and 2022, and our report thereon dated April 25, 2024, which expressed an unmodified opinion on those basic financial statements, appears on pages 7 through 9. Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information, identified in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hawthorn, Waymouth & Carroll, L.L.P.

April 25, 2024

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Net Patient Service Revenue
Years Ended October 31, 2023 and 2022

	2023	2022
Patient Service Revenue		
Ambulance service	\$ 2,584,191	\$ 2,352,049
Anesthesiology	163,280	162,382
Blood bank	25,488	19,166
Bone density	46,613	33,236
Central services	73,883	74,326
CT scan	2,819,719	2,377,091
Diabetes clinic	750	100
Echocardiogram	33,744	30,646
Electrocardiology	236,094	216,385
Emergency services	5,606,170	5,168,981
Intensive outpatient psychiatry	1,589,480	887,718
Laboratory	5,079,629	4,870,363
Mammography	200,910	199,850
MRI scan	967,278	931,860
Nursing services	958,784	784,487
Occupational therapy	375,975	352,831
Pediatrics	1,406,330	-
Pellerin Clinic	34,785	-
Pharmacy	1,886,952	817,687
Physical therapy	3,619,050	3,063,307
Physician's fees	1,381,810	1,246,354
Radiology	1,665,897	1,579,873
Respiratory therapy	302,971	189,626
Speech therapy	465,731	345,287
St. Francis Cypress Rural Health Clinic	2,412,662	3,571,637
St. Francis Gastro Clinic	81,354	119,519
St. Francis Ophthalmology Clinic	23,915	11,735
St. Francis Ortho Clinic	7,967	-
St. Francis Pain Clinic	83,448	56,505
Surgery	1,120,703	1,168,996
Ultrasound	390,425	444,824
Wound care	367,663	324,968
Gross patient service revenue	36,013,651	31,401,789
Less: contractual adjustments and discounts	6,599,519	5,018,009
Less: provision for bad debts	1,501,416	1,650,944
Net patient service revenue	<u>\$ 27,912,716</u>	<u>\$ 24,732,836</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Salaries, Wages, and Benefits
Years Ended October 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Salaries, Wages, and Benefits		
Administrative	\$ 998,759	\$ 942,505
Ambulance	465,265	563,471
Business office	512,128	563,995
Central supply	173,927	177,738
CT scan	66,515	62,980
Dietary management	215,761	223,139
Echocardiogram	87,931	90,683
Emergency room	1,697,990	1,837,866
Housekeeping	342,218	381,643
Information technology	301,458	289,488
Intensive outpatient psychiatry	575,480	522,765
Medical records	245,067	257,476
MRI scan	58,267	69,647
Nursing services	1,462,543	1,544,012
Pediatrics	540,076	-
Pharmacy	163,162	164,483
Plant operations	258,757	274,554
Purchasing	97,120	91,480
Radiology	537,358	544,047
Respiratory therapy	420,252	461,594
Social services	9,726	3,743
St. Francis Cypress Rural Health Clinic	1,943,692	1,763,412
Surgery	39,887	55,064
Ultrasound	65,130	157,202
Utilization review	101,326	71,518
All other	<u>25,619</u>	<u>18,105</u>
Total salaries and wages	11,405,414	11,132,610
Total benefits	<u>2,756,536</u>	<u>2,626,518</u>
Total salaries, wages, and benefits	<u>\$ 14,161,950</u>	<u>\$ 13,759,128</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Professional Services
Years Ended October 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Professional Services		
Administrative	\$ 1,091,221	\$ 482,039
Ambulance	57,820	69,757
Anesthesia	87,720	97,680
Business office	46,347	3,084
CT scan	89,380	7,312
Dietary	17,090	17,416
EKG	11,503	11,799
Emergency room physician fees	1,558,724	1,557,529
Information technology	246,993	196,954
Intensive outpatient psychiatry	302,237	291,530
Laboratory	1,908,854	1,824,212
Laundry/linen	30,151	32,498
Mammography	125,526	106,764
Medical records	11,187	24,307
MRI	129,179	30,199
Nursing services	37,141	28,391
Occupational therapy	181,301	165,790
Pediatrics	17,889	-
Pharmacy	37,676	38,083
Physical therapy	1,232,509	1,047,653
Physician IP/OP fees	361,500	360,850
Physician medical director fee	29,700	29,700
Plant operations	362,856	290,755
Radiology	81,043	31,057
Respiratory therapy	4,100	3,355
Speech therapy	162,077	116,446
St. Francis Cypress Rural Health Clinic	779,257	327,829
St. Francis Gastro Clinic	46,020	52,000
St. Francis Pain Clinic	26,127	29,624
Surgery	248,921	252,743
Ultrasound	28,019	7,699
Wound care	126,475	133,496
All other	<u>212,685</u>	<u>14,001</u>
Total professional services	<u>\$ 9,689,228</u>	<u>\$ 7,682,552</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Supplies and Other Expenses
Years Ended October 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Supplies and Other Expenses		
Administrative	\$ 72,846	\$ 59,733
Ambulance	107,603	93,912
Business office	18,359	16,074
Central services	119,737	78,934
CT scan	11,237	8,745
Dietary	180,002	138,129
Emergency room	28,163	31,999
Housekeeping	45,554	45,874
Information technology	22,960	17,486
Intensive outpatient psychiatry	20,673	14,628
Laboratory	21,244	4,931
Medical records	2,808	5,594
Nursing services	67,306	86,988
Pediatrics	318,798	-
Pharmacy	497,913	229,435
Physical therapy	31,969	21,823
Plant operations	97,778	66,055
Radiology	19,456	14,410
Respiratory therapy	45,410	43,439
St. Francis Cypress Rural Health Clinic	216,532	124,021
St. Francis Gastro Clinic	1,824	5,138
St. Francis Pain Clinic	1,206	349
Surgery	30,538	29,746
All other	<u>88,729</u>	<u>24,398</u>
Total supplies and other expenses	<u>\$ 2,068,645</u>	<u>\$ 1,161,841</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Other Operating Expenses
Years Ended October 31, 2023 and 2022

	2023	2022
Other Operating Expenses		
Administrative	\$ 117,149	\$ 151,031
Audit and legal fees	308,016	240,888
Collection fees	1,720,096	1,236,771
CT scan	-	78,085
Dues and subscriptions	115,071	108,567
Education	129,332	124,379
Insurance	537,686	471,043
Intensive outpatient psychiatry	77,806	48,522
Mammography	2,400	2,400
Nursing services	21,789	27,789
Pediatrics	1,433	-
Physical therapy	587	929
Plant operations and utilities	598,689	658,214
Postage	16,376	13,880
Public relations	141,000	145,739
Radiology	62,718	77,102
St. Francis Cypress Rural Health Clinic	1,774	2,457
Telephone, internet, and cable	134,938	104,340
All other	100,282	74,394
Total other operating expenses	\$ 4,087,142	\$ 3,566,530

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended October 31, 2023**

Agency Head Name: Ledoux Chastant, III, CEO

Purpose	Amount
Salary	\$ 222,643
Benefits - insurance	16,838
Benefits - retirement	6,500
Benefits - other	-
Car allowance	4,800
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	945
Conference travel	11,368
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



**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
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, 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 The Hospital Service District of West Feliciana Parish Louisiana, a component unit of the West Feliciana Parish Government, as of and for the year ended October 31, 2023, and the related notes to the financial statements, which collectively comprise The Hospital Service District of West Feliciana Parish Louisiana's basic financial statements, and have issued our report thereon dated April 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Hospital Service District of West Feliciana Parish Louisiana'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 Hospital Service District of West Feliciana Parish Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of The Hospital Service District of West Feliciana Parish Louisiana's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hawthorn, Waymouth & Carroll, LLP.

April 25, 2024



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

**Independent Auditor's Report on Compliance
for the Major Federal Program and on Internal Control
over Compliance Required by the Uniform Guidance**

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

Report on Compliance for Major Federal Program

Opinion on the Major Federal Program

We have audited The Hospital Service District of West Feliciana Parish Louisiana's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on The Hospital Service District of West Feliciana Parish Louisiana's major federal program for the year ended October 31, 2023. The Hospital Service District of West Feliciana Parish Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Hospital Service District of West Feliciana Parish Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended October 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Hospital Service District of West Feliciana Parish Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Hospital Service District of West Feliciana Parish Louisiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Hospital Service District of West Feliciana Parish Louisiana's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Hawthorn, Weymouth & Carroll, LLP.

April 25, 2024

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Expenditures of Federal Awards
Year Ended October 31, 2023**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security:			
Passed through Louisiana Governor's Office of Homeland Security and Emergency Management (Presidentially Declared Disasters)*			
COVID-19 - Disaster Grants - Public Assistance	97.036	125-UU1C5-00	\$ <u>1,500,415</u>
Total expenditures for U.S. Department of Homeland Security			<u>1,500,415</u>
U.S. Department of Health and Human Services:			
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement			
	93.912		<u>29,529</u>
Total expenditures for U.S. Department of Health and Human Services			<u>29,529</u>
Total expenditures of federal awards			<u>\$ 1,529,944</u>

*Denotes a major program

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Schedule of Expenditures of Federal Awards
October 31, 2023

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of The Hospital Service District of West Feliciana Parish Louisiana under programs of the federal government for the year ended October 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Hospital Service District of West Feliciana Parish Louisiana, it is not intended to and does not present the net position, change in net position, or cash flows of The Hospital Service District of West Feliciana Parish Louisiana.

Note 2-Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3-Indirect Cost Rate

The Hospital Service District of West Feliciana Parish Louisiana has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4-Subrecipients

The Hospital Service District of West Feliciana Parish Louisiana did not pass-through any of its federal awards to a subrecipient during the year ended October 31, 2023.

Note 5-Reconciliation of Expenses and Grant Revenue

Prior year expenses of \$80,856, \$125,544, and \$29,336 from the years ended October 31, 2022, 2021, and 2020, respectively, were used to recognize current year grant revenue for the COVID-19 - Disaster Grants – Public Assistance program.

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Findings and Questioned Costs
Year Ended October 31, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

*Material weakness(es) identified?

_____ Yes X No

*Significant deficiency(ies) identified?

_____ Yes X No

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major federal programs:

*Material weakness(es) identified?

_____ Yes X No

*Significant deficiency(ies) identified?

_____ Yes X No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Number

97.036

Assistance Listing Program Title

COVID-19 - Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee:

 X Yes _____ No

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Findings and Questioned Costs
Year Ended October 31, 2023**

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

**The Hospital Service District of West Feliciana Parish Louisiana
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended October 31, 2023**

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

**The Hospital Service District of
West Feliciana Parish Louisiana
Statewide Agreed-Upon Procedures Report
October 31, 2023**



**Independent Accountant’s Report
on Applying Agreed-Upon Procedures**

To the Board of The Hospital Service District of West Feliciana Parish Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period November 1, 2022 through October 31, 2023. The Hospital Service District of West Feliciana Parish Louisiana’s management is responsible for those C/C areas identified in the SAUPs.

The Hospital Service District of West Feliciana Parish Louisiana (“the Hospital”) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period November 1, 2022 through October 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtained and inspected the entity’s written policies and procedures and observed whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results:

No exceptions noted.

2) Board or Finance Committee

- A. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observed whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observed that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - iii. For governmental entities, obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results:

No exceptions noted.

3) Bank Reconciliations

- A. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
- i. Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations included written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results:

We noted 1) four of the five bank reconciliations selected were not prepared within two months of the related statements' closing dates, and 2) one of the five bank reconciliations selected did not include evidence that items outstanding for more than 12 months from the statement closing date were researched.

Management's Response:

Timely completion of bank reconciliations will be added to the month-end close checklist and monitored by the CFO to ensure compliance.

Review of amounts more than 12 months outstanding will be added to the month-end close checklist and researched, when needed, by the preparer of the bank reconciliation. Compliance will be monitored on a monthly basis by the CFO.

4) Collections (excluding electronic funds transfers)

- A. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results:

We noted employees responsible for cash collections are not prohibited from sharing cash drawers/registers.

Management's Response:

Management establishes separate cash drawers for those responsible for cash collections whenever feasible. Some cashiers do share the same cash drawer; however, when on duty each cashier has a unique log in for the accounting system.

- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed that the bond or insurance policy for theft was in force during the fiscal period.

Results:

No exceptions noted.

- D. Randomly selected two deposit dates for each of the bank accounts selected for Bank Reconciliations procedure #3A. Obtained supporting documentation for each of the deposits and:

- i. Observed that receipts are sequentially pre-numbered.
- ii. Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Traced the deposit slip total to the actual deposit per the bank statement.
- iv. Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Traced the actual deposit per the bank statement to the general ledger.

Results:

We noted two of the deposits selected did not have documentation to support the deposits were made within one business day of receipt.

Management's Response:

While we believe all checks are deposited within one business day, management will ensure all non-lockbox checks received are either date stamped or logged upon receipt in order to document that they are deposited within one day of receipt.

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

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results:

No exceptions noted.

- C. For each location selected under procedure #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and
 - i. Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results:

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Results:

Upon performing the procedures above, management was unable to provide approval documentation for two of the non-payroll-related electronic disbursements selected.

Management's Response:

Management will revise the AP process to ensure all disbursements, including electronic disbursements, are approved by an appropriate manager and the approval documentation is retained.

6) *Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)*

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card. Obtained supporting documentation, and
- i. Observed whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder; and
 - ii. Observed that finance charges and late fees were not assessed on the selected statements.

Results:

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results:

No exceptions noted.

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

- A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observed that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results:

We noted one of the travel-related expense reimbursements selected was not submitted within 90 days after completion of travel, as required by the Hospital's policies and procedures.

Management's Response:

While the vast majority of reimbursements fall within the 90-day window for reimbursement, there was one outlier and that has been addressed. It is important to note that the reimbursement request met all the criteria for reimbursement except that the request was beyond the 90-day period. After reviewing the timeframe allowed in the Hospital's policy, it was decided that management will recommend to the Board of Commissioners to revise the policy to allow up to 120 days to submit expenditures for reimbursement.

8) Contracts

- A. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observed whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

- iv. Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Results:

No exceptions noted.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtained attendance records and leave documentation for the pay period, and
 - i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observed the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results:

No exceptions noted.

- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.

Results:

No exceptions noted.

- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Results:

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained ethics documentation from management, and
- i. Observed whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results:

No exceptions noted.

- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results:

No exceptions noted.

11) Debt Service

- A. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results:

This procedure is not applicable.

- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results:

No exceptions noted.

12) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results:

There were no misappropriations of public funds or assets identified during the fiscal period; therefore, this procedure is not applicable.

- B. Observed that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results:

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Performed the following procedures:

- i. Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observed evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- ii. Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- iii. Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results:

We performed these procedures and discussed the results with management.

- B. Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observed evidence that the selected terminated employees have been removed or disabled from the network.

Results:

We performed these procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results:

No exceptions noted.

- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results:

No exceptions noted.

- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results:

No exceptions noted.

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

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

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

Hawthorn, Waymouth & Carroll, L.L.P.

April 25, 2024