

ACADIA-ST. LANDRY HOSPITAL
SERVICE DISTRICT

FINANCIAL REPORT

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Acadia-St. Landry Hospital Service District
Church Point, Louisiana

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Acadia-St. Landry Hospital Service District (District), a component unit of the Acadia Parish Police Jury, as of June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2023 and 2022, and the respective changes in 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 District, 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information is for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 29, 2023

BASIC FINANCIAL STATEMENTS

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Statements of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,948,065	\$20,292,608
Investments	4,266,162	4,561,916
Patient accounts receivable, net of allowance for bad debt \$382,155 and \$610,112 for 2023 and 2022, respectively	1,277,093	1,006,926
Inventories	283,494	388,134
Prepaid expenses	181,011	197,882
Estimated third-party payor settlements	1,789,175	4,139,202
Other receivables	56,176	59,427
Total current assets	11,801,176	30,646,095
CAPITAL ASSETS		
Property, plant and equipment, net	2,529,699	2,669,476
Total assets	\$14,330,875	\$33,315,571
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 788,927	\$ 515,698
Accrued expenses	436,617	19,020,288
Unearned revenue	-	1,355,781
Note payable	23,913	-
Total current liabilities	1,249,457	20,891,767
NET POSITION		
Net investment in capital assets	2,529,699	2,669,476
Unrestricted	10,551,719	9,754,328
Total net position	13,081,418	12,423,804
Total liabilities and net position	\$14,330,875	\$33,315,571

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

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating revenues:		
Net patient service revenues (net of provision for bad debts of \$126,997 in 2023 and \$844,469 in 2022)	\$13,589,983	\$14,902,283
Medicaid supplemental revenue	1,354,727	-
Other operating revenues	545,868	40,231,739
Total operating revenues	15,490,578	55,134,022
Operating expenses:		
Salaries and wages	5,676,827	5,507,894
Professional services	1,203,773	1,167,794
Other departmental expenses	8,846,726	9,814,327
Depreciation and amortization	197,680	221,551
Intergovernmental transfers - access grants	362,721	39,072,275
Total operating expenses	16,287,727	55,783,841
Operating loss	(797,149)	(649,819)
Non-operating revenues (expenses):		
Ad valorem taxes	522,830	497,999
Grant revenue	608,029	719,450
Realized and unrealized gain (loss) on investments	193,796	(796,682)
Investment income	133,045	115,853
Interest expense	(2,937)	(346)
Total non-operating revenues (expenses)	1,454,763	536,274
Increase (decrease) in net position	657,614	(113,545)
Net position, beginning	12,423,804	12,537,349
Net position, ending	\$13,081,418	\$12,423,804

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

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	\$ 14,796,329	\$ 9,663,358
Payments to suppliers and contractors	(9,777,270)	(11,204,625)
Payments to employees	(5,753,311)	(5,473,385)
Other receipts and payments, net	<u>(16,844,551)</u>	<u>19,528,093</u>
Net cash provided (used) in operating activities	<u>(17,578,803)</u>	<u>12,513,441</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	<u>524,116</u>	<u>497,999</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants received	125,761	255,197
Provider Relief Funds	-	1,023,006
Payments for the purchase of property and equipment	(57,903)	(298,942)
Payments for capital related debt	<u>-</u>	<u>(17,082)</u>
Net cash provided in financing activities	<u>67,858</u>	<u>962,179</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	133,045	115,853
Sales of investments	3,284,429	3,699,895
Purchases of investments	<u>(2,775,188)</u>	<u>(2,787,499)</u>
Net cash provided by investing activities	<u>642,286</u>	<u>1,028,249</u>
Net increase (decrease) in cash and cash equivalents	(16,344,543)	15,001,868
Cash and cash equivalents, beginning of year	<u>20,292,608</u>	<u>5,290,740</u>
Cash and cash equivalents, end of year	<u>\$ 3,948,065</u>	<u>\$ 20,292,608</u>

(Continued)

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Statements of Cash Flows (Continued)
For the Years Ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET		
CASH PROVIDED (USED) IN OPERATING ACTIVITIES		
Operating loss	\$ (797,149)	\$ (649,819)
Adjustments to reconcile operating loss to net cash flows provided (used) by operating activities:		
Depreciation and amortization	197,680	221,551
Provision for bad debts	126,997	844,469
(Increase) decrease in assets-		
Patient accounts receivable	37,419	(76,690)
Inventories	104,640	(39,102)
Prepaid expenses	16,871	(40,870)
Estimated third-party payor settlements	2,350,027	(2,745,846)
Other receivables	3,251	(42,630)
Increase (decrease) in liabilities-		
Accounts payable	273,229	(222,504)
Accrued expenses	(18,583,671)	18,541,696
Other payables	-	(7,978)
Unearned revenues	(873,514)	(3,268,836)
Net cash provided (used) in operating activities	\$ (17,144,220)	\$12,513,441
Noncash investing activities:		
Increase (decrease) in fair value of investments	\$ 217,470	\$ (744,462)

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

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements

(1) Organization and Significant Accounting Policies

Acadia-St. Landry Hospital Service District (the “Hospital Service District”) was established in 1967, by the Acadia and St. Landry Parish Police Juries, by virtue of the authority of Louisiana Revised Statutes (R. S.) 46:1051 et seq. The purpose of the Hospital Service District is to provide health services to Acadia and St. Landry parishes. The Board of Commissioners is appointed by the Acadia and St. Landry Parish Police Juries.

On November 1, 2004, the Hospital Service District converted from an Acute Inpatient Prospective Payment System (IPPS) Hospital to a Critical Access Hospital (CAH). This conversion significantly changed the way the Hospital Service District was being reimbursed for Medicare patients. Under the previous Medicare payment methodology, the Hospital Service District was being paid on a Prospective Payment System (PPS). Under the CAH Medicare payment methodology, the Hospital Service District is paid 101% of its reasonable costs for Medicare purposes, except for Inpatient Psychiatric services which were paid based on a blend of reasonable cost and PPS, subject to various limits and rules up to June 30, 2008. As of June 30, 2009, the Hospital Service District was fully PPS for Inpatient Psychiatric services.

A. Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Acadia Parish Police Jury is the financial reporting entity for the Hospital Service District. Accordingly, the Hospital Service District was determined to be a component unit of the Acadia Parish Police Jury. The accompanying financial statements present only the Hospital Service District.

B. Basis of Accounting

The accompanying basic financial statements of the Hospital Service District have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) applicable to state and local governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Hospital Service District are described below.

The Hospital Service District utilizes the proprietary fund method of accounting whereby all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains, and losses are measured and reported using the economic resources measurement focus and the accrual basis of accounting. The Hospital Service District’s accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Governmental Audit Guide*, and the AICPA *Audits of Providers of Health Care Services* published by the American Institute of Certified Public Accountants.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

In some instances, the GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2023 and 2022.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Hospital Service District reports three components as follows:

- (1) Net investment in capital assets - This component consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- (2) Restricted net position - This component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Hospital Service District's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- (3) Unrestricted net position - This component of net position consists of net position that does not meet the definition of the above two components and is available for general use.

C. 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits and on hand. For purposes of the statement of cash flows, highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

E. Trade Receivables and Allowance for Uncollectible Accounts

Trade receivables are carried at the original billed amount less an estimate made for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written-off when deemed uncollectible. Recoveries of trade receivables previously written-off are recorded when received.

F. Investments

In accordance with professional standards, investments meeting the criteria specified in the standards are stated at fair value, which is either quoted market prices or the best estimate available. Investments which do not meet the requirements are stated at cost. Interest, dividends, and gains and losses, both realized and unrealized, are included in non-operating revenue. The unrealized gain on investments held at June 30, 2023 and 2022 was \$167,492 and \$100,007, respectively.

G. Inventories

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

H. Net Patient Service Revenues

The Hospital Service District has agreements with third-party payors, which includes government programs which the Hospital Service District is paid based upon established charges, the cost of providing services, predetermined diagnosis rates, fixed per diem rates or discounts from established charges. Revenues are recorded at established charges. Revenues are recorded at estimated amounts due from patients and third-party payors for the services provided.

Net patient service revenues are reported at the estimated amounts realizable from patients, the third-party payer, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital Service District provides care to patients even though they are covered by contractual payment arrangements that do not pay full charges or may lack adequate insurance. As a result, the Hospital Service District is exposed to credit risks. The Hospital Service District manages such risks by providing appropriate allowances. The allowances are evaluated on a regular basis and are based upon management's periodic review of the collectability of the accounts considering historical experience, the nature and volume of the accounts and the agreement with the prospective third-party payor.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

I. Property, Plant and Equipment

The Hospital Service District records all property, plant and equipment acquisitions at historical cost, except for assets donated to the Hospital Service District. Donated assets are recorded at fair market value at the date of donation.

The Hospital Service District provides for depreciation of its plant and equipment using the straight-line method over the estimated useful lives of each class of depreciable assets. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation expense in the financial statements. The following estimated useful lives are generally used:

Building and improvements	15-20 years
Equipment	3-20 years

J. Grants and Donations

Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and donations may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as other operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expense.

K. Operating Revenues and Expenses

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

L. Advertising

The Hospital Service District expenses advertising cost as incurred. Advertising expense for the years ended June 30, 2023 and 2022 totaled \$13,903 and \$62,185, respectively.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

M. Risk Management

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

N. Restricted Resources

When the Hospital Service District has both restricted and unrestricted resources available to finance a particular program, it is the Hospital Service District's policy to use restricted resources before unrestricted resources.

O. Environmental Matters

The Hospital Service District is subject to laws and regulations relating to the protection of the environment. The Hospital Service District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the Hospital Service District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital Service District. At June 30, 2023 and 2022, management is not aware of any liability resulting from environmental matters.

(2) Deposits and Investments

Under state law the Hospital Service District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Hospital Service District may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2023, the Hospital Service District had demand deposits (book balances) totaling \$3,948,065.

Custodial credit risk is the risk that in the event of a bank failure of a depository financial institution, the Hospital Service District's deposits may not be recovered or the collateral securities that are in the possession of the outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Hospital Service District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

Deposit balances (bank balances) at June 30, 2023, are secured as follows:

Bank balances	<u>\$4,080,675</u>
Federal deposit insurance	\$ 466,888
Pledged securities	<u>3,613,787</u>
Total federal deposit insurance and pledged securities	<u>\$4,080,675</u>

Deposits in the amount of \$3,613,787 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Hospital Service District's name. The Hospital Service District does not have a policy for custodial credit risk.

The Hospital Service District's investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in time deposits, money market investment accounts or certificates of deposit with financial institutions insured by FDIC; direct obligations of the United States Government and its agencies; investment grade (A-1/P-1) commercial paper of domestic United States corporations; one of the two highest short-term rating categories of either Standards & Poor's Corporation of Moody's Investors Service; government backed mutual trust funds; and mutual funds which invest in equities and fixed income securities.

Effective July 1, 2012, R.S. 33:2957 was enacted by the Legislature of Louisiana relative to the investments of hospital service districts, stating that any hospital service district may invest its funds as provided by R.S. 46:1073.1, except as provided therein. R.S. 46:1073.1 allows hospital service districts to invest funds as provided by law for investment of funds of the Louisiana State Employee Retirement System (LASERS), including but not limited to R.S. 11:263; however, any such investment may be made only in compliance with rules and regulations established by the hospital service district commission and in compliance with the provisions of R.S. 11:263 and any other law which provides for investments in which funds of LASERS may be invested.

The Hospital Service District's investments generally are reported at fair value, as discussed in Note 1. At June 30, 2023 and 2022, the Hospital Service District had the following investments, all of which were held in the Hospital Service District's name by a custodial bank that is an agent of the Hospital Service District.

Investment Type	June 30, 2023	
	% of Portfolio	Fair Value
Mutual funds:		
Equities	50%	\$ 2,121,598
Fixed income	<u>50%</u>	<u>2,144,564</u>
Total	<u>100%</u>	<u>\$ 4,266,162</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

Investment Type	June 30, 2022	
	% of Portfolio	Fair Value
Mutual funds:		
Equities	47%	\$ 2,135,613
Fixed income	<u>53%</u>	<u>2,426,303</u>
Total	<u>100%</u>	<u>\$ 4,561,916</u>

Interest Rate Risk – The state law does not address specific policies for managing interest rate risk. The Hospital Service District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk – Statutes authorize the Hospital Service District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, equities and fixed income mutual funds. At June 30, 2023 and 2022, the Hospital Service District did not have any rated investments.

Concentration of Credit Risk – In compliance with State statutes, the Hospital Service District “may invest more than 55% of the total portfolio in equities, so long as not more than 65% of the total portfolio is invested in equities and at least 10% of the total equity portfolio is invested in one or more index funds which seek to replicate the performance of the chosen index or indices.” The Hospital Service District may place no more than 5% of the market value of the fixed income portion of the portfolio in any one issuer at the time of purchase. However, there is no limit on the holdings of the direct obligations issued or guaranteed by the United States Government or its agencies.

(3) Patient Accounts Receivable

Patient accounts receivable at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Medicare	\$ 406,610	\$ 503,304
Medicaid	293,514	261,135
Other third-party payors	270,622	83,270
Patients	<u>688,502</u>	<u>769,329</u>
Total patient accounts receivable	1,659,248	1,617,038
Less allowance for uncollectible amounts	<u>(382,155)</u>	<u>(610,112)</u>
Patient accounts receivable, net	<u>\$ 1,277,093</u>	<u>\$ 1,006,926</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(4) Estimated Third-Party Settlements

The estimated third-party payors settlements receivable consisted of the following:

June 30, 2023:				
<u>Cost Report Year</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>UCC</u>	<u>Total</u>
2018	\$ -	\$ 31,436	\$ -	\$ 31,436
2019	-	56,991	-	56,991
2020	-	116,688	-	116,688
2021	306,047	68,199	-	374,246
2022	-	206,587	-	206,587
2023	708,663	294,564	-	1,003,227
Totals	<u>\$1,014,710</u>	<u>\$ 774,465</u>	<u>\$ -</u>	<u>\$ 1,789,175</u>

June 30, 2022:				
<u>Cost Report Year</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>UCC</u>	<u>Total</u>
2014	\$ -	\$ 6,115	\$ -	\$ 6,115
2015	-	20,312	-	20,312
2016	-	22,101	-	22,101
2017	-	66,775	-	66,775
2018	-	67,694	-	67,694
2019	-	208,206	-	208,206
2020	-	176,320	-	176,320
2021	-	273,944	-	273,944
2022	2,873,153	424,582	-	3,297,735
Totals	<u>\$2,873,153</u>	<u>\$1,266,049</u>	<u>\$ -</u>	<u>\$ 4,139,202</u>

(5) Capital Assets

Capital asset activity for the years ended June 30, 2023 and 2022 were as follows:

	<u>7/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2023</u>
Capital assets not being depreciated:				
Land	\$ 531,898	\$ -	\$ -	\$ 531,898
Construction in progress	600,024	36,038	-	636,062
Other capital assets:				
Land improvements	51,882	-	-	51,882
Buildings and improvements	3,676,095	-	-	3,676,095
Equipment	3,514,684	21,865	-	3,536,549
Total	<u>8,374,583</u>	<u>57,903</u>	<u>-</u>	<u>8,432,486</u>
Less accumulated depreciation:				
Land improvements	49,021	647	-	49,668
Buildings and improvements	2,845,662	101,741	-	2,947,403
Equipment	2,810,424	95,292	-	2,905,716
Total	<u>5,705,107</u>	<u>197,680</u>	<u>-</u>	<u>5,902,787</u>
Capital assets, net	<u>\$ 2,669,476</u>	<u>\$ (139,777)</u>	<u>\$ -</u>	<u>\$ 2,529,699</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

	<u>7/1/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2022</u>
Capital assets not being depreciated:				
Land	\$ 296,351	\$ 235,547	\$ -	\$ 531,898
Construction in progress	596,734	3,290	-	600,024
Other capital assets:				
Land improvements	51,882	-	-	51,882
Buildings and improvements	3,647,661	28,434	-	3,676,095
Equipment	3,483,013	31,671	-	3,514,684
Total	<u>8,075,641</u>	<u>298,942</u>	<u>-</u>	<u>8,374,583</u>
Less accumulated depreciation:				
Land improvements	48,374	647	-	49,021
Buildings and improvements	2,743,165	102,497	-	2,845,662
Equipment	2,692,017	118,407	-	2,810,424
Total	<u>5,483,556</u>	<u>221,551</u>	<u>-</u>	<u>5,705,107</u>
Capital assets, net	<u>\$ 2,592,085</u>	<u>\$ 77,391</u>	<u>\$ -</u>	<u>\$ 2,669,476</u>

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$197,680 and \$221,551, respectively.

(6) Compensated Absences

Effective February 2002, full-time employees accrued four (4) hours of paid time off (PTO) per pay period, while part-time employees accrued PTO at a rate of four (4) percent of total hours worked per pay period until April of 2006. On that date, full-time employees with years of service of one (1) to five (5) years began accruing 5.23 hours of PTO per pay period, while full-time employees with years of service of five (5) or more years began accruing 6.77 hours of PTO per pay period. Part-time employees accrue PTO at a rate of four (4) percent of total hours worked per pay period and may accumulate up to a maximum of 300 PTO hours. Full-time employees may accumulate PTO hours to a maximum of 350 hours. When the employee reaches the maximum, further accumulation is ceased until PTO time is used; there is no cash option associated with this maximum bank. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital Service District's policy is to recognize the cost of unvested sick pay when actually paid to employees. At June 30, 2023 and 2022, accrued compensated absences, which are included in accrued expenses, totaled \$226,773 and \$284,637, respectively.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(7) Changes in Noncurrent Liabilities

The following is a summary of noncurrent liabilities transactions for the year ended June 30, 2023 and 2022:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Note payable	\$ -	\$117,313	\$ 93,400	\$ 23,913	\$ 23,913
	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Lease liability	\$ 17,082	\$ -	\$ 17,082	\$ -	\$ -

Note Payable -

Note payable in the amount of \$117,313 to Bank Direct Capital Finance, dated October, 11, 2022, due in monthly installments of \$12,042 through August 1, 2023, interest at 5.74%, for financing the premium of a commercial insurance policy.

\$23,913

Maturities of noncurrent liabilities as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest
2024	<u>\$ 23,913</u>	<u>\$ 172</u>

(8) Net Patient Service Revenues

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

Medicare – On November 1, 2004, the Hospital Service District converted to a Critical Access Hospital (CAH) with a Distinct Part Psychiatric Unit. Inpatient acute care services and swing bed services rendered to Medicare program beneficiaries are reimbursed at cost plus 1%. Outpatient services are reimbursed at cost plus 1% (subject to limits and rules), while other outpatient laboratory services are reimbursed on a fee schedule. Inpatient Psychiatric services are reimbursed on a blended cost and PPS reimbursement methodology subject to certain limitations.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

The Hospital Service District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital Service District and audits thereof by the Medicare fiscal intermediary. The Hospital Service District's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2020.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital Service District is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports by the Hospital Service District and audits thereof by the Medicaid fiscal intermediary. The Hospital Service District's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2018.

During the years ended June 30, 2023 and 2022, approximately 80.50% and 86.7%, respectively, of the Hospital Service District's gross patient service revenues were furnished to Medicare and Medicaid beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term.

Current regulations limit uncompensated care cost incurred by the Hospital Service District in each fiscal year. These amounts are subject to audit by Medicaid and any overpayments will be recouped. Management has not estimated a reserve liability for the possible recoupment of these uncompensated care cost payments for June 30, 2023 and 2022, respectively. To the extent management's estimate differs from actual results, the differences will be used to adjust income in the period when such differences arise.

Future uncompensated cost payments are dependent upon state appropriations, which require approval by the state legislature. If the state should not fund or substantially change this program, it could have a significant impact on the Hospital Service District's revenue.

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

(9) Cooperative Endeavor

The Hospital has voluntarily agreed to a cooperative endeavor (CEA) with other like-minded Louisiana hospitals, per Louisiana's Rural Hospital Preservation Act (RHPA). The intent of this arrangement is to pool hospital resources across the State to support access to healthcare in rural Louisiana.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

Under the CEA, the Hospital deposits an amount, determined annually by the Rural Hospital Coalition (RHC), into an account, from which the RHC is permitted to withdraw funds and make distributions to participating hospitals using a predetermined formula. Although the payments are formulaic in nature, they are not guaranteed, nor are they directly related to Medicaid reimbursement for the provision of goods and healthcare services to patients. Accordingly, the receipts under this program (net or required fund by the Hospital) are included in operating revenues on the accompanying statements of revenues, expenses and changes in net position. For the fiscal year ended June 30, 2023, the Hospital was not required to deposit any funds with the RHC and received \$1,354,727, resulting in a recorded net amount of \$1,354,727.

The following is a summary of the CEA activity described above:

CEA funds received to promote access to care	\$ 1,354,727
Less CEA hospital funds paid	<u> -</u>
CEA impact on hospital operations	<u>\$ 1,354,727</u>

(10) Ad Valorem Taxes

The Hospital Service District’s property tax is levied by the parish on the taxable real property in the district in late October of each year. Bills are sent out in November of each year, at which time the Hospital Service District records the tax revenue and becomes a lien in the following March. The taxes are based on assessed values determined by the Tax Assessor and are collected by the Sheriff. The Hospital Service District levied 10 mills for the fiscal years ended 2023 and 2022. For the years ended June 30, 2023 and 2022, property tax revenues, net of pension deductions, totaled \$522,830 and \$497,999, respectively.

(11) Concentration of Credit Risks

The Hospital Service District grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2023 and 2022 was as follows:

	2023	2022
Medicare	24.5%	31.1%
Medicaid	17.7%	16.1%
Other third-party payors	16.3%	5.1%
Patients	<u>41.5%</u>	<u>47.6%</u>
	<u>100.0%</u>	<u>100.0%</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(12) Deferred Compensation

The Hospital Service District offers employees a deferred compensation plan (Plan), which all employees are eligible to participate. The Plan was adopted under the provisions of Internal Revenue Code Section 457, and is administered by Security Benefit. The Hospital Service District does not have managerial or financial responsibility for plan assets. The Hospital Service District will match half (50%) of the employees' contributions to the plan up to a maximum of 5% of the employees gross income per pay period. The Hospital Service District contributed \$60,090 and \$70,685 as of June 30, 2023 and 2022, respectively.

(13) Professional and General Liability Risk

The Hospital Service District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 for which the Hospital Service District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provided settlement for professional liability to \$100,000 per occurrence and limiting the Patient's Compensation Fund's exposure to \$400,000 per occurrence.

The Hospital Service District has acquired additional coverage for professional medical malpractice and general liability through the Louisiana Hospital Association Trust Fund by purchasing a claims-made policy. Losses on medical malpractice and general liability claims are estimated based on deductibles and claims in excess of per-claim or aggregate coverage and incurred but not reported during the claim year. These estimates reflect the Hospital Service District's best estimates of the ultimate costs of reported and unreported claims, using the Hospital Service District's past experience, industry experience and identified asserted claims and reported incidents. No provision for losses on medical malpractice and general liability claims are recorded based on management's estimates that these matters will be resolved without material adverse effect on the Hospital Service District's future financial position or results from operations. There have been no significant reductions in insurance coverage during the fiscal year, nor have settlements exceeded coverage in the past three years.

(14) Contingencies

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

The principle contingencies are described below:

Third-party Government Revenues (Note 8) – Cost reimbursements are subject to examination by agencies administering the programs. The Hospital Service District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statues, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

The healthcare industry is subject numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government program participating requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statues and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Hospital Service District is in compliance with fraud and abuse statues as well as other applicable governmental laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

(15) Access Grant Revenue

The Hospital Service District collaborated with the Rural Hospital Coalition, a nonprofit organization, to design and implement a grant program funded by various sources to ensure that adequate and essential medically necessary healthcare services are accessible and available to the service population subject to the availability of such grant funds. On February 3, 2015, the Hospital Service District entered into a cooperative endeavor agreement (CEA) with other public Louisiana hospital service districts whereby the Hospital Service District receives grant funding and awards intergovernmental transfer grants (IGT) to be used in accordance with the grant program. As of June 30, 2023 and 2022, the District received \$388,230 and \$40,124,620 of grant program funding and provided intergovernmental transfer grants to other hospital service districts in the amount of \$362,721 and \$39,072,275, respectively. The program was discontinued during fiscal year 2023.

(16) CARES Act Subsidies

In response to the economic fallout of the COVID-19 pandemic in the United States, the 116th U.S. Congress passed an economic stimulus bill that was signed into law by the President on March 27, 2020. The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized \$2.2 trillion to combat COVID-19 and its economic effects, 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 Service District received funding from the following programs:

Provider Relief Funds – The Hospital Service District received approximately \$942,415 in Provider Relief Funds during the fiscal year ending June 30, 2022. This payment was issued by the U.S. Department of Health & Human Services (HHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. The Hospital had \$415,080 of unspent funds that were included in unearned revenue on the statement of net position for fiscal year ending June 30, 2022. During the fiscal year ending June 30, 2023, the Hospital submitted their final report to HHS, recognizing grant revenue in the amount of \$415,080, including earned interest, for eligible healthcare related expenses attributable to the coronavirus.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

Medicare Accelerated and Advance Payment Program – On March 28, 2020, the Centers for Medicare and Medicaid Services (CMS) expanded the existing Accelerated and Advance Payments Program (Program) to a broader group of Medicare Part A providers and Part B suppliers. An accelerated or advance payment is a payment intended to provide necessary funds when there is a disruption in claims submission and/or claims processing. Additionally, these payments can be offered in circumstances of national emergencies to accelerate cash flow to the impacted health care providers and suppliers. The accelerated payment is reported as unearned revenue in the accompanying statement of net position. In accordance with the terms of the Program, recoupment of the funds will begin in one year from the date the payment was issued. For the year ended June 30, 2022, the Hospital Service District reported unearned revenues of \$873,514. At June 30, 2023, the accelerated payments were fully recouped.

(17) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- c. Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the District in estimating fair values of financial instruments:

- a. The carrying amount reported in the statement of net position for the following approximates fair value due to the short maturities of these instruments: cash, accounts receivable, and accounts payable.
- b. The fair value for investment securities are based on quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2023 and 2022:

Description	June 30, 2023			
	Total	(Level 1)	(Level 2)	(Level 3)
Equities	\$2,121,598	\$ -	\$ 2,121,598	\$ -
Fixed income	2,144,564	-	2,144,564	-
	\$4,266,162	\$ -	\$ 4,266,162	\$ -

Description	June 30, 2022			
	Total	(Level 1)	(Level 2)	(Level 3)
Equities	\$2,135,613	\$ -	\$ 2,135,613	\$ -
Fixed income	2,426,303	-	2,426,303	-
	\$4,561,916	\$ -	\$ 4,561,916	\$ -

(18) Tax Abatement

Louisiana’s State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millage in force at that time. The future value to this exempt property could be subject to significant fluctuations from today’s value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. Because these taxes are not assessed, no adjustments have been made to the Hospital Service District’s financial statements to record the exempt amounts. At June 30, 2023 and 2022, the District’s ad valorem revenues were reduced by \$88,343 and \$110,092, respectively, as a result of these abatements.

(19) Schedule of Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Michael Lejeune, Chief Executive Officer, for the period July 1, 2022 through June 30, 2023 follows:

Purpose	
Salary	\$ 136,749
Benefits - insurance	14,584
Car Allowance	2,125

SUPPLEMENTARY INFORMATION

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Net Patient Service Revenues
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Gross patient direct services	<u>\$ 14,108,443</u>	<u>\$ 16,552,281</u>
Less:		
Contractual allowances	221,034	(116,179)
Uncollectible accounts	(126,997)	(844,469)
Discounts	<u>(612,497)</u>	<u>(689,350)</u>
Total contractual allowances, discounts and uncollectible accounts	<u>(518,460)</u>	<u>(1,649,998)</u>
Net patient service revenues	<u>\$ 13,589,983</u>	<u>\$ 14,902,283</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Other Operating Revenues
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cafeteria	\$ 30,437	\$ 46,489
Rent income	16,196	26,516
Medical record income	5,096	5,355
Intergovernmental transfers - access grants	388,230	40,124,620
Miscellaneous	<u>105,909</u>	<u>28,759</u>
Total other operating revenues	<u>\$ 545,868</u>	<u>\$ 40,231,739</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Other Operating Revenues and Expenses
For the Years Ended June 30, 2023 and 2022

	2023	2022
Direct operating revenues	\$ 14,108,443	\$ 16,552,281
Direct operating expenses	10,015,259	10,377,534
Excess of direct operating revenues over direct operating expenses	4,093,184	6,174,747
Contractual allowances, discounts and uncollectible accounts	518,460	1,649,998
Net excess of direct operating revenues over direct operating expenses	3,574,724	4,524,749
General operating expenses:		
General services	1,877,053	1,744,535
Financial and administrative services	3,835,014	4,367,946
Total general operating expenses	5,712,067	6,112,481
Medicaid supplemental payments	1,354,727	-
Other operating revenues	545,868	40,231,739
	1,900,595	40,231,739
Other operating expenses:		
Depreciation and amortization	197,680	221,551
Intergovernmental transfers - access grants	362,721	39,072,275
	560,401	39,293,826
Deficiency of operating revenues over operating expenses	\$ (797,149)	\$ (649,819)

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Departmental Direct
Operating Revenues and Expenses
For the Years Ended June 30, 2023 and 2022

	<u>Inpatient Revenues</u>		<u>Outpatient Revenues</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Direct services:				
Central Supply	\$ 518,408	\$ 547,431	\$ 187,183	\$ 219,097
CT Scan	44,964	23,696	917,072	751,523
Daily patient services	1,087,750	936,225	-	-
Electrocardiology	4,665	6,660	61,110	59,510
Emergency room	23,903	29,800	885,933	1,028,360
Emergency room physician	6,900	-	393,966	377,370
Hyperbaric	19	-	-	-
Laboratory	322,224	321,294	1,871,168	1,844,656
MRI	-	-	-	13,857
Occupational therapy	182,524	147,885	64,011	64,706
Operating room and Gastro	-	-	-	-
Other	905	-	1,560	2,628
Pharmacy	753,489	757,603	198,160	223,060
Physical therapy	145,749	120,133	249,902	197,997
Psychiatric therapy group	1,433,310	1,479,820	2,078,635	4,277,420
Psychiatric unit	-	-	-	-
Radiology	15,294	19,969	530,157	474,633
Respiratory therapy	769,066	766,345	63,651	72,435
Rural health clinic	-	-	311,556	922,304
Speech therapy	45,596	30,708	46,856	23,088
Ultrasound	27,111	32,034	112,451	130,203
Wound care	29,956	2,172	723,239	647,659
Total direct services	<u>\$5,411,833</u>	<u>\$5,221,775</u>	<u>\$8,696,610</u>	<u>\$11,330,506</u>

Total Direct Revenues				Excess (Deficiency) of Direct Revenues Over Direct Operating Expenses	
2023	2022	2023	2022	2023	2022
\$ 705,591	\$ 766,528	\$ 324,755	\$ 232,973	\$ 380,836	\$ 533,555
962,036	775,219	154,800	158,590	807,236	616,629
1,087,750	936,225	3,054,033	3,045,585	(1,966,283)	(2,109,360)
65,775	66,170	325	172	65,450	65,998
909,836	1,058,160	110,696	113,733	799,140	944,427
400,866	377,370	1,038,750	1,032,702	(637,884)	(655,332)
19	-	-	-	19	-
2,193,392	2,165,950	848,793	870,354	1,344,599	1,295,596
-	13,857	-	18,230	-	(4,373)
246,535	212,591	122,715	104,946	123,820	107,645
-	-	8,538	2,540	(8,538)	(2,540)
2,465	2,628	-	-	2,465	2,628
951,649	980,663	581,182	592,608	370,467	388,055
395,651	318,130	208,976	166,862	186,675	151,268
3,511,945	5,757,240	853,032	1,580,449	2,658,913	4,176,791
-	-	981,214	690,120	(981,214)	(690,120)
545,451	494,602	489,888	432,194	55,563	62,408
832,717	838,780	447,741	424,846	384,976	413,934
311,556	922,304	554,204	498,809	(242,648)	423,495
92,452	53,796	84,245	51,682	8,207	2,114
139,562	162,237	49,604	53,273	89,958	108,964
753,195	649,831	101,768	306,866	651,427	342,965
<u>\$ 14,108,443</u>	<u>\$ 16,552,281</u>	<u>\$ 10,015,259</u>	<u>\$ 10,377,534</u>	<u>\$ 4,093,184</u>	<u>\$ 6,174,747</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Departmental Direct
and General Operating Expenses
For the Years Ended June 30, 2023 and 2022

	Salaries		Professional Fees	
	2023	2022	2023	2022
Direct services:				
Central Supply	\$ 85,713	\$ 77,870	\$ -	\$ -
CT Scan	-	-	-	-
Daily patient services	2,410,785	2,221,666	39,417	42,953
Electrocardiology	-	-	-	-
Emergency room	-	-	-	-
Emergency room physician	-	-	1,038,750	1,032,702
Laboratory	492,444	448,544	3,500	3,875
MRI	-	-	-	18,230
Occupational therapy	-	-	-	-
Operating room and Gastro	-	-	-	-
Pharmacy	13,272	25,988	-	-
Physical therapy	-	-	-	-
Psychiatric therapy group	-	-	-	-
Psychiatric unit	-	-	-	-
Radiology	363,469	343,437	-	-
Respiratory therapy	373,709	345,023	-	1,575
Rural health clinic	450,950	357,474	13,562	14,076
Speech therapy	-	-	84,199	50,710
Ultrasound	-	-	-	-
Wound care	-	169,478	-	-
Total direct services	<u>4,190,342</u>	<u>3,989,480</u>	<u>1,179,428</u>	<u>1,164,121</u>
General services:				
Dietary	223,822	226,354	-	-
Housekeeping	145,073	148,962	-	-
Laundry and linen	-	-	-	-
Plant engineering	<u>267,699</u>	<u>326,969</u>	<u>-</u>	<u>-</u>
Total general services	<u>636,594</u>	<u>702,285</u>	<u>-</u>	<u>-</u>
Subtotals forward	<u>\$ 4,826,936</u>	<u>\$ 4,691,765</u>	<u>\$ 1,179,428</u>	<u>\$ 1,164,121</u>

Other Expenses		Total	
2023	2022	2023	2022
\$ 239,042	\$ 155,103	\$ 324,755	\$ 232,973
154,800	158,590	154,800	158,590
603,831	780,966	3,054,033	3,045,585
325	172	325	172
110,696	113,733	110,696	113,733
-	-	1,038,750	1,032,702
352,849	417,935	848,793	870,354
-	-	-	18,230
122,715	104,946	122,715	104,946
8,538	2,540	8,538	2,540
567,910	566,620	581,182	592,608
208,976	166,862	208,976	166,862
853,032	1,580,449	853,032	1,580,449
981,214	690,120	981,214	690,120
126,419	88,757	489,888	432,194
74,032	78,248	447,741	424,846
89,692	127,259	554,204	498,809
46	972	84,245	51,682
49,604	53,273	49,604	53,273
<u>101,768</u>	<u>137,388</u>	<u>101,768</u>	<u>306,866</u>
<u>4,645,489</u>	<u>5,223,933</u>	<u>10,015,259</u>	<u>10,377,534</u>
434,818	375,318	658,640	601,672
212,824	148,469	357,897	297,431
27,049	22,782	27,049	22,782
<u>565,768</u>	<u>495,681</u>	<u>833,467</u>	<u>822,650</u>
<u>1,240,459</u>	<u>1,042,250</u>	<u>1,877,053</u>	<u>1,744,535</u>
<u>\$ 5,885,948</u>	<u>\$ 6,266,183</u>	<u>\$ 11,892,312</u>	<u>\$ 12,122,069</u>

(continued)

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Departmental Direct
and General Operating Expenses (Continued)
For the Years Ended June 30, 2023 and 2022

	Salaries		Professional Fees	
	2023	2022	2023	2022
Subtotals forwarded	<u>\$4,826,936</u>	<u>\$4,691,765</u>	<u>\$1,179,428</u>	<u>\$1,164,121</u>
Financial and administrative services				
Accounting	73,421	144,926	-	-
Administration	477,471	290,624	24,345	3,673
Business office	143,617	186,623	-	-
Medical records	155,382	156,920	-	-
Risk management	-	37,036	-	-
Payroll taxes	-	-	-	-
Employee benefits	-	-	-	-
Other general and administrative expenses	-	-	-	-
Total financial and administrative expenses	<u>849,891</u>	<u>816,129</u>	<u>24,345</u>	<u>3,673</u>
Total direct operating expenses	<u>\$5,676,827</u>	<u>\$5,507,894</u>	<u>\$1,203,773</u>	<u>\$1,167,794</u>

Other Expenses		Total	
2023	2022	2023	2022
<u>\$5,885,948</u>	<u>\$6,266,183</u>	<u>\$11,892,312</u>	<u>\$12,122,069</u>
17,069	4,749	90,490	149,675
118,423	228,436	620,239	522,733
587,119	767,920	730,736	954,543
66,964	66,762	222,346	223,682
3,014	748	3,014	37,784
420,053	440,768	420,053	440,768
884,777	1,080,289	884,777	1,080,289
<u>863,359</u>	<u>958,472</u>	<u>863,359</u>	<u>958,472</u>
<u>2,960,778</u>	<u>3,548,144</u>	<u>3,835,014</u>	<u>4,367,946</u>
<u>\$8,846,726</u>	<u>\$9,814,327</u>	<u>\$15,727,326</u>	<u>\$16,490,015</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Board Fees
For the Years Ended June 30, 2023 and 2022

<u>Board Members</u>	<u>2023</u>	<u>2022</u>
Benjamin Bellard	\$ 440	\$ 480
Lee Bellard	440	240
Rachel Broussard	440	240
George Cook	400	240
Claire Jackson	-	240
Myra Lewis	-	280
Jeff Richard	440	240
Roger Boudreaux	-	160
Michael Williams, M.D.	160	520
Candy Leger	-	240

The schedule of compensation paid to the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature. In accordance with Louisiana Revised Statute 46:1053(C)(2)(a), the Hospital Service District's board members receive \$40 for each day of attendance at meetings of the commission, not to exceed 12 meetings per year.

**INTERNAL CONTROL,
COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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
Acadia-St. Landry Hospital Service District
Church Point, 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 business-type activities of the Acadia-St. Landry Hospital Service District, a component unit of the Acadia Parish Police Jury, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Acadia-St. Landry Hospital Service District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 29, 2023.

Report of Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Acadia-St. Landry Hospital Service District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2023-002.

Acadia-St. Landry Hospital Service District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Acadia-St. Landry Hospital Service District's responses to the findings identified in our audit and described in the accompanying summary schedule of current and prior year findings and management's corrective action plan. Acadia-St. Landry Hospital Service District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 29, 2023

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

Internal Control Findings -

2023-001 Rural Health Clinic Receivables/Revenues

Fiscal year finding initially occurred: 2022

Criteria

The District should have a control policy to ensure that the Rural Health Clinic receivables and revenues are properly recorded on the general ledger and reconciled to supporting document and/or subsidiary ledgers on a regular basis.

Condition

The District did not have adequate controls over the recordation of receivable and revenue daily transactions and the monthly reconciliation of account balances for the Rural Health Clinic during the fiscal year.

Cause

The District did not have procedures in place to record daily general ledger transactions on the Rural Health Clinic.

Effect

The District's general ledger accounts required material adjustments at the end of their fiscal year in order to properly state account balances.

Recommendation

The District should implement procedures to ensure the Rural Health Clinic's transactions are properly recorded and account balances are reconciled timely.

Management's Corrective Action Plan

Management has hired a billing specialist who will provide reports to ensure that all transactions for the Rural Health Clinic are recorded and which will provide supporting documentation to reconcile to the general ledger.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

Compliance Findings -

2023-002 State Bond Commission Approval

Fiscal year finding initially occurred: 2023

Criteria

In accordance with Louisiana Revised Statute 39:1410.60, no political subdivision shall have the authority to borrow money, incur debt, or issue bonds, or other evidence of debt without the consent and approval of the State Bond Commission. The only exceptions are purchases made in the ordinary course of administration on terms of credit not exceeding ninety days.

Condition

The District entered into a commercial insurance premium finance and security agreement to finance their insurance premium over a ten month period without obtaining approval from the State Bond Commission.

Cause

The District did not follow the requirements of Louisiana Revised Statute 39:1410.60.

Effect

The District entered into a financing arrangement in the amount of \$117,313 to fund an insurance policy without obtaining the consent and approval of the State Bond Commission.

Recommendation

The District should review the debt restriction laws for governmental entities as provided by Louisiana Revised Statute 39:1410.60 prior to entering into any financing arrangements.

Management's Corrective Action Plan

Management will review the requirements of Louisiana Revised Statute 39:1410.60 to ensure that the debt restriction laws for governmental entities are followed.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

Part II. Prior Year Audit Findings

Internal Control Findings -

2022-001 Inadequate Supporting Documentation over Credit Card Purchases

Fiscal year finding initially occurred: 2021

Condition

The District did not have a control policy to ensure that adequate documentation was maintained to support credit card purchases. Items purchased on District credit cards did not have detailed invoices itemizing all items purchased. Additionally, the business/public purpose of transactions and documentation of the individuals participating in meals was not maintained.

Recommendation

The District should implement a policy requiring credit card users to submit detailed receipts for every purchase and documentation of the individuals participating in meals including the public purpose.

Current Status

Resolved

2022-002 Board Approval of Contracts

Fiscal year finding initially occurred: 2021

Condition

The District did not have a control policy to ensure that documentation was maintained to support Board approval of contracts.

Recommendation

The District should implement a policy requiring written documentation of approval be maintained for all contracts.

Current Status

Resolved

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

2022-003 Rural Health Clinic Receivables/Revenues

Fiscal year finding initially occurred: 2022

Condition

The District did not have adequate controls over the recordation of receivable and revenue transactions and the monthly reconciliation of account balances for the Rural Health Clinic.

Recommendation

The District should implement procedures to ensure the Rural Health Clinic's transactions are properly recorded and account balances are reconciled timely.

Current Status

Unresolved. See internal control finding 2023-001

Compliance Findings -

2022-004 Purchase of Meals and Gifts

Fiscal year finding initially occurred: 2021

Condition

The District did not comply with Article VII section 14. The District used public funds to purchase food for meetings and celebratory functions. Additionally, gifts were also purchased with public funds.

Recommendation

The District should ensure that public funds are only spent on items with a public purpose. All expenditures of public funds should be supported with proper supporting documentation to support the business purpose of the expenditure.

Current Status

Resolved

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

2022-005 Payment of Cell Phone Bills for Employees

Fiscal year finding initially occurred: 2021

Condition

The District did not comply with Article VII section 14. The District used public funds to reimburse an employee for a cell phone bill. The District reimbursed the entire bill without adjusting for personal usage or documenting the employee's business purpose for the phone. Additionally, it was determined that four other employees have cell phone reimbursements that do not contain documentation of personal usage allowance or business purpose of the phone.

Recommendation

The District should ensure that public funds are only spent on items with a public purpose. All expenditures of public funds should be supported with proper supporting documentation to support the business purpose of the expenditure.

Current Status

Resolved

2022-006 Compensation to the Board of Commissioners

Fiscal year finding initially occurred: 2021

Condition

The District is compensating the Board of Commissioners based on inaccurate attendance records.

Recommendation

The District should take necessary actions to ensure accurate attendance records are maintained and board members are compensated for actual meeting attendance, not to exceed twelve meetings per year.

Current Status

Resolved

2022-007 Uninsured and Uncollateralized Deposits

Fiscal year finding initially occurred: 2022

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

Condition

The Organization had uninsured and uncollateralized bank balances as of the end of their fiscal year.

Recommendation

The Organization should coordinate with the appropriate financial institution to ensure any deposits in excess of federal deposit insurance are properly collateralized.

Current Status

Resolved

2022-008 Acquisition of Property

Fiscal year finding initially occurred: 2022

Condition

The District may have violated their By-laws by acquiring approximately 33 acres of land without proper authority by the Board of Commissioners.

Recommendation

The District should obtain the required approvals prior to the purchase of property and include such approvals with the sale documentation.

Current Status

Resolved

2022-009 Appraisal of Purchased Property

Fiscal year finding initially occurred: 2022

Condition

The District did not obtain an appraisal prior to purchasing property that exceeded \$3,000. Additionally, the District may have violated Article VII, §14 of the Louisiana Constitution by purchasing property for an amount that may exceed the market value.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)

Recommendation

The District should obtain an appraisal from a qualified appraiser prior to the purchase when the amount is in excess of \$3,000.

Current Status

Resolved

2022-010 Failure to File Audited Financial Statements Timely

Fiscal year finding initially occurred: 2022

Condition

The annual audited financial statements were not filed timely for fiscal year ended June 30, 2022.

Recommendation

The District should take necessary actions to ensure their annual financial statement audit is submitted within six months of the close of their fiscal year.

Current Status

Resolved

ACADIA-ST. LANDRY HOSPITAL
SERVICE DISTRICT

Agreed-Upon Procedures Report

Year Ended June 30, 2023

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Acadia-St. Landry Hospital Service District
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 July 1, 2022 through June 30, 2023. Acadia-St. Landry Hospital Service District (Hospital)'s management is responsible for those C/C areas identified in the SAUPs.

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 July 1, 2022 through June 30, 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **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).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **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.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - c) Obtain the prior year audit report and observe the unassigned fund balance in the General Fund. If the General Fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period reference or include a formal plan to eliminate the negative unassigned fund balance in the General Fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit findings, according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Bank Reconciliations

- 3. Obtain a listing of the entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account.

Select the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected accounts, and observe that:

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

Collections (excluding electronic fund transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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).

- e) Trace the actual deposit per the bank statement to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing was complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, we inquired of employees about their job duties), and we observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) 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.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe whether by paper or electronic means, the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation includes evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3 above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:
 - a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy.
 - b) Approved by the required number of authorized signers per the entity's policy.

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

12. Obtain 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. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we 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). For missing receipts, describe the nature of the transaction and noted whether management had compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe 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, was approval documented).

- d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

- 17. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 19. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee/officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Ethics

- 21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- 22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Debt Service

- 23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

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

Fraud Notice

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

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures,
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed 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.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19 above and:
 - a) Observe evidence that the selected terminated employees have been removed or disabled from the network.

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 1. Number and percentage of public servants in the agency who have completed the training requirements;
 2. Number of sexual harassment complaints received by the agency;
 3. Number of complaints which resulted in a finding that sexual harassment occurred;
 4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 5. Amount of time it took to resolve each complaint.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures

1. The entity's written policies and procedures do not specifically address the following; (a) Budgeting - the process for amending the entity's budget; (b) Purchasing – the documentation required to be maintained for all bid and price quotes to demonstrate compliance with the bid law; (c) Payroll/Personnel – the approval process for employees rate of pay or approval and maintenance of pay rate schedules; (d) Prevention of Sexual Harassment – the entity's responsibilities and prohibitions, annual employee training, and annual reporting.

Bank Reconciliations

2. One of the five bank accounts selected for testing was not reconciled within 2 months of the statement closing date.
3. One of the five bank accounts selected for testing did not have documentation reflecting it has researched items that have been outstanding for more than 12 months from the statement closing date.

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

4. Two of two credit card statements selected for testing were not approved by someone other than the cardholder during the month of March 2023.

Debt

5. The entity entered into a 10 month financing arrangement with a commercial finance company to cover the cost of an insurance policy without obtaining approval from the State Bond Commission.

Sexual Harassment

6. Entity does not have sexual harassment policy and complaint procedure on its website.

Management's Response:

Management concurs with the exceptions noted and are working to address the deficiencies identified.

We were engaged by the Hospital 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 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 29, 2023