

**WEST ASCENSION PARISH
HOSPITAL SERVICE DISTRICT**

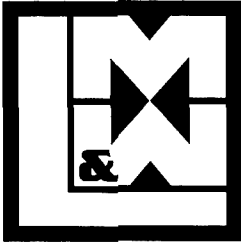
**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
AUGUST 31, 2024**

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
YEAR ENDED AUGUST 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
West Ascension Parish Hospital Service District
Of Ascension Parish, Louisiana
Donaldsonville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana (the Hospital District), a component unit of the Ascension Parish Government, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Hospital District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital District, as of August 31, 2024, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

To the Board of Commissioners
West Ascension Parish Hospital Service District
Of Ascension Parish, Louisiana
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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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

To the Board of Commissioners
West Ascension Parish Hospital Service District
Of Ascension Parish, Louisiana
Donaldsonville, Louisiana
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Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of West Ascension Parish Hospital Service District of Ascension Parish, Louisiana and do not purport to, and do not, present fairly the financial position of the West Ascension Parish Government as of August 31, 2024, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 an opinion on the financial statements as a whole. The supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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.

To the Board of Commissioners
West Ascension Parish Hospital Service District
Of Ascension Parish, Louisiana
Donaldsonville, Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025, on our consideration of the Hospital District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital District's internal control over financial reporting and compliance.

Lester, Miller & Wells

Certified Public Accountants
Lafayette, Louisiana

June 27, 2025

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF NET POSITION
AUGUST 31,

<u>ASSETS</u>	<u>2024</u>
Current	
Cash and cash equivalents (Note 4)	\$ 1,608,301
Investments (Note 9)	195,877
Accounts receivable, net (Note 6)	1,228,409
Sales tax receivable	299,776
Lease receivable, current portion (Note 16)	102,799
Estimated third-party payor settlements	3,040,921
Inventory	264,054
Accrued interest	138,897
Prepaid expenses	<u>177,662</u>
Total Current Assets	7,056,696
 Long-term investments (Note 9)	 23,851,955
Nondepreciable capital assets (Note 7)	2,184,370
Depreciable capital assets, net (Note 7)	4,188,757
Lease receivable, non-current portion (Note 16)	<u>248,006</u>
Total Assets	\$ <u><u>37,529,784</u></u>
 <u>LIABILITIES AND NET POSITION</u>	
Current	
Accounts payable	\$ 123,967
Accrued expenses	483,522
Unearned grant revenue	<u>84,317</u>
Total Current Liabilities	<u>691,806</u>
 Deferred Inflows of Resources	
Deferred inflows on lease agreement	<u>337,574</u>
Total deferred inflows of resources	<u>337,574</u>
 Net Position	
Invested in capital assets, net of related debt	6,373,127
Unrestricted	<u>30,127,277</u>
Total Net Position	<u>36,500,404</u>
Total Liabilities and Net Position	\$ <u><u>37,529,784</u></u>

See accompanying notes to financial statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED AUGUST 31,

	<u>2024</u>
Revenues	
Net patient service revenues	\$ 4,745,407
Medicaid supplemental payments	1,550,093
Operating grant	1,205,551
Other operating revenues	<u>338,239</u>
Total Revenues	<u>7,839,290</u>
Expenses	
Salaries	3,302,092
Benefits and payroll taxes	478,019
Supplies and drugs	1,142,551
Professional fees	3,004,657
Other expenses	1,253,195
Insurance	281,042
Depreciation and amortization	<u>334,491</u>
Total Expenses	<u>9,796,047</u>
Operating Income (Loss)	<u>(1,956,757)</u>
Nonoperating Revenues (Expenses)	
Sales tax revenue	1,838,133
Investment income	517,589
Grants	13,521
Unrealized gains/(losses) on investments	<u>702,619</u>
Changes in Net Position	1,115,105
Beginning Net Position	<u>35,385,299</u>
Ending Net Position	\$ <u>36,500,404</u>

See accompanying notes to financial statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31,

	<u>2024</u>
Cash flows from operating activities:	
Cash received from patients and third-party payors	\$ 4,695,983
Other receipts from operations	1,515,685
Cash payments to employees and for employee-related cost	(2,824,072)
Cash payments for other operating expenses	<u>(5,074,194)</u>
Net cash provided (used) by operating activities	<u>(1,686,598)</u>
Cash flows from investing activities:	
Purchases of investments	(12,809,654)
Cash proceeds from sale or maturity of investments	8,112,758
Interest income	<u>517,589</u>
Net cash provided (used) by investing activities	<u>(4,179,307)</u>
Cash flows from non-capital financing activities:	
Sales taxes received	1,694,607
Grant revenue received	<u>13,521</u>
Net cash provided (used) by non-capital financing activities	<u>1,708,128</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant, and equipment	<u>(1,877,722)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,877,722)</u>
Net increase (decrease) in cash and cash equivalents	(6,035,499)
Beginning cash and cash equivalents	<u>7,643,800</u>
Ending cash and cash equivalents	\$ <u><u>1,608,301</u></u>

See accompanying notes to financial statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED AUGUST 31,

2024

Reconciliation of income from operations to net cash provided by operating activities:

Operating income (loss)	\$ (1,956,757)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:	
Depreciation and amortization	334,491
Provision for bad debts	(943,312)
Change in current assets (increase) decrease	
Patient accounts receivable, net	173,900
Estimated third-party payor settlements	539,982
Inventory	61,589
Prepaid expenses	(123,269)
Change in other assets (increase) decrease	101,100
Change in current liabilities increase (decrease)	
Accounts payable	230,915
Accrued expenses	(379,127)
Estimated third-party payor settlements	180,006
Increase (decrease) in deferred inflows of resources	<u>93,884</u>
Net cash provided (used) by operating activities	\$ <u>(1,686,598)</u>

See accompanying notes to financial statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

The West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, d/b/a Prevost Memorial Hospital (the "Hospital District"), was created by a resolution of the Ascension Parish Council on May 2, 1963 under provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950.

Nature of Business

The Hospital District provides various outpatient, skilled nursing (through "swing-beds") and acute inpatient hospital services.

Basis of Presentation

The accompanying component unit financial statements of the Hospital District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Hospital District are described below.

Enterprise Fund

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

Reporting Entity

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

The criteria for determining which component units should be considered part of the Ascension Parish Council for financial reporting purposes is below. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 1 - ORGANIZATION AND OPERATIONS (Continued)

2. Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Hospital District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities over 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Credit Risk

The Hospital District provides medical care primarily to Ascension and surrounding parish residents and grants credit to patients, substantially all of whom are local residents. The Hospital District's estimate of collectibility is based on evaluation of historical collections compared to gross charges and an analysis of aged accounts receivable to establish an allowance for uncollectible accounts.

Net Patient Service Revenues

The Hospital District has entered into agreements with third-party payors, including government programs, health insurance companies, and managed care health plans, under which the Hospital is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates, or discounts from established charges.

Revenues are recorded at estimated amounts due from patients and third-party payors for the Hospital District services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out or market basis.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Hospital District is a political subdivision and exempt from taxation.

Capital Assets

Capital assets are recorded at cost for purchased assets or at fair market value on the date of any donation. The Hospital District uses straight-line method of determining depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

Buildings and Improvements	5 to 40 years
Machinery and Equipment	3 to 20 years
Furniture and Fixtures	3 to 20 years

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposal are credited or charged to operations currently.

Right-of-use capital assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets and Liabilities

The Hospital District determines if an arrangement is a Subscription-Based Information Technology Arrangement ("SBITA") at inception. Subscription assets, net, current maturities of subscription liabilities, and subscription liabilities, net of current maturities are included in the statements of net position.

Subscription assets represent the Hospital District's control of the right to use subscription-based information technology for the arrangement term, as specified in the contract, in an exchange or exchange-like transaction. Subscription assets are recognized at the commencement date based on initial measurement of the subscription liability, adjusted for payments made to the vendor at or before the commencement of the SBITA term and certain initial direct costs. Subscription assets are amortized in a systematic and rational manner over the shorter of the arrangement term or the useful life of the underlying asset.

Subscription liabilities represent the Hospital District's obligation to make payments arising from the SBITA. Subscription liabilities are initially recognized at the commencement date based on the present value of expected payments over the lease term, adjusted for SBITA incentives. Subsequently, the subscription liability is reduced by the principal portion of the payments made. Interest expense is recognized ratably over the term of the arrangement.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Hospital District has elected to recognize payments for short-term SBITAs with an arrangement term of 12 months or less as expenses as incurred, and these SBITAs are not included as subscription liabilities or right-to-use subscription assets on the statements of net position.

Net Position

The Hospital District classifies net position into three components: invested in capital assets, net of related debt; restricted and unrestricted. Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowing used to finance the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted. When both restricted and unrestricted resources are available for use, it is the Hospital District's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

The Hospital District's statements of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Nonexchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charges for the services provided, less an estimate made for contractual adjustments or discounts provided to the third-party payors, less any payments received and less an estimated allowance for doubtful accounts. Management determines that allowance for doubtful accounts by utilizing a historical experience applied to an aging of accounts. Patient accounts receivable are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off as bad debt expense are recorded as a reduction of bad debt expense when received.

Advertising

The Hospital District expenses advertising cost as incurred. Advertising expense for the year ended August 31, 2024 totaled \$-0-.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Environmental Matters

The Hospital District is subject to laws and regulations relating to the protection of the environment. The Hospital District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify, with any degree of certainty, the potential financial impact of the Hospital District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital District. At August 31, 2024 management is not aware of any liability resulting from environmental matters.

Restricted Revenues

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

Grants and Contributions

From time to time, the Hospital District receives grants and contributions from the State of Louisiana, individuals or private and public organizations. Revenue from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions 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 operating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Charity Care

The Hospital District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments

The Hospital District may invest in bonds, debentures, and other indebtedness which are fully guaranteed by the United States, issued or guaranteed by federal agencies backed by full faith and credit of the United States, issued or guaranteed by United States government instrumentalities which are federally sponsored, and others allowable by state law. Investments are stated at fair value, which are the amounts on the statements of net position, and are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Interest, dividends, and gains and losses, both realized and unrealized, are included in non-operating revenue.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management

The Hospital District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Lessor Leases

The Hospital District is a lessor for noncancellable leases for the purposes of providing office space. In accordance with GASB Statement No. 87, *Leases*, The Hospital District recognizes a lease receivable and a deferred inflow of resources in the financial statements for those lease contracts with an initial individual value of \$1,000 or more and whose terms call for a lease period greater than one year. The lease receivable is measured at the commencement of the lease at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include (1) the discount rate used to determine expected lease receipts at present value, (2) lease term, and (3) lease receipts. The Hospital District uses the Standard & Poors municipal bond rate index as the discount rate for measurement of the lease receivables.

The lease term includes the noncancellable period of the lease plus any renewal periods that management has determined are reasonably certain of renewal. Management monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows/Inflows of Resources

The statement of financial position, will at times, report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Hospital District did not have any deferred outflows of resources at August 31, 2024. The Hospital District has deferred inflows of resources totaling \$337,574 at August 31, 2024. These deferred inflows are related to the lease agreement.

Recently Issued Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements for this statement are effective for fiscal years beginning after December 15, 2023. Management is evaluating the potential impact of adoption on the Hospital District's financial statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 3 - SALES TAX

In a general election held on November 2, 1980, the voters of the Hospital District approved a one-half percent sales tax. The net proceeds from this tax are to be used for the expansion and/or operation of the Hospital District.

NOTE 4 - CASH

Louisiana state statutes authorize the Hospital District to invest in direct obligations of the U.S. Treasury and other federal agencies, time deposits with state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust fund institutions. Louisiana statutes also require that all of the deposits of the Hospital District be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

Custodial Credit Risks – Custodial credit risk for deposit is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital District's name at August 31, 2024.

Interest Rate Risks – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer an investment takes to mature, the greater the sensitivity of its fair value to changes in market interest rates. The Hospital District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

The carrying amounts of deposits and investments are included in the Hospital's balance sheets as follows:

	<u>2024</u>
Carrying amount	
Petty cash	\$ 51
Demand deposits	<u>1,608,250</u>
	\$ <u>1,608,301</u>
Included in the following balance sheet captions	
Cash and cash equivalents	\$ <u>1,608,301</u>
	\$ <u>1,608,301</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 5 - CUSTODIAL CREDIT RISK

Custodial credit risk is that in the event of a bank failure, the Hospital District's deposits may not be returned to it. The Hospital District does not have a deposit policy for custodial credit risk at August 31, 2024. As of August 31, 2024, the Hospital District's bank balance was \$1,693,290. Of this amount, \$501,500 was insured by federal deposit insurance and \$1,191,790 was collateralized by pledged securities. The Hospital District's bank balances were not exposed to custodial credit risk at August 31, 2024.

NOTE 6 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2024</u>
Patient accounts receivable	\$ 2,267,479
Estimated uncollectibles	<u>(1,039,070)</u>
Net patient accounts receivable	\$ <u><u>1,228,409</u></u>

The following is a summary of the mix of gross receivables from patients and third-party payors at August 31:

	<u>2024</u>
Receivables from patients and their insurance carriers	29.4%
Receivables from private pay patients	28.6%
Receivables from Medicare	21.3%
Receivables from Medicaid	<u>20.7%</u>
Total	<u>100.0%</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 7 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation at August 31:

	August 31, <u>2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	August 31, <u>2024</u>
Nondepreciable capital assets					
Land	\$ 335,520	\$ 5,500	\$ -0-	\$ -0-	\$ 341,020
Construction in progress	<u>298,519</u>	<u>1,544,831</u>	<u>-0-</u>	<u>-0-</u>	<u>1,843,350</u>
Total nondepreciable capital assets	\$ <u>634,039</u>	\$ <u>1,550,331</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>2,184,370</u>
Depreciable capital assets					
Buildings and improvements	\$ 5,879,017	\$ 13,470	\$ -0-	\$ -0-	\$ 5,892,487
Major movable equipment	<u>4,816,406</u>	<u>313,921</u>	<u>-0-</u>	<u>-0-</u>	<u>5,130,327</u>
Total depreciable capital assets	10,695,423	327,391	-0-	-0-	11,022,814
Accumulated depreciation	<u>6,499,566</u>	<u>334,491</u>	<u>-0-</u>	<u>-0-</u>	<u>6,834,057</u>
Total depreciable capital assets, net	\$ <u>4,195,857</u>	\$ <u>(7,100)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>4,188,757</u>

NOTE 8 - NET PATIENT SERVICE REVENUES

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

Medicare – The Hospital District is classified as a Critical Access Hospital (CAH). Under this methodology, inpatient acute care services and swing bed services are reimbursed at cost plus one percent. Outpatient and other services provided to Medicare beneficiaries are also paid based on a cost reimbursement methodology. The Hospital District is reimbursed for cost reimbursement at a tentative rate with final settlement determined after submission of an annual cost report and audits thereof by the Medicare fiscal intermediary. The Hospital District's Medicare cost reports have been filed with the Medicare fiscal intermediary through August 31, 2024. The Hospital District's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 2021.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The Hospital District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital District and audits thereof by the Medicaid fiscal intermediary. The Hospital District's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through August 31, 2018.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 8 - NET PATIENT SERVICE REVENUES (Continued)

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider.

The following is a summary of the Hospital District's net patient service revenues for the years ended August 31:

	<u>2024</u>
Gross charges	\$ 6,735,965
Less charges associated with charity patients	<u>(150,576)</u>
Gross patient service revenue	6,585,389
Less deductions from revenue:	
Contractual adjustments and discounts	<u>2,783,294</u>
Patient service revenue (net of contractual adjustments)	3,802,095
Less provision for bad debts, net of bad debt recoveries	<u>943,312</u>
Net patient service revenue less provision for bad debts	\$ <u><u>4,745,407</u></u>

The Hospital District experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. These adjustments resulted in a decrease in net patient service revenue of \$258,983 in 2024.

NOTE 9 – INVESTMENTS

The Hospital District's investments are reported at fair value, as discussed in Note 1. At August 31, 2024, the Hospital District had the following investments and maturities, all of which were held in the Hospital District's name by a custodial bank that is an agent of the Hospital District:

	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Investment Type					
August 31, 2024	\$ <u>24,047,832</u>	\$ <u>195,877</u>	\$ <u>13,132,206</u>	\$ <u>2,699,546</u>	\$ <u>8,020,203</u>
Total investments	\$ <u><u>24,047,832</u></u>	\$ <u><u>195,877</u></u>	\$ <u><u>13,132,206</u></u>	\$ <u><u>2,699,546</u></u>	\$ <u><u>8,020,203</u></u>

The Hospital District categorizes its fair value measurements within the fair values hierarchy established by generally accepted accounting principles. The hierarchy is described in Note 10.

Interest Rate Risk - The Hospital District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 9 – INVESTMENTS (Continued)

Credit Risk - Under Louisiana R.S. 33:2955, as amended, the Hospital District may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, and other investments as provided in the statute. The Hospital District's investment policy does not limit its investment choices. As of August 31, 2024 and 2023, the Hospital District's investments in U.S. Agencies were rated AAA by Moody's Investors Service and AAA by Standard & Poor's.

Concentration of Credit Risk - The Hospital District's investment policy does not limit the amount the District may invest in any one issuer. As of August 31, 2024, more than 5 percent of the Hospital District's investments are in securities issued by Fannie Mae, Federal Farm Credit Bank, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation. These investments are 34%, 32%, 19%, and 8%, respectively, of total investments at August 31, 2024.

Custodial Credit Risk - For an investment, this is the risk that, in the event of the failure of the counter party, the Hospital District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Hospital District's policy addresses custodial credit risk for investments by requiring that they must be held by the Hospital District's fiscal agent bank that is selected in accordance with Louisiana statutes.

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of Fair Value

The Hospital District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the assets.

Fair Value Hierarchy

In accordance with this guidance, the Hospital District groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

The following methods and assumptions were used by the Hospital District in estimating fair value disclosures for financial instruments:

Government Securities: Where quoted prices are available in an active market, the Hospital District classifies the securities within level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, the Hospital District estimates fair values using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include GSE (Government sponsored enterprises) obligations, such as Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Bank, corporate bonds, and other securities. Mortgage-backed securities are included in level 2 if observable inputs are available. In certain cases, where there is limited activity or less transparency around inputs to the valuation, the Hospital District classifies those securities in level 3.

Fair Value of Assets Measured on a Recurring Basis

The Hospital District's securities are measured on a recurring basis through a model used by its investment custodian. Prices are derived from a model which uses actively quoted rates, prepayment models and other underlying credit and collateral data.

The following tables present for each of the fair-value hierarchy level the Hospital District's financial assets and liabilities that are measured at fair value on a recurring basis at:

<u>August 31, 2024</u>	Level 2
U.S. Agency securities	\$ <u>24,047,832</u>
Total	\$ <u>24,047,832</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 11 - CONTINGENCIES

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

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 8) - 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 statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

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

NOTE 12 - CHARITY CARE

The Hospital District provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a per-diem based on the patient's level of income. Accordingly, the Hospital District does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital District determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The cost of caring for charity care patients was approximately \$150,576 for the year ended August 31, 2024

NOTE 13 – PROFESSIONAL LIABILITY RISK

The Hospital District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital District is at risk. The fund places non limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 14 - MEDICAID SUPPLEMENTAL PAYMENTS

For state fiscal year (SFY) 2024, the Louisiana Department of Health (LDH) obtained a Medicaid State Plan Amendment (SPA) approval from the Centers for Medicare and Medicaid Services (CMS) to make quarterly supplemental payments to hospitals based upon certain assumptions under a directed payment plan (DPP). Annually thereafter, LDH must submit the assumptions to CMS for approval in future years. The basis for interim supplemental payments is the Hospital District's historical paid claims and other factors. In future state fiscal years, actual paid claims and other factors will be used to reconcile interim payments to final settled DPP amounts. LDH anticipates increasing or decreasing future DPP payments by the reconciliation amounts. The Hospital District has recognized approximately \$2,755,644 as of August 31, 2024 as Medicaid supplemental income after consideration was given for future adjustments which the Hospital District determined necessary. To the extent income recognized in the current period differs from actual results, Medicaid supplemental income will be adjusted.

NOTE 15 – COOPERATIVE ENDEAVOR AGREEMENT

The Hospital District has agreed to a cooperative endeavor (DEA) with other like-minded Louisiana Hospitals per Louisiana's Rural Hospital Preservation Act. The intent of the agreement is to pool hospital resources across the State to support access to healthcare in rural Louisiana. Under the CEA, the Hospital District deposits an amount determined annually by the Rural Hospital Coalition (RHC), into an account, from which RHC is permitted to withdraw funds and make distributions to participating hospitals using a predetermined formula. Although the payments are formulaic in nature, they are not guaranteed, nor are they directly related to Medicaid reimbursement for provisions of goods and healthcare services to patients. Accordingly, the deposits made by the Hospital District to the RHC were less than the amount received by the Hospital District under the program, resulting in a net amount of \$1,205,551. This was recorded as an operating grant called Access to Care.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

NOTE 16 - LEASE AGREEMENT

The Hospital District is a lessor for a noncancellable lease of a medical office building to a physician group. The term of this lease is 87 months at equal monthly installments of \$9,073. In accordance with GASB Statement No. 87, *Leases*, a receivable has been recorded for the present value of lease payments to be received over the lease term of the agreement. As of August 31, 2024, the value of the lease receivable was \$350,805. Also, deferred inflows associated with this lease have been recorded and will be recognized as revenue over the lease term. The balance of the deferred inflows at August 31, 2024 was \$337,574. Inflows recognized during the year ended August 31, 2024 consisted of lease revenue of \$100,765 and interest income of \$8,111. Since the lease agreement includes scheduled payments over multiple years, the receivable balances include amounts not expected to be collected within the next year. Future minimum payments to be received under this lease are:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 102,799
2026	104,874
2027	106,991
2028	<u>36,142</u>
	<u><u>\$ 350,805</u></u>

NOTE 17 - SUBSEQUENT EVENTS

On February 16th 2024, a lawsuit was filed by Henry Chauvin Architect, LLC against the Hospital District in the amount of \$881,163 plus judicial interest owed on missed payments. Henry Chauvin Architect, LLC contents that the Hospital District owes outstanding invoices for work performed for the time period 2019 through 2023. The trial date is set for September 23, 2025. The results of the case are not known at this time.

SUPPLEMENTARY INFORMATION

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF NET PATIENT SERVICE REVENUES
YEAR ENDED AUGUST 31,

	<u>2024</u>
Routine Services:	
Adult and pediatric	\$ <u>1,260</u>
Total Routine Services	<u>1,260</u>
Other Professional Services:	
Radiology	338,775
EKG/Echo	113,387
Laboratory	2,121,766
Therapy	88,911
Central supply	50,040
Pharmacy	385,918
Emergency room	1,157,558
Mammography	204,361
Cat Scans	1,234,930
Ultrasound	115,279
Wound care	<u>923,780</u>
Total Other Professional Services	<u>6,734,705</u>
Gross Charges	6,735,965
Less charges associated with charity patients	<u>(150,576)</u>
Gross patient service revenue	6,585,389
Less deductions from revenue:	
Contractual adjustments and discounts	<u>(2,783,294)</u>
Patient service revenue	3,802,095
Less provision for bad debts, net of bad debt recoveries	<u>943,312</u>
Net Patient Service Revenue	\$ <u><u>4,745,407</u></u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF OTHER OPERATING REVENUES
YEAR ENDED AUGUST 31,

	<u>2024</u>
Medical records	\$ 8,727
Interest income	154,351
Rent income	93,882
Dietary income	86,178
Miscellaneous	<u>(4,899)</u>
Total Other Operating Revenue	\$ <u>338,239</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF PER DIEM AND
OTHER COMPENSATION PAID TO BOARD MEMBERS
YEAR ENDED AUGUST 31, 2024

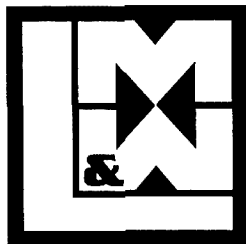
Board Members

The Hospital District's board members did not receive any compensation for the year ended August 31, 2024.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO CHIEF EXECUTIVE OFFICER
YEAR ENDED AUGUST 31, 2024

Agency Head Name: Vince Cataldo
Position: CEO
Time Period: For the year ended August 31, 2024

<u>Purpose</u>	<u>Amount</u>
Salary	134,696
Health insurance	4,616
Retirement (FICA replacement plan)	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-



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Andrew J. Wynn, CPA

Retired 2015
Bobby G. Lester, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
West Ascension Parish Hospital Service District
of Ascension Parish, Louisiana
Donaldsonville, 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 West Ascension Parish Hospital Service District of Ascension Parish, Louisiana (the Hospital District), a component unit of the Ascension Parish Council, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Hospital District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, 2024-003, and 2024-004 that we consider to be material weaknesses.

To the Board of Commissioners
West Ascension Parish Hospital Service District
of Ascension Parish, Louisiana
Donaldsonville, Louisiana
Page Two

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-005.

The District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Hospital District's response to the findings identified in our audit as described in the accompanying schedule of findings and responses. The Hospital District's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountants
Lafayette, Louisiana

June 27, 2025

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified – Yes
- Significant deficiencies identified – None noted

Compliance:

- Noncompliance issues noted – Yes

Management letter issued – No

Section II. Financial Statement Findings

FINDING 2024-001 – Internal Control over Financial Reporting

Criteria: Internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Hospital District, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, we noted several accounts which required adjustment in order for them to properly reflect end of year balances. These accounts included property and equipment, accounts receivable allowances, investments, and receivable and liability accruals. Additionally, there are accounts (suspense liabilities) that do not have subledgers to support the balances.

Cause: The Hospital District does not have adequate policies, procedures, and internal controls to prepare accurate and complete financial statements in accordance with GAAP on a timely basis.

Effect: Due to the inaccuracy of the information provided to the Board, the Hospital District may not have the ability to make appropriate financial decisions.

Recommendation: The District should evaluate its accounting and financial reporting function. Specifically, the District should consider the following:

- Take more of a role in preparing and recording journal entries historically proposed by the auditors as part of the audit.
- Implement procedures and controls to ensure accounts payable and expenses are properly coded and reported on a timely basis at year-end.

Response: The Hospital District is under new administration and is currently adjusting month-end processes to provide the Board with more accurate information. An outside accounting firm has been engaged to assist in addressing this finding.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Section II. Financial Statement Findings (Continued)

FINDING 2024-002 – Public Bid Law

Criteria: Louisiana Revised Statute 38:2211, requires that contracts for public works exceeding the contract threshold of two hundred fifty thousand dollars be advertised for bid and let for contract with the lowest responsible and responsive bidder. The Legislative Auditor recommends that contracts for public works valued at two hundred fifty thousand dollars or less, be administered through a Request for Proposal (RFP) process and/or solicitation of at least three bids, even though the statute does not require them to be bid.

Condition: The Hospital District contracted a company to renovate the Hospital at a total in excess of the public bid law pertaining to public works and did not advertise for bids.

Cause: The Hospital District did not have adequate procedures in place to ensure compliance.

Effect: The Hospital District is not in compliance with the requirements of Louisiana Revised Statute 38:2211.

Recommendation: The Hospital District should implement procedures to ensure the necessary quotes or bids are obtained and necessary information is documented in order to follow Louisiana Revised Statute 38:2211.

Response: Management of the Hospital District concurs with the finding. Management will ensure that quotes or bids are obtained as required by Louisiana Revised Statute 38:2211.

FINDING 2024-003 – Bank Reconciliations

Criteria: Internal controls should be designed to ensure proper reconciliation to prevent or detect material misstatements.

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of controls over the bank reconciliation function. We identified deficiencies in the design of controls regarding the bank reconciliation function. We noted that starting in April of 2024, the bank reconciliation was not properly reconciled to the general ledger.

Cause: The Hospital District lost its CFO during the year and the bank reconciliation was not properly done by the contracted CFO.

Effect: Errors in the bank reconciliation function caused an overstatement of cash during the year.

Recommendation: Proper internal controls should be established in order to perform an effective reconciliation to confirm transactions are appropriate and properly recorded in the financial statements.

Response: Management concurs with the finding. After year-end, the Hospital District contracted with an outside accounting firm in order to help with the bank reconciliation.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Section II. Financial Statement Findings (Continued)

FINDING 2024-004 – Accrued Vacation Payment

Criteria: Based on the criteria for payment of accrued vacation, the Hospital District's policy states "any employee, who is terminating employment in good standing, will be paid for unused vacation time which he/she is eligible." According to the vacation policy, one hundred twenty hours of vacation are allowed to full-time employees with five years or more of service. It is also noted that vacation time is not carried forward year-to-year.

Condition: During 2024, the former CEO's final check showed "correction pay" in the amount of \$80,460. There is no documentation supporting why the payment was made, nor was there any board approval noted. Based on the vacation policy, the payment would be in excess of the accrued vacation policy as the most that could have been paid out based on the vacation policy would be \$8,940.

Cause: There was no support for the final payment made to the former CEO and the payment is not supported by the accrued vacation policy.

Effect: The CEO was possibly over paid for accrued vacation.

Recommendation: We recommend the Hospital District follow payroll policies when employees of the Hospital District are terminating employment. It is also recommended that supporting documentation be kept for these types of payments.

Response: Management concurs with the finding. Management will inquire with the former CEO as to why the payment was made and documentation showing that it was approved. If there is no valid reason for the payment and no approval of the payment, the Hospital District will request that the former CEO pay back the difference between the accrued vacation and the payment amount. The Hospital District will ensure that payroll policies are followed in the future and will ensure that supporting documentation is kept to support any large payments to employees that are not in-line with the normal payroll check amounts.

FINDING 2024-005 - Failure to File Audited Financial Statements Timely

Criteria: The annual audited financial statements were not filed timely for fiscal year ended August 31, 2024.

Condition: In accordance with Louisiana Revised Statute 24:513, the Hospital District must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

Cause: The Hospital District lost key personnel in the accounting area, which lead to a delay in the financial statements being audited.

Effect: The Hospital District did not comply with Louisiana Revised Statute 24:513.

Recommendation: The Hospital District should file their annual financial statement audit within six months of the close of their fiscal year.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Section II. Financial Statement Findings (Continued)

Response:

Management has hired a contracted accounting firm to ensure that accounting records are maintained and reconciled to ensure that their annual financial statement audits are submitted timely.

Section III. Federal Awards Findings and Questioned Costs

Not Applicable

Section IV. Management Letter

Not Applicable

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Section I. Financial Statement Findings

Finding 2023-001 – Internal Control over Financial Reporting

Fiscal Year Initially Reported: August 31, 2022

Condition: During the audit, we noted several accounts which required adjustment in order for them to properly reflect end of year balances. These accounts included patient revenues, property and equipment, inventory, and receivable and liability accruals. Additionally, there are accounts (suspense liabilities) that do not have subledgers to support the balances

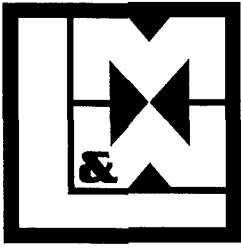
Resolution: Not resolved - See finding 2024-001.

Section II. Federal Awards Findings and Questioned Costs

Not Applicable

Section III. Management Letter

Not Applicable



LESTER, MILLER & WELLS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED AUGUST 31, 2024

To the Board of Commissioners
of West Ascension Parish Hospital Service District
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 01, 2023 through August 31, 2024. Richardson Medical Center's (the Hospital) 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 September 01, 2023 through August 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. 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
 - i. 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.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, 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 unassigned fund balance in the general fund.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. 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 entity's 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:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

- C. For each location selected under procedure #5A 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
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. 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 and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. 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 and 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
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. 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. *Alternatively, 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
- i. 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;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law;
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. 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.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. 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.

10) Ethics

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

11) Debt Service

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. 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).

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The Requirements are as follows:
- Hired before June 9, 2020 – completed the training; and
 - Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. 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 that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exceptions:

Board or Finance Committee

Exceptions: During FY 2024, the board did not receive written updates on the progress of resolving the previous year's audit findings.

Bank Reconciliations

Exceptions: One exception was noted that bank reconciliations were not prepared within two months. It was also noted that bank reconciliations did not include written evidence that a member of management or a board member has reviewed the bank reconciliations.

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

Exceptions: One of the five reimbursements tested was reviewed and approved by the person receiving the reimbursement.

Payroll and Personnel

Exceptions: One of the two employees' termination pay tested did not agree with the employee's leave record, pay rate, or the Hospital's policy.

Information Technology Disaster Recovery/Business Continuity

Exceptions: We performed the procedures and discussed the results with management.

Prevention of Sexual Harassment

Exceptions: *One of the five employees tested did not complete the required sexual harassment training for the calendar year.*

Management's Response:

Management concurs with the exceptions noted and is 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.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

June 27, 2025