

**HOSPITAL SERVICES DISTRICT NO. 1
OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL**

FINANCIAL REPORT

JUNE 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners
Hospital Services District No. 1
of the Parish of Avoyelles
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Hospital Services District No. 1 of the Parish of Avoyelles d/b/a Bunkie General Hospital (Hospital), a component unit of the Avoyelles Parish Police Jury, as of June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hospital'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 financial position of the business-type activities of the Hospital, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Emphasis of Matter

As discussed in Note 17 to the basic financial statements, the Hospital has a prior year restatement due to the implementation of a new accounting standard. Our opinion is not modified with respect to this matter.

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 opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and are 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 27, 2022, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 27, 2022

BASIC FINANCIAL STATEMENTS

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Statement of Net Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,510,600	\$ 6,510,727
Investments	2,004,729	2,000,101
Accounts receivables, net of allowance for bad debt \$625,742 and \$650,000, for 2022 and 2021, respectively	2,592,242	2,340,933
Due from third party payors	944,306	2,475,248
Other receivables	1,056,887	740,172
Inventories	463,219	353,693
Prepaid expenses	105,176	92,146
Total current assets	<u>14,677,159</u>	<u>14,513,020</u>
NONCURRENT ASSETS		
Property, plant and equipment, at cost, less accumulated depreciation	3,133,824	2,880,435
Total assets	<u>17,810,983</u>	<u>17,393,455</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	419,930	517,620
Accrued salaries and related withholdings	323,278	294,324
Accrued compensated absences	363,635	317,925
Current portion of long-term debt	148,039	95,400
Due to third party payors	63,227	118,832
Interest payable	2,911	2,911
Unearned revenues	831,224	1,804,163
Total current liabilities	<u>2,152,244</u>	<u>3,151,175</u>
NONCURRENT LIABILITIES		
Lease liability	203,557	83,326
Paycheck Protection Program Loan	-	1,000,000
Total noncurrent liabilities	<u>203,557</u>	<u>1,083,326</u>
Total liabilities	<u>2,355,801</u>	<u>4,234,501</u>
NET POSITION		
Net investment in capital assets	2,779,317	2,698,798
Unrestricted	12,675,865	10,460,156
Total net position	<u>\$ 15,455,182</u>	<u>\$ 13,158,954</u>

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

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Net patient service revenues (before provision for bad debts)	\$ 15,524,369	\$ 14,269,263
Less: provisions for bad debts	(1,487,586)	(867,142)
Net patient service revenue after provision for bad debts	14,036,783	13,402,121
Intergovernmental transfers - operating revenue	1,478,618	953,109
Other operating revenue	488,883	533,696
Total operating revenues	16,004,284	14,888,926
Operating expenses:		
Professional services	9,838,260	8,766,055
Payroll taxes and employee benefits	1,640,938	1,832,955
General and administrative	4,765,129	4,404,740
Depreciation and amortization	533,149	500,124
Total operating expenses	16,777,476	15,503,874
Operating loss	(773,192)	(614,948)
Non-operating revenues (expenses)		
Ad valorem Taxes	144,402	143,020
Grant revenue	2,923,151	6,055,093
Interest income	11,669	9,552
Interest expense	(9,456)	(16,703)
Total non-operating revenues (expenses)	3,069,766	6,190,962
Change in net position	2,296,574	5,576,014
Net position, beginning as restated	13,158,608	7,582,940
Net position, ending	\$ 15,455,182	\$ 13,158,954

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

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital

Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	\$ 15,260,811	\$ 10,378,430
Payments to suppliers and contractors	(7,001,667)	(6,135,536)
Payments to employees	(9,388,242)	(8,767,225)
Other receipts and payments, net	1,650,786	1,271,497
Net cash provided (used) in operating activities	521,688	(3,252,834)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant revenue	2,455,452	1,534,011
Ad valorem taxes	144,402	143,020
Net cash provided in noncapital financing activities	2,599,854	1,677,031
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the issuance of debt -		
Paycheck Protection Program	-	1,000,000
Accelerated Medicare payment	-	675,891
Accelerated Medicare payment recoupments	(1,505,240)	(211,886)
Payments for the purchase of property and equipment	(478,068)	(756,575)
Payments for capital related debt/lease liability	(150,030)	(412,564)
Net cash provided (used) in financing activities	(2,133,338)	294,866
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	11,669	9,552
Purchase of investments	-	(2,000,101)
Net cash provided (used) by investing activities	11,669	(1,990,549)
 Net increase (decrease) in cash and cash equivalents	999,873	(3,271,486)
 Cash and cash equivalents, beginning of year	6,510,727	9,782,213
 Cash and cash equivalents, end of year	\$ 7,510,600	\$ 6,510,727

(Continued)

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital

Statements of Cash Flows (Continued)
For the Years Ended June 30, 2022 and 2021

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET		
CASH PROVIDED (USED) IN OPERATING ACTIVITIES		
Operating loss	\$ (773,192)	\$ (614,948)
Adjustments to reconcile operating loss to net cash flows provided (used) by operating activities:		
Depreciation and amortization	533,149	500,124
Provision for bad debts	1,487,586	867,142
(Increase) decrease in assets-		
Patient accounts receivable	(1,738,895)	(1,587,459)
Inventories	(109,526)	15,368
Prepaid expenses	(13,030)	(16,976)
Estimated third-party payor settlements	1,530,942	(1,584,995)
Other receivables	(316,715)	(215,308)
Increase (decrease) in liabilities-		
Accounts payable	(97,690)	58,786
Accrued expenses	74,664	43,811
Estimated third-party payor settlements	(55,605)	(718,379)
Net cash provided (used) in operating activities	\$ 521,688	\$ (3,252,834)
Noncash investing, capital, and financing activities:		
Equipment lease financing	\$ 270,026	\$ -

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

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements

(1) Organization and Significant Accounting Policies

The Hospital Services District No. 1 of the Parish of Avoyelles, d/b/a Bunkie General Hospital (Hospital) was created by an ordinance of the Avoyelles Parish Police Jury on February 14, 1968. The Hospital is comprised of and embraces the territory contained within the Parish of Avoyelles, State of Louisiana, as constituted as of the date of the ordinance.

A. Reporting Entity

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

B. Basis of Accounting

The accompanying basic financial statements of the Hospital 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 are described below.

The Hospital 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'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.

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.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Hospital 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.

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOUELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

- (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.

E. 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.

F. Trade Receivables and Allowance for Uncollectible Accounts

Trade receivables are carried at the original billed amount less an estimate made for contractual adjustments and uncollectible accounts based on a historical experience. 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.

G. Inventories

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

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

H. Net Patient Service Revenues

The Hospital has agreements with third-party payors, which includes government programs which the Hospital 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 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 is exposed to credit risks. The Hospital 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.

I. Capital Assets

The Hospital records all capital asset acquisitions at historical cost, except for assets donated to the Hospital. Donated assets are recorded at fair market value at the date of donation. The Hospital maintains a threshold level of \$5,000 or more for capitalizing fixed 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. Depreciation of property and equipment is computed using the straight-line method over the expected service lives of the assets as follows:

Building and improvements	5-50 years
Equipment	3-20 years

J. Compensated Absences

Employees of the Hospital are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences was \$363,635 and \$317,925 for 2022 and 2021, respectively.

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

K. 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.

L. Operating Revenues and Expenses

The Hospital'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'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.

M. Unearned Revenue

Unearned revenue on the statement of net position represents funding received as a result of CARES Act subsidies and consist of \$678,358 from Provider Relief Funds and \$152,866 from other grant funding.

N. Advertising

The Hospital expenses advertising cost as incurred. There were no advertising expenses for the years ended June 30, 2022 and 2021.

O. Risk Management

The Hospital 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; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

P. Restricted Resources

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

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

Q. Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital'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'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, 2022 and 2021, 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, 2022 and 2021, the Hospital had demand deposits (book balances) totaling \$7,510,600 and \$6,510,727, respectively.

Custodial credit risk is the risk that in the event of a bank failure of a depository financial institution, the Hospital'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.

Deposit balances (bank balances) at June 30, 2022 and 2021, are secured as follows:

	<u>2022</u>	<u>2021</u>
Bank balances	<u>\$ 7,712,911</u>	<u>\$ 6,753,964</u>
Federal deposit insurance	\$ 500,000	\$ 500,000
Pledged securities/letter of credit	<u>7,212,911</u>	<u>6,253,964</u>
Total federal deposit insurance and pledged securities	<u>\$ 7,712,911</u>	<u>\$ 6,753,964</u>

Deposits in the amount of \$7,212,911 and \$6,253,964 at June 30, 2022 and 2021, respectively, 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's name. The Hospital does not have a policy for custodial credit risk.

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

The Hospital participates in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The financial statements for LAMP may be accessed on their website (<https://www.lamppool.com>). The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

The investment in LAMP is not exposed to custodial credit risk. LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required. Credit risk is the risk that an issuer or other counterparty to an investment will be unable to meet its obligations. LAMP is rated AAAM by Standard & Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the estimated fair value of an investment. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM of LAMP's total investments is 56 days as of June 30, 2022.

LAMP's financial statements can be obtained by contacting LAMP at 650 Poydras Street, Suite 200 New Orleans Louisiana 70130 or by contacting the administrative office at 800-249-5267, and the financial statements are also available on the Louisiana Legislative Auditors website at <https://lla.la.gov/>.

As of June 30, 2022 and 2021, the Hospital had investments in LAMP in the amount of \$2,004,729 and \$2,000,101, respectively.

(3) Patient Accounts Receivable

Patient accounts receivable at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Gross patient accounts receivable	\$ 5,411,547	\$ 5,103,933
Less: Contractual allowances/doubtful accounts	<u>(2,819,305)</u>	<u>(2,763,000)</u>
Patient accounts receivable, net	<u>\$ 2,592,242</u>	<u>\$ 2,340,933</u>

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

(4) Capital Assets

Capital asset activity for the years ended June 30, 2022 and 2021 were as follows:

	<u>7/1/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2022</u>
Capital assets, not being depreciated:				
Land	\$ 121,857	\$ -	\$ -	\$ 121,857
Construction in progress	<u>10,250</u>	<u>255,268</u>	<u>108,218</u>	<u>157,300</u>
Total capital assets, not being depreciated	<u>132,107</u>	<u>255,268</u>	<u>108,218</u>	<u>279,157</u>
Capital assets, being depreciated:				
Land improvements	350,434	14,350	-	364,784
Buildings and improvements	6,061,841	186,322	-	6,248,163
Equipment	<u>3,616,615</u>	<u>125,718</u>	<u>-</u>	<u>3,742,333</u>
Total capital assets, being depreciated	10,028,890	326,390	-	10,355,280
Less accumulated depreciation:	<u>7,457,286</u>	<u>396,574</u>	<u>-</u>	<u>7,853,860</u>
Total capital assets, being depreciated, net	<u>2,571,604</u>	<u>(70,184)</u>	<u>-</u>	<u>2,501,420</u>
Intangible right-to-use assets:				
Equipment	557,117	270,025	-	827,142
Less accumulated amortization:	<u>337,320</u>	<u>136,575</u>	<u>-</u>	<u>473,895</u>
Intangible right-to-use assets, net	<u>219,797</u>	<u>133,450</u>	<u>-</u>	<u>353,247</u>
Capital assets, net	<u>\$ 2,923,508</u>	<u>\$ 318,534</u>	<u>\$ 108,218</u>	<u>\$ 3,133,824</u>
	<u>7/1/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2021</u>
Capital assets not being depreciated:				
Land	\$ 121,857	\$ -	\$ -	\$ 121,857
Construction in progress	<u>-</u>	<u>10,250</u>	<u>-</u>	<u>10,250</u>
Total capital assets, not being depreciated	<u>121,857</u>	<u>10,250</u>	<u>-</u>	<u>132,107</u>
Capital assets, being depreciated:				
Land improvements	297,254	53,180	-	350,434
Buildings	5,971,558	90,283	-	6,061,841
Equipment	<u>3,486,217</u>	<u>602,863</u>	<u>-</u>	<u>4,089,080</u>
Total	9,755,029	746,326	-	10,501,355
Less accumulated depreciation	<u>7,252,902</u>	<u>500,125</u>	<u>-</u>	<u>7,753,027</u>
Total capital assets, being depreciated, net	<u>2,502,127</u>	<u>246,201</u>	<u>-</u>	<u>2,748,328</u>
Capital assets, net	<u>\$ 2,623,984</u>	<u>\$ 256,451</u>	<u>\$ -</u>	<u>\$ 2,880,435</u>

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$396,574 and \$500,125, respectively. Amortization expense for the year ended June 30, 2022 amounted to \$133,450.

Leased assets (see Note 5) will be amortized over the lease term. Unamortized lease assets to be amortized in future periods are as follows:

Year Ending June 30,	
2023	\$ 131,783
2024	70,314
2025	67,192
2026	55,104
2027	28,854
	<u>\$ 353,247</u>

(5) Changes in Noncurrent Liabilities

During the fiscal year ended June 30, 2022, the Hospital implemented GASB No. 87, *Leases*. At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term. The following is a summary of leases for the year ended June 30, 2022:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Lease Liability	Balance 6/30/2022
Equipment	2/1/2018	60 months	\$ 7,018	2.29%	\$ 397,528	\$ 40,078
Equipment	9/5/2018	60 months	1,770	5.25%	93,653	23,990
Equipment	8/11/2020	60 months	1,230	3.25%	65,937	43,249
Equipment	9/1/2021	60 months	2,190	3.25%	121,128	100,367
Equipment	5/1/2022	60 months	2,782	4.75%	148,897	143,912
Total lease agreements						<u>\$ 351,596</u>

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

June 30, 2022:

	Balance 7/1/2021, as restated	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Notes payable	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ -
Lease liability	222,144	270,026	140,574	351,596	148,039
Total	<u>\$ 1,222,144</u>	<u>\$ 270,026</u>	<u>\$ 1,140,574</u>	<u>\$ 351,596</u>	<u>\$ 148,039</u>

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

June 30, 2021:

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
Revenue refunding					
bonds - Series 2013	\$ 269,000	\$ -	\$ 269,000	\$ -	\$ -
Notes payable	1,000,000	1,000,000	1,000,000	1,000,000	-
Lease liability	<u>241,979</u>	<u>65,937</u>	<u>129,190</u>	<u>178,726</u>	<u>95,400</u>
Total	<u>\$ 1,510,979</u>	<u>\$ 1,065,937</u>	<u>\$ 1,398,190</u>	<u>\$ 1,178,726</u>	<u>\$ 95,400</u>

Note payable in the amount of \$1,000,000 to a financial institution dated March 29, 2021, interest at 1.00%. Under the terms of the Small Business Administration Paycheck Protection Program the principal and accrued interest may be partially or completely forgiven.

2022	2021
\$ -	\$ 1,000,000

Capital Lease Payable, dated December 21, 2017, bearing interest of 2.29%, maturing December 1, 2022, with principal due monthly collateralized by CT equipment.

-	122,355
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Capital Lease Payable, dated August 11, 2020, bearing interest of 3.25%, maturing August 11, 2023, with principal due monthly collateralized by Ultrasound equipment.

-	56,371
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Total noncurrent liabilities

<u>\$ -</u>	<u>\$ 1,178,726</u>
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Scheduled maturities of noncurrent liabilities are as follows:

June 30, 2022:

	Principal	Interest
2022	\$ 148,039	\$ 11,049
2023	58,280	7,383
2024	54,627	5,035
2025	56,893	2,769
2026	<u>33,757</u>	<u>632</u>
	<u>\$ 351,596</u>	<u>\$ 26,868</u>

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

June 30, 2021:

	Principal	Interest
2022	\$ 94,290	\$ 3,459
2023	253,017	23,507
2024	302,514	7,481
2025	305,873	4,122
2026	223,032	930
	\$ 1,178,726	\$ 39,499

(6) Net Patient Service Revenues

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

The primary third-party programs include Medicare and Medicaid, which account for a significant amount of the Hospital's revenue. The laws and regulations under which Medicare and Medicaid programs operate are complex, and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirements of these programs.

A summary of the payment arrangements with major third-party payors follows:

Medicare – The Hospital is paid for inpatient and outpatient services rendered to Medicare program beneficiaries under cost-based reimbursement methodology. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The retrospectively determined classification of patients and the appropriateness of the patients' admissions are subject to validation reviews by a Medicare peer review organization, which is under contract with the Hospital to perform such reviews.

The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2021. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as settlements are determined.

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Bunkie, Louisiana

Notes to Financial Statements (Continued)

Medicaid – Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2014. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as settlements are determined.

The Louisiana Legislature, through the Healthcare Reform Act of 2007 and Act 1 of 2010, tasked the Department of Health and Hospitals (the DHH) to create a new system of care. In response, the DHH reformed its reimbursement methodology for Medicaid patients from a fee-for-service system to the use of a Coordinated Care Network (CCN). During 2011, the DHH enabled certain third-party payor companies to contract with providers under the CCN methodology. The Hospital is currently contracted and enrolled with payors participating in the Coordinated Care Network. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary.

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

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

The following is a summary of the Hospital's net patient service revenue:

	<u>2022</u>	<u>2021</u>
Gross patient service revenue	\$ 31,149,772	\$ 24,978,165
Less: Contractual adjustments	<u>(15,625,403)</u>	<u>(10,708,902)</u>
Net patient service revenue before		
provision for uncollectible accounts	15,524,369	14,269,263
Less: provision for uncollectible accounts	<u>(1,487,586)</u>	<u>(867,142)</u>
Net patient service revenue	<u>\$ 14,036,783</u>	<u>\$ 13,402,121</u>

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

(7) Ad Valorem Taxes

The Hospital's property tax is levied by the parish on the taxable real property in the district at a rate enacted by the Board of Commissioners as recommended by the local tax assessor. The taxes are based on assessed values determined by the Tax Assessor and are collected by the Sheriff. The Hospital levied 4.90 mills for the fiscal years ended 2022 and 2021. For the years ended June 30, 2022 and 2021, property tax revenues, net of pension deductions, totaled \$144,402 and \$143,020, respectively.

(8) Concentration of Credit Risks

The Hospital 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, 2022 and 2021 was as follows:

	2022	2021
Medicare	41%	36%
Medicaid	18%	27%
Other third-party payors	20%	19%
Patients	<u>21%</u>	<u>18%</u>
	<u>100%</u>	<u>100%</u>

(9) Operating Leases

During fiscal year ending June 30, 2021, the Hospital leased various equipment under operating leases. Total rental expense for the year ended June 30, 2021 for all operating leases was approximately \$103,494. At June 30, 2021, the future minimum lease payments under these leases that have a initial or remaining lease term in excess of one year amounts to \$56,515 and \$6,250 for the fiscal years ending June 30, 2022 and 2023, respectively.

(10) Deferred Compensation/Retirement Plan

The Hospital 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 Nationwide Retirement Solutions. The Hospital does not have managerial or financial responsibility for plan assets. The Hospital contributes 3% of the employee's salary for full-time employees who work 60 or more hours per pay period and have completed a ninety-day probationary period. If an employee elects to participate, the employee will be required to contribute a minimum of 3% of their base pay toward the program. Employees will become 100% vested in the Hospital's contributions after three full years of employment. Pension cost amounted to \$167,371 and \$121,121 for the year ended June 30, 2022 and 2021, respectively. Forfeitures of \$8,467 and \$8,349 were applied to pension expense as a reduction of employer contributions for the years ended June 30, 2022 and 2021, respectively.

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

(11) Employee Hospitalization Plan

The Hospital maintains a medical benefits trust. Employees with more than 90 days of service can participate. The trust pays all claims from funds provided from the Hospital. The trust agreement provides that should it not have sufficient funds to cover its obligations, the Hospital is obligated to fund the shortfall. The Hospital purchases "excess" insurance coverage that provides for payment of individual claims in excess of \$40,000 or aggregate annual claims in excess of \$1,000,000.

Changes in the balances of claims liabilities (all due in one year) during the fiscal years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Claims liability, beginning	\$ 28,043	\$ 47,000
Current year claims and changes in estimates	634,789	816,274
Claims paid	(602,832)	(835,231)
Claims liability, ending	\$ 60,000	\$ 28,043
<u>Paid as of</u>		
July 2022	\$ 46,519	
August 2022	8,812	\$ 55,331
Provision for claims incurred but not reported		4,669
Total claims payable		\$ 60,000

(12) Professional and General Liability Risk

The Hospital 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 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 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'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'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.

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

(13) Contingencies

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

The principle contingencies are described below:

Third-party Government Revenues (Note 7) – Cost reimbursements are subject to examination by agencies administering the programs. The Hospital 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.

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 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.

The Patient Protection and Affordable Healthcare Act (PPACA) was signed into law on March 23, 2010. In addition, the Health Care and Education Affordability Reconciliation Act (Reconciliation Act), which contains a number of amendments to the PPACA, was signed into law on March 30, 2010. These healthcare bills (collectively, the "Reform Legislation") seek to increase the number of persons with access to health insurance coverage. The reform legislation makes a number of other changes to Medicare and Medicaid, such as reductions to the annual market basket update for federal fiscal years 2010 through 2019, a productivity offset to the market basket update beginning October 1, 2011, and a reduction to disproportionate share payments. The various provisions in the Reform Legislation that directly or indirectly affect reimbursement are scheduled to take effect over a number of years.

Also included in the Reform Legislation are provisions aimed at reducing fraud, waste and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Reform Legislation amends several existing federal laws, including the Medicare Anti-Kickback Statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against healthcare providers. These amendments also make it easier for potentially severe fines and penalties to be imposed on healthcare providers accused of violating applicable laws and regulations.

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
Bunkie, Louisiana

Notes to Financial Statements (Continued)

Management cannot predict the impact that Reform Legislation may have on the Hospital's financial position, results of operations or changes in net position or cash flows.

(14) Grant Revenue

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$1,478,618 and \$953,109 for the years ended June 30, 2022 and 2021, respectively.

(15) 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 received funding from the following programs:

Provider Relief Funds – The Hospital received approximately \$3,885,942 in Provider Relief Funds during the fiscal year ending June 30, 2020. 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 received an additional \$200,000 for RHC Covid-19 testing and mitigation during the fiscal year ending June 30, 2021. During the fiscal year ending June 30, 2021, the Hospital submitted their final report to HHS, recognizing grant revenue in the amount of \$3,787,019 for eligible healthcare related expenses attributable to the coronavirus. The Hospital received an additional \$991,160 in Phase 4 stimulus funding during the fiscal year ending June 30, 2022. The remaining \$678,358 of unspent funds is included in unearned revenue on the statement of net position.

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. For the year ended June 30, 2020, the Hospital received accelerated Medicare payments in the amount of \$1,041,235, which was 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, 2021, the Hospital received an additional \$675,891 related to this program. At June 30, 2022, the full amount of the advanced payment has been recouped by Medicare.

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL
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Notes to Financial Statements (Continued)

Paycheck Protection Program – On April 14, 2020, the Hospital entered into a promissory note in the amount of \$1,000,000 through the U.S. Small Business Administration’s Paycheck Protection Program (Program). The purpose of the Program was to provide funding for employee salaries and certain limited nonpayroll expenses. In accordance with the Program, the loan can be partially or completely forgiven if certain criteria are met. Any amounts not forgiven will be repaid bearing an interest rate of 1 percent. The terms of the note are described in Note 6 to the financial statements. On November 24, 2020, the Hospital received notice that the loan was completely forgiven and the amount was recorded as grant income on the statement of activities.

Paycheck Protection Program – On March 29, 2021, the Hospital entered into a promissory note in the amount of \$1,000,000 through the U.S. Small Business Administration’s Paycheck Protection Program (Program). The purpose of the Program was to provide funding for employee salaries and certain limited nonpayroll expenses. In accordance with the Program, the loan can be partially or completely forgiven if certain criteria are met. Any amounts not forgiven will be repaid bearing an interest rate of 1 percent. The terms of the note are described in Note 6 to the financial statements. On December 15, 2021, the Hospital received notice that the loan was completely forgiven and the amount was recorded as grant income on the statement of activities.

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

The schedule of compensation and benefits paid to Linda Deville, Chief Executive Officer, for the year ended June 30, 2022 and 2021 follows:

<u>Purpose</u>	<u>2022</u>	<u>2021</u>
Salary	\$ 150,203	\$ 142,126
Benefits - insurance	1,203	1,124
Benefits - retirement	4,506	4,264
Benefits - life insurance	152	142
Travel	1,496	261

(17) Change in Accounting Principle and Restatement

The Hospital implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases” during the year ending June 30, 2022. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. The implementation of GASB Statement No. 87 had the following effect on net position:

Net position, June 30, 2021 as previously reported	\$ 13,158,954
Adjustments:	
Net book value leased assets	221,798
Lease liability	<u>(222,144)</u>
Net position, June 30, 2021 as restated	<u>\$ 13,158,608</u>

SUPPLEMENTARY INFORMATION

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Schedules of Net Patient Service Revenues
For the Years Ended June 30, 2022 and 2021

	2022	2021
Inpatient service revenues:		
Daily patient services-		
Adult and pediatric	\$ 330,222	\$ 149,151
Dietary	9,150	8,750
Swing-bed	1,403,017	1,157,909
Total	1,742,389	1,315,810
Other nursing services-		
Emergency service	31,542	13,027
Professional Services-		
Blood	16,500	9,500
EKG	7,425	3,465
Inhalation Therapy	829,951	245,232
Intravenous Therapy	886	495
Laboratory	340,214	271,859
Pharmacy	687,459	435,326
Physical/Speech Therapy	1,447,475	1,577,775
Professional Fees	169,325	84,205
Radiology	186,103	85,434
Wound care	-	326
Total	3,685,338	2,713,617
Total inpatient service revenues	5,459,269	4,042,454

(continued)

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Schedules of Net Patient Service Revenues (Continued)
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Outpatient service revenues:		
Nursing services-		
Adult and Pediatric	1,912	-
Dietary	700	100
Emergency Service	4,566,614	3,764,670
Hospitalist	4,970	5,526
Observation	<u>1,825,881</u>	<u>1,297,068</u>
Total	<u>6,400,077</u>	<u>5,067,364</u>
Professional services-		
Blood	23,520	22,390
Cardiac rehab	46,905	61,575
Clinic - Family Care Center	806,103	673,478
Clinic - Rural Health	680,247	629,522
EKG	291,885	253,935
Endoscopy	131,955	134,035
Inhalation therapy	455,911	324,962
Intensive psychiatric therapy	1,193,150	968,100
Intravenous therapy	3,893	2,853
Laboratory	6,610,765	5,377,308
Pharmacy	726,963	525,491
Physical therapy	897,380	499,147
Professional fees	284,692	293,783
Radiology	6,587,681	5,691,177
Wound care	<u>549,378</u>	<u>410,591</u>
Total	<u>19,290,428</u>	<u>15,868,347</u>
Total outpatient service revenues	<u>25,690,505</u>	<u>20,935,711</u>
Gross patient service revenue	31,149,774	24,978,165
Contractual adjustments	<u>(15,625,405)</u>	<u>(10,708,902)</u>
Net patient service revenue	<u>\$ 15,524,369</u>	<u>\$ 14,269,263</u>

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Schedules of Other Operating Revenues
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cafeteria and vendor sales	\$ 63,693	\$ 53,673
Joint venture	213,122	200,607
Pharmacy sales - employees	60,113	48,465
340B Outside pharmacy sales	51,906	100,291
Rental income	17,425	12,800
Other	<u>82,624</u>	<u>117,860</u>
Total other operating revenues	<u>\$ 488,883</u>	<u>\$ 533,696</u>

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Schedules of Professional Services
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Salaries:		
Cardiac rehab / fitness	\$ 87,224	\$ 97,009
Central supply	57,920	61,755
Clinic - Family Care Center	788,846	718,199
Clinic - Rural Health	686,097	631,762
Emergency room	768,343	723,166
Endoscopy	1,547	-
Inhalation therapy	398,114	360,136
Laboratory	440,420	397,047
Nursing	1,365,193	1,124,372
PT/OT/ST	498,374	416,736
Radiology	407,087	394,281
Other	<u>73,656</u>	<u>17,295</u>
Total salaries	<u>5,572,821</u>	<u>4,941,758</u>
Supplies and other expenses:		
Blood	35,660	15,595
Central supply	20,071	51,012
Clinic - Family Care Center	87,713	53,484
Clinic - Rural Health	77,485	68,608
Emergency room	1,288,323	1,218,715
Endoscopy	17,941	11,589
Inhalation therapy	56,763	60,128
IOP	401,248	317,831
Laboratory	715,473	563,866
Nursing	234,817	233,565
Pharmacy	927,221	864,730
PT/OT/ST	29,692	36,999
Radiology	191,126	184,062
Wound care	157,662	123,922
Other	<u>24,244</u>	<u>20,191</u>
Total supplies and other expenses	<u>4,265,439</u>	<u>3,824,297</u>
Total professional services	<u>\$ 9,838,260</u>	<u>\$ 8,766,055</u>

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Schedules of General and Administrative Services
For the Years Ended June 30, 2022 and 2021

	2022	2021
Salaries:		
Administrative	\$ 1,580,095	\$ 1,445,090
Dietary	182,468	163,241
Housekeeping	161,909	122,869
Maintenance	167,869	161,634
Medical records	156,806	143,490
Total Salaries	2,249,147	2,036,324
Supplies and other expenses:		
Administrative	1,715,653	1,651,483
Dietary	139,689	109,017
Housekeeping	71,301	58,747
Maintenance	561,771	515,885
Medical records	27,568	33,284
Total supplies and other expenses	2,515,982	2,368,416
Total general and administrative services	\$ 4,765,129	\$ 4,404,740

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a Bunkie General Hospital
Bunkie, Louisiana

Schedules of Board Fees
For the Years Ended June 30, 2022 and 2021

GOVERNING BOARD COMPENSATION

The Board of Commissioners received no compensation for the years ended June 30, 2022 and 2021.

**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
Hospital Services District No. 1
of the Parish of Avoyelles
d/b/a Bunkie General Hospital
Bunkie, 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 Hospital Services District No. 1 of the Parish of Avoyelles d/b/a Bunkie General Hospital (Hospital), a component unit of the Avoyelles Parish Police Jury, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated December 27, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 27, 2022

HOSPITAL SERVICES DISTRICT NO. 1 OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL

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

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings –

There are no findings to report under this section.

Part II. Prior Year Findings

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.

**HOSPITAL SERVICES DISTRICT NO. 1
OF THE PARISH OF AVOYELLES
d/b/a BUNKIE GENERAL HOSPITAL**

Agreed-Upon Procedures Report

Year Ended June 30, 2022

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

* A Professional Accounting Corporation

Board of Commissioners
Hospital Services District No. 1
of the Parish of Avoyelles
d/b/a Bunkie General Hospital
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, 2021 through June 30, 2022. Hospital Services District No. 1 of the Parish of Avoyelles d/b/a Bunkie General Hospital (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, 2021 through June 30, 2022. 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 observe that they address each of the following categories and subcategories if applicable to public funds and the operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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) **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) **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, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

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

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

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

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

Contracts

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

Payroll and Personnel

16. 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees/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.
18. 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/officials, we obtained 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.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Ethics

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

Debt Service

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

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

Fraud Notice

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

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discussed the results with management, and reported "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

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 address the following: (a) Payroll - the approval process for employees' rate of pay or approval and maintenance of pay rate schedules; (b) Ethics – a system to monitor possible ethics violations and the requirement that documentation is maintained to demonstrate that all employee and officials were notified of any changes to the entity's ethics policy; (c) Information Technology Disaster Recovery/Business Continuity – periodic testing/verification that backups can be restored, the use of antivirus software on all systems, and the timely application of all available system and software patches/updates.

Bank Reconciliations

2. One of the three bank accounts and reconciliations did not have documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Payroll and Personnel

3. Two of the five employees selected for testing did not have written documentation noting supervisor approval of attendance or sick leave.

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 27, 2022