Hospital Service District of the Parish of St. Bernard, State of Louisiana

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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REPORT

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
111 Veterans Boulevard
Suite 350
Metairie, LA 70005

504.837.9116
504.837.0123 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Hospital Service District of the Parish of St. Bernard, State of Louisiana
Chalmette, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District), as of December 31, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana
June 27, 2023

MANAGEMENT'S DISCUSSION ANALYSIS

The following discussion and analysis for the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) d/b/a St. Bernard Parish Hospital (the Hospital), provides an overview of the District's financial activities for the years ended December 31, 2022 and 2021. Please read it in conjunction with the District's financial statements, which follow this analysis.

Using These Basic Financial Statements

The District's financial statements consist of: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. These financial statements and related notes provide information about the financial activities of the District and the St. Bernard Hospital Foundation, Inc. (Foundation).

Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position

These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenue and expenses are taken into account when the underlying transactions occur, regardless of when cash is received or paid. These statements report the District's net position and the changes therein. When assessing the overall health of the District, other nonfinancial factors also need to be considered, such as changes in services offered, measures of the quality of service offered, and local economic factors.

Statements of Cash Flows

These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities. It provides information about sources and uses of cash and the change in cash balances during the reporting periods.

Hospital Operations and Significant Events

The mission of the Hospital is to provide quality, comprehensive, cost-effective, healthcare services for St. Bernard Parish. As noted in Note 1, "Description of Hospital Service District", on page 20 the District was formed for the purpose of operating a governmental community hospital in St. Bernard Parish. The Foundation was responsible for construction of the 113,000 square foot state-of-the-art facility, which was substantially completed on July 27, 2012, and the hospital opened its doors to patients shortly thereafter. The Louisiana Department of Health granted the District full licensure on August 20, 2012. The Hospital completed its first full year of operation in 2013.

The hospital facility is licensed for 40 patient beds, an intensive care unit, four operating suites, two endoscopy suites, a cardiac catheterization lab and a ten-bed emergency department. St. Bernard Parish Hospital also provides complete medical imaging, laboratory, in-house pharmacy, food and nutritional services, and rehabilitation services.

The adjacent medical office building (MOB) was substantially completed in late January 2013. The MOB is a complement to the hospital facility and is occupied by physicians in private practice, administrative offices of the hospital, and the St. Bernard Community Health Center.

By the end of December 2015, the Hospital had been serving the St. Bernard Parish community for about forty months. Since the vast majority of capital assets had been put in place upon the opening of the Hospital in August 2012, there was little need for significant additions to capital assets in 2015 and 2016. The Hospital experienced an increase in current liabilities from 2014 to 2015 to 2016 and a decrease in current assets due to unforeseen delays and declines in collections and a degradation of the District's patient receivables resulting in fewer payments of trade payables. There were unforeseen delays in collections on patient accounts through 2015 and parts of 2016. The District's net position decreased mainly as a result of a decline in the collections of patient revenue.

During 2017, the District entered into a Special Services Management Agreement with St. Bernard Operational Management Company, LLC (Ochsner), whereby, the management company provides managerial and administrative expertise in the delivery and operations of the hospital and clinically integrated the hospital with the Ochsner network of physicians, clinics, and hospitals, to improve access, quality, availability, affordability and efficiency of care for residents of the St. Bernard Parish community.

Changes in the District's net position from 2021 to 2022 and significant differences in revenue and expenses between the two years are discussed further in sections hereafter.

Statements of Net Position

The District's net position is the difference between its assets and liabilities as reported in the statements of net position. Table 1A presents a summary of the financial changes to the District in 2022 as compared to 2021. The District's total assets decreased by $10,194,494 or 9% and the District's total liabilities decreased by $9,724,708 or 20%.

Table 1A
Condensed Statements of Net Position

December 31,	2022	2021	Dollar Change	Percent Change
Assets				
Current assets	**$ 46,603,795**	$ 53,953,725	$ (7,349,930)	-14%
Capital assets, net	**51,669,682**	53,920,554	(2,250,872)	-4%
Other long-term assets	**503,910**	1,097,602	(593,692)	-54%
Total assets	**98,777,387**	108,971,881	(10,194,494)	-9%
Liabilities				
Current liabilities	**36,879,582**	45,610,942	(8,731,360)	-19%
Long-term debt, net	**966,611**	1,959,959	(993,348)	-51%
Total liabilities	**37,846,193**	47,570,901	(9,724,708)	-20%
Deferred inflows of resources	**1,056,132**	1,765,327	(709,195)	-40%
Net Position				
Net investment in capital assets	**50,710,595**	52,479,309	(1,768,714)	-3%
Unrestricted	**9,158,816**	7,156,344	2,002,472	28%
Restricted	**5,651**	-	5,651	100%
Total net position	**$ 59,875,062**	$ 59,635,653	$ 239,409	0%

Current Assets

There was a $7,349,930 decrease in total current assets from 2021 to 2022.

- Cash increased $1.28 million. The includes an increase of $9.2 million in patient services revenue receipts, offset by $3.5 million increase in intergovernmental transfers and $4.4 million increase in management fees paid.
- The Full Medicaid Payment program receivable decreased $7.5 million due to revenues accrued pursuant to the Hospital Full Medicaid Payment program participation for services to Medicaid beneficiaries enrolled in the Medicaid Managed Care plans. The accrued payments were received in the first six months of 2023.
- Prepaid expenses increased $0.93 million due to increased costs of property and liability insurance premiums.

Capital Assets

Table 2A presents the components of capital assets at December 31, 2022 and 2021. In 2022, net capital assets decreased approximately $2.2 million. Additions of $0.827 million to capital assets were offset by current year depreciation of $2.8 million. The District's additions to capital assets were for necessary improvements to the Hospital building and completing purchases of furniture and fixtures, major moveable equipment and computer equipment for the operations of the Hospital. In October of 2021, the District received a donation of land from Arlene and Joseph Meraux Charitable Foundation that was appraised of $2,800,000.

December 31,	**2022**	2021	Dollar Change
Land	**$ 5,690,000**	$ 5,690,000	$ -
Hospital building	**43,838,076**	43,798,270	39,806
Medical office building	**11,008,475**	11,008,475	-
Machinery and equipment	**19,540,726**	19,324,421	216,305
Right-of-Use Asset	**399,971**	399,971	-
Land and leasehold improvements	**149,207**	180,249	(31,042)
Software	**92,505**	89,745	2,760
Construction in progress	**119,510**	19,485	100,025
Assets not in service	**99,248**	-	99,248
Subtotal	**80,937,718**	80,510,616	427,102
Less accumulated depreciation	**(29,268,036)**	(26,590,062)	(2,677,974)
Total capital assets	**$ 51,669,682**	$ 53,920,554	$ (2,250,872)

There was an $8.7 million decrease in total current liabilities from 2021 to 2022.

- Accounts Payable decreased $317 thousand. This includes a decrease of $384 thousand in accrued payables for contracted software services.
- Due to Hospital Manager decreased $629 thousand. This is primarily due to the management fees pursuant to the Special Services Management Agreement. According to this agreement, the Hospital Manager may procure purchased services (supplies, equipment, and other items) in the name of and on behalf of the District, for which the District must reimburse the Manager's full cost.
- The full Medicaid payment program payable decreased $770 thousand due to the timing of scheduled intergovernmental transfers. The accrued payable was fully paid in the first three months of 2023.
- Third party settlement reimbursements decreased $2.7 million due to cost report reserve estimates.
- HHS Cares act provider relief fund and CMS accelerated and advance payment program decreased by $3.7 million due to repayments to the grant programs in accordance with the compliance requirements.

- Other current liabilities decreased $9 thousand due to deferred revenue recognition of rental payments received.

Long-Term Debt

The District had approximately $0.96 million in long-term debt outstanding as of the end of 2022 which was a 51% decrease from the previous year due to long-term debt payments made during the year. There were no new long-term borrowings in 2022.

Net Position

Table 3A presents the components of the District's net position at December 31, 2022 and 2021:

Table 3A
Components of Net Position

December 31,	**2022**	2021	Dollar Change	Percent Change
Net investment in capital assets	**$ 50,710,595**	$ 52,479,309	$ (1,768,714)	-3%
Unrestricted	**9,158,816**	7,156,344	2,002,472	28%
Restricted	**5,651**	-	5,651	100%
Total net position	**$ 59,875,062**	$ 59,635,653	$ 239,409	0%

2022 and 2021 Statements of Revenues, Expenses and Changes in Net Position

The following discussion refers to the summarized activity presented in the District's Condensed statements of revenues, expenses, and changes in net position in Table 4A for 2022 and 2021.

Operating Revenue

Operating revenue increased approximately $226 thousand from 2021 to 2022 due to an increase in miscellaneous revenues.

Other operating revenue recognized by the District includes grants and other support for the delivery of adequate and essential medically necessary health care services to the citizens in the community who are low income and/or indigent patients of approximately $1.7 million and $3.2 million for the years 2022 and 2021, respectively.

Table 4A presents the components of the District's revenue, expenses and change in net position as of December 31, 2022 and 2021:

Table 4A

Condensed Statements of Revenues, Expenses and Changes in Net Position

December 31,	2022	2021	Dollar Change
Operating revenue	**$ 79,332,855**	$ 79,106,454	$ 226,401
Operating expense	**80,580,518**	85,470,106	(4,889,588)
Operating revenue	**(1,247,663)**	(6,363,652)	5,115,989
Total interest income	**68,962**	31,019	37,943
Ad valorem taxes	**3,299**	8,093	(4,794)
Governmental support	**145,480**	5,310,422	(5,164,942)
Loss (gain) on disposal of property and equipment	**10,000**	(25,235)	35,235
Forgiveness of PPP loan	**-**	1,395,900	(1,395,900)
Interest expense	**(196,242)**	(372,469)	176,227
In-kind contribution	**1,455,573**	-	1,455,573
Other non-operating expense	**-**	2,800,000	(2,800,000)
Non-operating revenue	**1,487,072**	9,147,730	(7,660,658)
Change in net position	**239,409**	2,784,078	(2,544,669)
Net position, beginning of year	**59,635,653**	56,851,575	2,784,078
Net position, end of year	**$ 59,875,062**	$ 59,635,653	$ 239,409

Table 5A below presents the relative percentages of gross charges billed for patient services by payor.

Table 5A

Payor Mix

December 31,	**2022**	**2021**
Managed care	**28%**	29%
Medicare	**10%**	12%
Medicaid	**36%**	36%
Commercial	**23%**	20%
Guarantor	**3%**	3%
Total patient revenues	**100%**	100%

Reimbursements to the District are made on behalf of patients by the federal and state governments under the Medicare and Medicaid programs, respectively, by commercial insurance carriers and health maintenance organizations, as well as by patients on their own behalf. The difference between the covered charges and the payments under government programs and established contracts is recognized as a contractual allowance. Contractual allowance expense as a percentage of gross charges was 69.0% and 72.1% for 2022 and 2021.

Operating Expenses

The operating expenses of the Hospital decreased by 6% or $4.9 million in 2022 as outlined below.

IGT expense, which is to support the Medicaid program for services to the low-income population, increased by $1.35 million.

Salaries, wages, and benefits increased $519 thousand; Medical supplies and services decreased by $1.9 million; General supplies decreased $41 thousand; General and administrative expense decreased by $5.4 million; Professional fees and purchased services decreased $22 thousand; Insurance increased $244 thousand; and Building and equipment increased $15 thousand in 2022 from 2021.

Depreciation increased $336 thousand in 2022 due to new asset additions.

Non-Operating Income and Expenses

Ad valorem taxes are received by the District from the Tax Assessor of St. Bernard Parish. The 2011 year was the first year the District levied taxes, which have been set at 8.00 mills for the purpose of constructing, equipping, maintaining and operating hospital facilities within the District. The ad valorem taxes recognized by the District are recorded net of an allowance. The millage was not renewed in 2020. Ad valorem taxes recognized by the District decreased $5 thousand in 2022.

The District recognized $5.3 million from the CARES Act as support during 2021, which was a result of the COVID-19 pandemic. The District did not recognize revenue from the CARES Act as support during 2022.

In 2020, the District received a PPP loan under the Protection Program. The District recognized $1.4 million of PPP loan forgiveness in 2021.

Interest expense decreased by $168 thousand in 2022 primarily due to interest paid in 2022 pursuant to the repayment of Provider Relief Funds. Interest Income increased $68 thousand in 2022.

2022 Budget to Actual Comparison

The following Table 6A presents a comparison between actual results of operations versus budgeted 2022 amounts:

Table 6A
Budget vs Actual

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Net patient service revenue net of provision for bad debts of $2,833,700 budget and $2,073,713 actual	$ 43,637,164	$ 41,136,785	$ (2,500,379)
Other operating revenue	36,620,570	36,507,653	(112,917)
CEA revenue	3,273,217	1,688,417	(1,584,800)
Total revenues	83,530,951	79,332,855	(4,198,096)
Operating Expenses			
Salaries, wages, and benefits	10,678,925	11,573,472	(894,547)
Supplies and other	7,761,438	5,814,107	1,947,331
Professional fees and purchased services	143,995	94,622	49,373
IGT Expense	-	57,679,034	(57,679,034)
Building and equipment	1,603,272	1,574,408	28,864
Insurance	697,681	899,341	(201,660)
General and administrative	54,686,436	212,153	54,474,283
Depreciation and amortization	2,796,036	2,733,381	62,655
Total operating expenses	78,367,783	80,580,518	(2,212,735)
Non-operating income (loss), net	(192,085)	1,487,072	1,679,157
Excess of revenues over expenses	$ 4,971,083	$ 239,409	$ (4,731,674)

Net patient revenue was under budget by $2.5 million due to a 20% decrease in inpatient revenue and an 11% decrease in outpatient revenue.

CEA program revenue was under budget by $1.6 million due to the implementation of the Medicaid Directed Payment Program.

Total Operating Expenses were favorable to budget by $2.2 million. IGT Expense was unfavorable to budget by $14.0 million. General and administrative expenses were favorable to budget by $10.5 million due to the decrease in management fees pursuant to the Special Services Management Agreement. Employee Salaries were unfavorable to budget by $0.9 million, and Medical supplies and services were favorable to budget by $1.9 million.

Liquidity, Economic Factors, and Next Year's Budget

During 2022, management and the Board focused on the following:

- Optimizing operational efficiencies via the many systems and resources provided through the special services agreement with Ochsner.
- Increasing physicians and number of specialties providing services at the hospital and to the community
- Providing increased outreach and education to the community through multiple avenues
- Promoting staff development and advanced degrees in order to improve quality and staff engagement
- Employing recruitment strategies to address rising staff shortages
- Optimizing patient perception of care

The Hospital's management and Board of Commissioners considered many factors when setting the fiscal year 2023 budget. Of primary importance in setting the 2023 budget is the status of the economy, which takes into account market forces and environmental factors such as:

- Medicare reimbursement changes and reductions
- Medicaid payment changes and enrollment
- Workforce shortages and labor rates
- Cost of supplies and drugs
- Supply chain shortages
- Increased competition in the marketplace
- Prior year experience in use of estimates
- Operating efficiencies as a result of the special service management agreement

The Covid-19 pandemic had a significant impact on the operations at St, Bernard Parish Hospital. During 2022, the hospital experienced the following:

- Decreased inpatient census post January 2022 surge
- Flat Outpatient revenue
- Significant strain on staffing
- Increased PPE (personal protective equipment) usage and price increases
- Sharp rise in labor cost due to staffing shortages caused by Covid and worker departures from healthcare.

Contacting the Financial Management

This financial report is designed to provide our taxpayers, suppliers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Anthony Bonnecarrere, Controller, at the District's finance office at 8000 West Judge Perez Drive, Chalmette, LA 70043.

The preceding discussion and analysis for the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) d/b/a St. Bernard Parish Hospital, provides an overview of the District's financial activities for the years ended December 31, 2022 and 2021. Please read it in conjunction with the District's financial statements, which follow this analysis.

FINANCIAL STATEMENTS

Hospital Service District of the Parish of St. Bernard, State of Louisiana
Statements of Net Position

As of December 31,	**2022**	2021 *(Restated)*
Assets		
Current assets		
Cash and cash equivalents	**$ 30,506,995**	$ 29,222,946
Restricted cash and cash equivalents	**83,993**	84,421
Receivables		
Patient accounts receivable, net of estimated uncollectibles and allowances of $10,542,133 in 2022 and $12,136,977 in 2021	**2,922,379**	3,048,597
Grants receivable	**-**	1,240,406
Current portion of lease receivable	**571,867**	675,672
Full Medicaid Payment program receivable	**9,986,130**	17,440,300
Other receivable	**59,347**	43,294
MCIP receivable	**1,671,882**	1,314,458
Inventory	**256,274**	431,218
Prepaid expenses	**544,928**	452,413
Total current assets	**46,603,795**	53,953,725
Right-of-use asset, net	**103,249**	153,573
Capital assets, net	**51,566,433**	53,766,981
Long-term lease receivable	**503,910**	1,097,602
Total assets	**$ 98,777,387**	$ 108,971,881
Liabilities and Net Position		
Current liabilities		
Accounts payable	**$ 245,772**	$ 562,588
Due to Hospital manager	**14,823,993**	15,452,745
Accrued payroll	**565,614**	712,188
Accrued interest payable and other expenses	**362,379**	881,526
Full Medicaid Payment program payable	**18,234,921**	19,004,843
Current portion of long-term debt	**915,000**	870,000
Current portion of lease obligation	**78,348**	76,561
Third party settlement reimbursements, net	**1,232,420**	3,942,996
HHS CARES Act Provider Relief Fund	**346,900**	2,583,405
CMS Accelerated and Advanced Payment Program	**14,176**	1,455,451
Other current liabilities	**60,059**	68,639
Total current liabilities	**36,879,582**	45,610,942

(Continued)

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

As of December 31,		**2022**		2021
Long-term debt				
Long-term portion of lease obligation	**$**	**6,611**	$	84,959
Long-term debt, less current portion		**960,000**		1,875,000
Total long-term debt		**966,611**		1,959,959
Total liabilities		**37,846,193**		47,570,901
Deferred inflow of resources				
Leases		**1,056,132**		1,765,327
Net position				
Net investment in capital assets		**50,710,595**		52,479,309
Unrestricted		**9,158,816**		7,156,344
Restricted		**5,651**		-
Total net position		**59,875,062**		59,635,653
Total liabilities and net position	**$**	**98,777,387**	$	108,971,881

(Concluded)

Hospital Service District of the Parish of St. Bernard, State of Louisiana
Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31,	**2022**	2021
		(Restated)
Operating Revenue		
Net patient service revenue	**$ 41,136,785**	$ 39,642,104
Full Medicaid Payment program revenue	**31,826,116**	32,969,816
Other operating revenue	**3,953,449**	2,505,409
Rental income	**728,088**	715,907
CEA program revenue	**1,688,417**	3,273,218
Total operating revenues	**79,332,855**	79,106,454
Operating Expenses		
Salaries and wages	**9,960,021**	9,336,610
Employee benefits	**1,613,451**	1,717,199
General and administrative	**212,153**	5,632,194
IGT expense	**57,679,034**	56,328,303
Professional fees and purchased services	**94,622**	116,667
Medical supplies and services	**5,566,966**	7,446,919
Supplies	**247,141**	288,299
Building and equipment	**1,574,408**	1,469,977
Insurance	**899,341**	655,756
Depreciation and amortization	**2,733,381**	2,478,182
Total operating expenses	**80,580,518**	85,470,106
Operating (loss) income	**(1,247,663)**	(6,363,652)
Nonoperating Revenue (Expense)		
Ad valorem revenue	**3,299**	8,093
Governmental support	**145,480**	5,310,422
In-kind contribution	**1,455,573**	-
Interest income	**68,962**	31,019
Forgiveness of Paycheck Protection Program note payable	**-**	1,395,900
Gain (loss) on disposal of property and equipment	**10,000**	(25,235)
Other non-operating revenue (expense)	**-**	2,800,000
Interest expense	**(196,242)**	(372,469)
Total nonoperating revenue (expense)	**1,487,072**	9,147,730

(Continued)

For the Years Ended December 31,	**2022**	2021
Change in net position	**239,409**	2,784,078
Net position - beginning of year	**59,635,653**	56,851,575
Net position - end of year	**$ 59,875,062**	$ 59,635,653

(Concluded)

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

Hospital Service District of the Parish of St. Bernard, State of Louisiana
Statements of Cash Flows

For the Years Ended December 31,	**2022**	2021 *(Restated)*
Operating Activities		
Revenue collected	**$ 81,927,973**	$ 64,486,243
Cash paid to or on behalf of employees	**(10,264,473)**	(11,015,713)
Cash paid for suppliers and services	**(66,345,245)**	(55,175,456)
Net cash provided by (used in) operating activities	**5,318,255**	(1,704,926)
Noncapital Financing Activities		
Repayment of CARES Act Provider Relief Fund	**(2,546,265)**	-
Ad valorem taxes	**3,299**	8,105
Net cash provided by (used in) noncapital financing activities	**(2,542,966)**	8,105
Capital and Related Financing Activities		
Principal payments on long-term debt and lease obligations	**(946,561)**	(830,000)
Proceeds from HHS CARES Act Provider Relief Fund	**-**	37,139
Interest paid	**(275,122)**	(185,733)
Governmental support	**145,480**	5,273,283
Purchase of capital assets	**(494,427)**	(5,165,693)
Proceeds from sale of capital assets	**10,000**	39,400
Net cash provided by (used in) capital and related financing activities	**(1,560,630)**	(831,604)
Investing Activities		
Cash received as interest	**68,962**	31,019
Change in restricted cash	**428**	397,774
Net cash provided by (used in) investing activities	**69,390**	428,793
Net increase (decrease) in cash and cash equivalents	**1,284,049**	(2,099,632)
Cash and cash equivalents - beginning of year	**29,222,946**	31,322,578
Cash and cash equivalents- end of year	**$ 30,506,995**	$ 29,222,946

(Continued)

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

For the Years Ended December 31,	**2022**	2021
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities		
Operating income (loss)	**$ (1,247,663)**	$ (6,363,652)
Adjustments to reconcile operating income (loss) from operations to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	**2,733,381**	2,478,182
Provision for bad debt	**2,091,839**	2,637,155
In-kind salaries and wages	**1,455,573**	-
Changes in operating assets and liabilities:		
Patient accounts receivable	**(1,965,621)**	(3,078,564)
Grants receivable	**1,240,406**	-
Due from/to Hospital Manager	**(628,752)**	15,026,727
Full Medicaid Payment program receivable	**7,454,170**	(675,448)
Other receivable	**(16,053)**	(30,236)
MCIP receivable	**(357,424)**	29,961
Inventory	**174,944**	(130,834)
Prepaid expenses	**(92,515)**	1,706,145
Accounts payable	**(316,816)**	224,411
Accrued payroll	**(146,574)**	38,096
Third party settlement reimbursements	**(2,710,576)**	(2,698,600)
Full Medicaid Payment program payable	**(769,922)**	(4,786,149)
HHS Cares Act Provider Relief fund deferred revenue	**309,980**	(5,273,483)
Proceeds (payments) from CMS Accelerated and Advanced Payment Program	**(1,441,275)**	(825,771)
Other liabilities	**(448,847)**	17,134
Net cash provided by (used in) operating activities	**$ 5,318,255**	$ (1,704,926)
Supplemental Disclosures of Noncash Activities		
Noncash Investing Activities		
Capital assets included in payables	**$ -**	$ 8,880
Noncash Financing Activities		
Land donation	**$ -**	$ 2,800,000
Abatement of IRS penalties and interest	**145,480**	-

(Concluded)

Note 1: DESCRIPTION OF HOSPITAL SERVICE DISTRICT

The accompanying financial statements include the accounts of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) and St. Bernard Hospital Foundation, Inc. (the Foundation), which are collectively referred to as the Organization.

The District is a political subdivision of the State of Louisiana (the State) organized by the St. Bernard Parish Council (the Parish) under the provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950. The District was formed on November 6, 2007 for the purpose of constructing a non-profit community hospital in St. Bernard Parish. The District is exempt from federal income taxes under Section 115 of the Internal Revenue Code (IRC). The Board of Commissioners is the governing authority for the District and responsible for obtaining voter and/or board approval for the levy of tax or debt issuance. The District is considered a special district that was formed for the purpose of operation St. Bernard Parish Hospital (the Hospital).

The relationship between the Parish and the District is summarized as follows: The Parish Tax Assessor collects and remits a tax which was voter-approved and levied specifically for the District. In addition, there is a Cooperative Endeavor Agreement (CEA) dated 2009 between the District and the Parish wherein the Parish designated $600,000 from its Sales Tax Bond Issue Series 2004 loaned to the District to pay for capital improvement projects. Interest accrues at a rate of 6% per annum and the entire unpaid balance on the loan is due on or before January 2019. During 2020, the District paid the full outstanding balance of this loan.

The Foundation is a Louisiana not-for-profit entity which was granted its tax exempt status on October 23, 2012 with an effective exemption date of September 21, 2010 under IRC 501(c)(3). The Foundation was organized on September 21, 2010, for the purpose of assisting and promoting the District with the development of the hospital facility and raising capital for the operation of health care related services to benefit the health and wellness of the residents of the District, particularly the indigent residents of the District. The Foundation is a voluntary, nonprofit, non-stock membership organization.

The Foundation is maintained by grants, private loans, operating revenues, and joint ventures with the District. The Foundation is governed by a Board of Directors made up of five members. Four of the board members are appointed by the Board of Commissioners of the District and one member is appointed by Access Health Louisiana, a Louisiana nonprofit corporation. Due to this level of control and the financial benefit/burden relationship with the District that exists, the Foundation is considered a blended component unit of the District for accounting purposes.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with applicable pronouncements of the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus. Revenue, expenses, gains, losses, assets, and liabilities are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and parish appropriations) are recognized when all applicable eligibility requirements are met.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change in the near term are related to the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payer settlements. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Risk Management

The Organization 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.

Cash and Cash Equivalents

Cash and cash equivalents includes amounts held in demand deposits and interest bearing demand deposits. Under state law, the Organization may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash and Cash Equivalents

Restricted cash has restrictions that exist that limit the ability of the Organization to use them to pay current liabilities. The Organization's restricted cash includes cash received through a long-term debt arrangement whose use is restricted for the purchase and implementation of a new electronic health records system and certain related management fees as outlined in the respective loan agreements.

Patient Accounts Receivable, Net

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the District analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payer sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2022 and did not have significant write-offs from third-party payers related to collectability in fiscal years 2022 or 2021.

Inventory

Inventory, which consists primarily of drugs and supplies, is valued at the lower of cost (first in, first out method) or net realizable value.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Receivables

The District is a lessor for noncancellable leases of Hospital property. The District recognizes a lease receivable 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 lease payments received. The District will receive lease payments subject to the terms of the lease agreements. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow 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.

The District uses the stated rate in the lease or its estimated incremental borrowing rate as the discount rate for the leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District 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.

Lease Payable

The District is the lessee for one noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any lease extension options that the District is reasonably certain to exercise.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease Payable (Continued)

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Capital Assets, net

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation and amortization of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Property and equipment with initial individual costs of greater than $1,000 are capitalized.

The following estimated useful lives are being used by the Organization:

Hospital building	15 - 40 years
Medical office building	15 - 40 years
Machinery and equipment	3 - 15 years
Land and leasehold improvements	2 - 15 years
Software	2 - 3 years
Right of use assets	2 - 5 years

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in the statement of revenues, expenses and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives of the respective assets are capitalized. Routine maintenance and repairs are charged to expense when incurred.

Cost of Borrowing

Interest cost incurred on borrowed funds before the end of a construction period of capital assets is recognized as an expense in the period in which the cost incurred for financial statements prepared using the economic resources measurement focus. Costs incurred in connection with the obtaining of financing, except for the insurance paid with debt proceeds, are expensed in the period in which the costs are incurred. Premiums or discounts incurred in connection with the issuance of bonds and indentures are amortized over the life of the obligations on the interest method, and the unamortized amount is included in the balance of the outstanding debt.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Organization evaluates, on an ongoing basis, the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved.

Based on management's evaluations, no long-lived asset impairments were recognized during the years ended December 31, 2022 and 2021.

Compensated Absences

Employees accumulate general purpose time at varying rates according to years of service. Employees are immediately vested in accrued general purpose time when earned. Upon termination, all unused paid time off hours are paid to the employee at the employee's current rate of pay. Employees are allowed to accrue general purpose time up to 280 hours. Amounts are accrued and included in the accompanying statements of net position statements in accrued payroll.

Net Position

Net position of the Organization is classified in three components, as follows:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted net position – made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Organization, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Unrestricted net position – the remaining net position that does not meet the definitions of net investment in capital assets or restricted net position described above.

The Organization first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenue and Expenses

The Organization's statements of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operative revenues result from exchange transactions associated with providing health care services, the Organization's principal activity. Non-operating revenues and expenses consist of revenues and expenses related to ad valorem tax revenue, capital grants, and financing and investing type activities and result from non-exchange transactions or investment income.

Net Patient Service Revenue

The District has agreements with third-party payers for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendering including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

The District believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor (RAC) and Medicaid Integrity Contractor (MIC) programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RACs have authority to pursue 'improper' (in their judgment) payments with a three year look back from the date the claim was paid.

Charity Care

The 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 District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The District maintains records to identify and monitor the level of charity care it provides to all of its qualifying patients. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. As presented in Note 5, the District reduced its gross revenues for its cost of charity care. For the years ended December 31, 2022 and 2021, charity care totaled $465,524 and $249,437, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cooperative Endeavor Agreement Revenues

The District formed collaborations with the State and several units of local governments in Louisiana to more fully fund the Medicaid program (the Program) and ensure the availability of quality healthcare services for the low income and needy population. These collaborations enable the governmental entities to increase support for the state Medicaid program. The District recognizes all funds received under the cooperative endeavor agreement as operating revenues in the period applicable to the receipt of the funds. Any amounts related to that year that are not received as of fiscal year-end are recorded as grants receivable.

Grants and Contributions

From time to time, the Organization receives grants and contributions from individuals or private and public organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all the eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts are reported as non-operating revenues.

Ad Valorem Revenue

The District receives dedicated property tax revenues in amounts sufficient to fund annual debt maturities of the general obligation bonds and related interest costs (see Note 6). Such revenues are considered non-operating in the accompanying statements of revenues, expenses and changes in net position.

Full Medicaid Payment Program Revenues

The District participates in the State's Full Medicaid Payment Program which provides continuing support to healthcare entities who provide services to Managed Medicaid patients, whereby the State distributes additional payments to approximate Medicaid reimbursement (Full Medicaid Payment). The District records the revenues as soon as they are estimable with any true-ups recorded at the time of payment. The Full Medicaid Payment Program was replaced during 2022 with the Medicaid Directed Payment Program.

Managed Care Incentive Payment (MCIP) Revenue

The District participates in the State's MCIP Program which provides incentive payments to healthcare entities for achieving quality reforms that increase access to health care, improve the quality care, and/or enhance the health of patients they serve. Incentive payments are received after the specified activities, targets, performance measures, or quality-based outcomes achieved by the healthcare entity. The revenue associated with MCIP incentive payments is recognized by the District as soon as the amounts are estimable. Any changes resulting from the change in estimate are recognized within operation in the period in which they occur.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Medicaid Directed Payment Program (DPP)

The District participates in the State's Medicaid Directed Payment Program, which provides continuing support to hospitals that provide services to Managed Medicaid patients through a percentage increase to each hospital's base Medicaid claims payments for hospital services to the Medicaid managed care population. The District records the revenues as soon as they are estimable with any true-ups recorded at the time of payment.

Current Healthcare Environment

The Organization monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Hospital in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payor industry.

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on the Organization's financial position and operating results.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

As an essential government function of St. Bernard Parish, the Organization is generally exempt from federal and state income taxes under Section 115 of the IRC and a similar provision of state law.

The Foundation is exempt from taxes on income other than unrelated business income under section 501(c)(3) of the IRC.

During the year ended December 31, 2019, the Foundation filed 2016 and 2017 tax forms required by the Affordable Care Act after the due date as required by the IRS. Penalties of $252,644 were accrued by the Foundation and included in accounts payable and interest expense on the the statement of financial position and statement of activities and changes in net assets as of December 31, 2019. Penalties of $104,520 were forgiven by the IRS and were recognized as other income on the statement of activities and changes in net assets as of December 31, 2020. The remaining amount of $148,124 was included in accounts payable on the accompanying statements of financial position as of December 31, 2021. During the year ended December 31, 2022, the Foundation determined that the prescription period for assessing penalties and interest had passed; therefore, recognized the write-off of these penalties as non-operating revenue on the statement of activities and changes in net assets.

Pronouncements Recently Adopted

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). This statement provides guidance for lease contracts for nonfinancial assets – including vehicles, heavy equipment and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). The lease definition now focuses on a contract that conveys control of the right to use another entity's nonfinancial assets, which is referred to in the new Statement as the underlying asset. Under GASB 87, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. This Statement was adopted during the year ended December 31, 2022 on a retrospective basis (see Note 3).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Agreements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement is effective for the Organization for the year ended December 31, 2023 and management is currently estimating the impact this statement will have on its financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 27, 2023, and determined that not occurred that required inclusion in or disclosure to the financial statements. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

Note 3: RESTATEMENT DUE TO ADOPTION OF NEW ACCOUNTING PRINCIPLE

During the year ended December 31, 2022, the District implemented GASB Statement No. 87, *Leases* (GASB 87), effective January 1, 2021. The lease definition now focuses on a contract that conveys control of the right to use another entity's nonfinancial assets, which is referred to in the new Statement as the underlying asset. Under GASB 87, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. As it relates to lessee activities, the District has recorded a right of use asset included in capital assets on the accompanying statements of net position, and a lease obligation on the accompanying statement of net position.

Note 3: RESTATEMENT DUE TO ADOPTION OF NEW ACCOUNTING PRINCIPLE (Continued)

The following changes have been made to the December 31, 2021 amounts reported prior to the adoption of GASB 87 on the accompanying financial statements:

	Restated after Adoption of GASB 87	As Originally Reported Prior to Adoption of GASB 87
Statements of Net Position		
Lease receivable	$ 1,773,274	$ -
Right of use asset	153,573	-
Net investment in capital assets	52,479,309	52,487,256
Unrestricted net position	7,156,344	7,148,397
Lease obligations	161,520	-
Deferred inflows	1,765,327	-
Statements of Revenues, Expenses and Changes in Net Position		
Rental income	$ 715,907	$ 745,704
Interest income	31,019	1,222
Building and equipment	1,469,977	1,559,602
Depreciation and amortization	2,478,182	2,397,258
Interest expense	(372,469)	(363,768)
Statements of Cash Flows		
Cash paid for suppliers and services	$ (55,175,456)	$ (55,184,157)
Revenue collected	64,486,243	64,516,040
Interest paid	(185,733)	(177,032)
Income (loss) from operations	(6,363,652)	(6,342,556)
Depreciation and amortization	2,478,182	2,397,258
Cash received as interest	31,019	1,222

Note 4: CASH AND RESTRICTED CASH

Cash and Restricted Cash

At December 31, 2022 and 2021, the Organization had $30,590,988 and $29,307,367, respectively, in interest bearing demand deposits as follows:

December 31,	2022	2021
Cash	**$ 30,506,995**	$ 29,222,946
Restricted Cash	**83,993**	84,421
Total	**$ 30,590,988**	$ 29,307,367

These deposits are stated at cost, which approximates market.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure the Organization's deposits may not be returned to it. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent.

The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

The District's cash deposits included in cash on its statement of net position as of December 31, 2022 and 2021, were entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

The Federal Deposit Insurance Corporation insures cash deposits up to $250,000 per financial institution. The Foundation, a not-for-profit corporation, had deposits totaling $2,184,846 and $68,870 that were not secured by a pledge of securities owned by the fiscal agent bank as of December 31, 2022 and 2021, respectively.

Concentration of Credit Risk

As required under GASB statement 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3*, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the fair value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2022 and 2021, the Organization had no investments requiring concentration of credit risk disclosure.

Note 5: PATIENT ACCOUNTS RECEIVABLE AND REVENUE

Accounts Receivable

The District is located in St. Bernard Parish in Louisiana. The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at December 31, 2022 and 2021 was:

	2022	2021
Medicare	**$ 3,534,167**	$ 4,061,432
Medicaid	**3,259,501**	3,851,472
Commercial and other third-party payers	**5,854,000**	5,262,899
Private pay	**816,844**	2,009,771
Total patient accounts receivables	**13,464,512**	15,185,574
Less allowance for uncollectible accounts	**(10,542,133)**	(12,136,977)
Patient accounts receivables, net	**$ 2,922,379**	$ 3,048,597

The mix of net accounts receivable due from patients and third-party payors as of December 31, 2022 and 2021 was as follows:

	2022	2021
Medicare	**26.2%**	26.7%
Medicaid	**24.2%**	25.4%
Commercial and other third-party payers	**43.5%**	34.7%
Private pay	**6.1%**	13.2%
Total	**100.0%**	100.0%

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates.

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

Medicare – The District is reimbursed under the Medicare Prospective Payment System for acute care inpatient services provided to Medicare beneficiaries and is paid a predetermined amount for these services based, for the most part, on the Diagnosis Related Group (DRG) assigned to the patient.

Note 5: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

Net Patient Service Revenue (Continued)

In addition, the District is paid prospectively for Medicare inpatient capital costs based on the federal specific rate. The District qualifies as a disproportionate share provider under the Medicare regulations. As such, the District receives an additional payment for Medicare inpatients served.

Except for Medicare disproportionate share reimbursement and Medicare bad debts, there is no retroactive settlement for inpatient costs under the Medicare inpatient prospective payment methodology.

Medicare outpatient services (excluding clinical lab and outpatient therapy) are reimbursed by the Outpatient Prospective Payment System (OPPS), which establishes a number of Ambulatory Payment Classifications (APC) for outpatient procedures in which the District is paid a predetermined amount per procedure. Medicare outpatient clinical lab services are reimbursed based upon the Medicare fee schedules.

Medicaid – The District is paid a prospective per diem rate for Medicaid inpatients. The per diem rate is based on a peer grouping methodology, which assigns a per diem rate to each hospital in the peer group. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. Medicaid outpatient clinical lab and Medicaid ambulatory surgery and outpatient therapy services are reimbursed based upon the Medicare fee schedules.

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

Revenue derived from the Medicare and Medicaid programs is subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services (HHS) before settlement amounts become final. Annually, management evaluates the recorded estimated settlements and adjusts these balances based upon the results of the intermediary's audit of filed cost reports and additional information becoming available. Although the fiscal intermediary has not completed its audits (or reopened the review) of the estimated settlements for the years ended December 31, 2014 through 2018 for Medicare and Medicaid, the District does not anticipate significant adverse adjustments to the recorded settlements for those years.

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

Note 5: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

Net Patient Service Revenue (Continued)

A summary of gross revenue from patient services provided under contracts with third-party payers for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Medicare	**36.5%**	39.6%
Medicaid	**37.2%**	36.5%
Commercial and other third-party payers	**26.3%**	23.9%
Total	**100%**	100%

A summary of the District's net patient service revenue for the years ended December 31, 2022 and 2021 is as follows:

December 31,	**2022**	2021
Gross patient service revenue	**$ 141,032,100**	$ 151,809,746
Less discounts, allowance, and estimated contractual adjustments under third-party reimbursement programs	**(97,337,952)**	(109,281,050)
Less provision for bad debts	**(2,091,839)**	(2,637,155)
Charity Care	**(465,524)**	(249,437)
Net patient service revenue	**$ 41,136,785**	$ 39,642,104

Note 6: AD VALOREM TAXES

Ad valorem taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied due to the extent they are determined to be currently collectible. Ad valorem taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Bernard Parish. The 2011 year was the first year the District levied taxes, which have been set at 8.00 mills for the purpose of constructing, equipping, maintaining and operating hospital facilities within the District. Effective August 22, 2016, the Board approved a millage increase to 8.16. There were no ad valorem taxes receivables recorded as of December 31, 2022 and 2021. Effective January 1, 2020, the Board approved the removal of the millage for the District.

Note 7: CAPITAL ASSETS

Capital asset activity and balances for the years ended December 31, 2022 were as follows:

	Balance 1/1/2022	Additions/ Transfers in	Disposals/ Retirements/ Transfers out	Balance 12/31/2022
Land	$ 5,690,000	$ -	$ -	$ 5,690,000
Hospital building	43,798,270	39,806	-	43,838,076
Medical office building	11,008,475	-	-	11,008,475
Machinery and equipment	19,324,421	301,223	(84,921)	19,540,723
Land improvements	50,551	8,764	-	59,315
Leasehold improvements	129,698	-	(39,806)	89,892
Software	89,745	2,760	-	92,505
Construction in progress	19,485	100,026	-	119,511
Right-of-use asset	399,971	-	-	399,971
Assets not in service	-	104,643	(5,395)	99,248
Total acquisition cost	80,510,616	557,222	(130,122)	80,937,716
Less accumulated depreciation:				
Hospital building	(10,350,193)	(1,097,239)	-	(11,447,432)
Medical office building	(2,334,734)	(278,501)	-	(2,613,235)
Machinery and equipment	(13,609,392)	(1,229,958)	24,809	(14,814,541)
Land improvements	(21,865)	(4,238)	-	(26,103)
Leasehold improvements	(11,776)	(11,311)	-	(23,087)
Software	(15,704)	(31,210)	-	(46,914)
Right-of-use asset	(246,398)	(80,924)	30,600	(296,722)
Total accumulated depreciation	(26,590,062)	(2,733,381)	55,409	(29,268,034)
Total capital assets, net	$ 53,920,554	$ (2,176,159)	$ (74,713)	$ 51,669,682

Note 7: CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended December 31, 2021 were as follows:

	Balance 1/1/2021	Additions/ Transfers in	Disposals/ Retirements/ Transfers out	Balance 12/31/2021
Land	$ 2,890,000	$ 2,800,000	$ -	$ 5,690,000
Hospital building	43,798,270	-	-	43,798,270
Medical office building	11,008,475	-	-	11,008,475
Machinery and equipment	15,628,046	4,965,785	(1,269,410)	19,324,421
Land improvements	50,551	-	-	50,551
Leasehold improvements	20,000	109,698	-	129,698
Software	19,020	70,725	-	89,745
Construction in progress	-	19,485	-	19,485
Right-of-use asset	399,971	-	-	399,971
Assets not in service	17,760	-	(17,760)	-
Total acquisition cost	73,832,093	7,965,693	(1,287,170)	80,510,616
Less accumulated depreciation:				
Hospital building	(9,254,613)	(1,095,580)	-	(10,350,193)
Medical office building	(2,056,233)	(278,501)	-	(2,334,734)
Machinery and equipment	(13,837,267)	(994,660)	1,222,535	(13,609,392)
Land improvements	(18,633)	(3,232)	-	(21,865)
Leasehold improvements	(1,667)	(10,109)	-	(11,776)
Software	(528)	(15,176)	-	(15,704)
Right-of-use asset	(165,474)	(80,924)	-	(246,398)
Total accumulated depreciation	(25,334,415)	(2,478,182)	1,222,535	(26,590,062)
Capital assets, net	$ 48,497,678	$ 5,487,511	$ (64,635)	$ 53,920,554

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was $2,733,381 and $2,478,182, respectively.

In October of 2021, the District received a donation of land from Arlene and Joseph Meraux Charitable Foundation that was appraised of $2,800,000, which approximates the asset's acquisition value at the date of donation. It is recorded as other non-operating revenue on the accompanied statements of revenue, expenses, and changes in net position.

Note 8: LONG-TERM DEBT

The following table summarizes the Organization's outstanding debt at December 31, 2022 and 2021:

Long-Term Debt		**2022**	2021
Hospital Revenue Bonds, Series 2014: Interest payable semi-annually at a rate of 4.90%. Principal is payable annually through December 2024.	A	**1,875,000**	2,745,000
Paycheck protection program note payable	B	**-**	-
Total long term debt		**1,875,000**	2,745,000
Less: Current maturities of long-term debt		**(915,000)**	(870,000)
Total long-term debt – noncurrent portion		**$ 960,000**	$ 1,875,000

(A) On December 1, 2014, the District issued $7,800,000 of Taxable Hospital Revenue Bonds, Series 2014 for the purpose of refunding and extending the District's Revenue Anticipation Note, Series 2013 and constructing, equipping, maintaining and operating hospital facilities. The certificates are secured by the irrevocable pledge and dedication of the fund to be derived from net revenues including the levy and collection of the ad valorem tax of 8 mills authorized at the November 2, 2010 election. The outstanding principal of the bonds will be repaid in 10 annual installments ranging from $620,000 to $960,000 beginning December 1, 2015, with the final installment due December 1, 2024. Interest is payable semi-annually on December 1 and June 1 at the rate of 4.90%.

(B) In May 2020, the Foundation received a loan in the amount of $1,395,900 under the Payroll Protection Program (PPP Loan). The loan accrues interest at a rate of 1% and has an original maturity date of two years which can be extended to five years by mutual agreement of the Foundation and the lender. Payments are deferred during the deferral period, as defined in the agreement. The deferral period is the period beginning on the date of this note, May 2020, and ending ten (10) months after the last day of the covered period (Deferral Expiration Date). Any amounts not forgiven under the Program will be payable in equal installments of principal plus any interest owed on the payment date from the Deferral Expiration Date through the maturity date, as defined in the agreement. Additionally, any accrued interest that is not forgiven under the Program will be due on the first payment date, which is the 15th of the month following the month in which the Deferral Expiration Date occurs.

Note 8: LONG-TERM DEBT (Continued)

Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act, 2021, proceeds may only be used for the Foundation's eligible payroll costs (with salary capped at $100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest, utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, in each case paid during the 24-week period following disbursement.

The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA. The Foundation is of the opinion that all of the proceeds of the PPP Loan were used by the Foundation to pay eligible payroll costs and the Foundation maintained its headcount and otherwise complied with the terms of the PPP Loan.

As of December 31, 2021, the PPP loan was fully forgiven by the SBA and the Foundation recognized $1,395,000 as a forgiveness of PPP loan on the statement of revenues, expenses, and changes in net position.

A summary of changes in the Organization's long-term debt for the year ended December 31, 2022 follows:

Long-Term Debt	1/1/2022	Additions	Reduction	**12/31/2022**	Due within 1 Year
Hospital Revenue Bonds, Series 2014	$ 2,745,000	$ -	$ (870,000)	**$ 1,875,000**	$ 915,000
Lease obligation	161,520	-	(76,561)	**84,959**	78,348
Paycheck protection program note payable	-	-	-	**-**	-
Total long-term debt	$ 2,906,520	$ -	$ (946,561)	**$ 1,959,959**	$ 993,348

Note 8: LONG-TERM DEBT (Continued)

A summary of changes in the Organization's long-term debt for the year ended December 31, 2021 follows:

Long-Term Debt	1/1/2021	Additions	Reduction	12/31/2021	Due within 1 Year
Hospital Revenue Bonds, Series 2014	$ 3,575,000	$ -	$ (830,000)	$ 2,745,000	$ 870,000
Lease obligation	236,334	-	(74,814)	161,520	76,561
Paycheck protection program note payable	1,395,900	-	(1,395,900)	-	-
Total long-term debt	$ 4,970,900	$ -	$ (830,000)	$ 2,745,000	$ 946,561

Scheduled principal and interest payments on long-term debt as of December 31, 2022 are as follows:

December 31,	Principal	Interest
2023	$ 915,000	$ 91,875
2024	960,000	47,040
Total	$ 1,875,000	$ 138,915

Following is a schedule by year of future minimum lease payments required under the Hospital's lease arrangements in excess of one year as of December 31, 2022:

2023	$ 79,334
2024	6,612
	85,946
less imputed interest	(987)
Total	$ 84,959

Note 9: NET INVESTMENT IN CAPITAL ASSETS

The Hospital's net investment in capital assets, as presented on the accompanying statements of net position is calculated as follows:

December 31,		**2022**		2021
Capital assets, net	$	**51,566,433**	$	53,766,981
Right of use assets, net		**103,249**		153,573
Less debt related to capital assets:				
Bonds payable		**(874,128)**		(1,279,725)
Lease payable		**(84,959)**		(161,520)
Net investment in capital assets	$	**50,710,595**	$	52,479,309

Note 10: OTHER OPERATING REVENUES

Cooperative Endeavor Agreement

Since October 8, 2012, the District entered into a cooperative endeavor agreement with to more fully fund the Medicaid program (the Program) and ensure the availability of quality healthcare services for the low income and needy population. These collaborations enable the governmental entities to increase support for the state Medicaid program. The District recognizes all funds received under the cooperative endeavor agreement as operating revenues in the period applicable to the receipt of the funds. Any amounts related to that year that are not received as of fiscal year-end are recorded as grants receivable and reflected in other current assets in the accompanying statements of net position. These receivables can be subject to adjustments that are reflected in the period they become known. The District recognized $1,688,417 and $3,273,217 in net revenue related to this program during the years ended December 31, 2022 and 2021, respectively.

Full Medicaid Payment Program

The Organization participants in the State's Full Medicaid Payment Program (FMP). Under the FMP program, Medicaid Managed Care Organizations are contracted to pay increased reimbursement for healthcare services that more closely aligns the reimbursement rates for the Medicaid managed care population with the equivalent total reimbursement rates for the Medicaid fee-for-service population. Full Medicaid Payment revenue recorded by the Organization under Full Medicaid Payment reimbursement totaled $31,826,116 and $32,969,816 in 2022 and 2021, respectively. Additionally, the Organization recorded a receivable of $9,986,130 and $17,440,300, which expected to receive as of December 31, 2022 and 2021, respectively. The FMP program was replaced during the 2022 with the Medicaid Directed Payment Program.

Note 10: LOUISIANA MEDICAID SUPPLEMENTAL PAYMENT PROGRAMS (Continued)

Medicaid Directed Payment Program

In 2022, the State of Louisiana (the State) initiated the Medicaid Directed Payment (MDP) program, which allows the State to enter into contractual directed payment arrangements with Managed Care Organizations. The State directs the Managed Care Organizations to pay uniform percentage increases on top of providers' inpatient and outpatient base claims payments. Within 12 months after the end of the State fiscal year, the State will perform a reconciliation calculation for each hospital, which will result in an additional payment or partial offset against the hospital's interim payments for the following State fiscal year. As a result, there is a possibility that recorded estimates will change by a material amount. For the year ended December 31, 2022, the District recognized $5,874,374 of revenues related to the MDP program.

Low Income and Needy Care Collaboration Agreement

In April of 2012, the District entered into a Low Income and Needy Care Collaboration Agreement with certain participating private hospitals primarily to improve access and provide low income and needy care services in the community it serves by the participating hospitals. The agreement was effective when the District became operational with an initial term through December 31, 2013 and may be renewed annually unless the other party provides notice to terminate.

As part of the District's continuing support of the State's Medicaid Program, the Organization has, throughout the period, made intergovernmental transfers (IGTs) amounts to the State restricted for use in support of the Medicaid Program.

For the years ended December 31, 2022 and 2021 the Organization expensed IGTs of $57,679,034 and $56,328,303, respectively. Amounts are included in the accompanying statements of revenues, expenses, and changes in net position in the caption IGT expense.

Managed Care Incentive Payment (MCIP) Program

As part of the State's MCIP Program, the Organization participated in the Quality and Outcome Improvement Network (QIN), the network formed to contract with hospitals wishing to participate in the MCIP program and implemented measures designed by the QIN to achieve incentive arrangements in exchange for incentive payments from QIN. The Organization recorded revenue of $2,983,837 and $2,188,435 for the years ended December 31, 2022 and 2021, respectively. Additionally, the Organization recorded a receivables of $1,671,882 and $1,314,458 for the years ended December 31, 2022 and 2021, respectively.

Note 11: CARES ACT FUNDING

Provider Relief Fund

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law by the President of the United States. Included in the CARES Act was a healthcare provider relief fund (PRF), administered by the Department of Health and Human Services (HHS), and to be distributed to healthcare providers. The purpose of the PRF is to help providers offset certain costs incurred as a result of COVID-19 including the impact to the provider's revenue if applicable. Providers were allocated a portion of the PRF based on prior revenue information reported to CMS in their annual Medicare cost reports. During the year ended December 31, 2022 and 2021, the Organization received $37,139 and $11,527,761 in PRF payments, respectively.

For year ended December 31, 2022 and 2021, the Organization determined that, based on the guidance provided by HHS, sufficient additional costs and lost revenues related to COVID-19 are allocable to PRF payments received and has recognized $145,480 and $5,302,690, respectively, as Governmental support in the statements of revenues, expenses, and changes in net position. The amounts received during 2022 are included in deferred revenue in the statements of net position.

In addition, the CARES Act permitted employers to defer payment of the 6.2% employer Social Security tax beginning March 27, 2020 through December 31, 2020. Deferred tax amounts are required to be repaid in equal amounts over two years, with payments due in December 2021 and December 2022. During the year ended December 31, 2022 and 2021, the Organization deferred employer Social Security tax payments totaling $- and $139,550, respectively, pursuant to the CARES Act. The amounts are included in accrued payroll in the statements of net position.

Additionally, in response to the COVID-19 pandemic, CMS advanced to all providers funds under the CMS Accelerated and Advance Payment Program. The funds advanced under this program are required to begin being repaid 12 months from the award date. Beginning 12 months after the advance payments were made, CMS will automatically recoup 25% of all payments otherwise owed to the providers for 11 months. After the 11 months have elapsed, if there are still amounts yet to be repaid from the advance payment, CMS will automatically recoup 50% of all payments otherwise owed to providers for 6 months. At the end of this six-month period, if there are any amounts still unpaid, CMS will send a letter to the provider requesting the full repayment of the amount still outstanding. The Organization was advanced $2,281,222 under this program. Recoupment began starting in April 2021. At December 31, 2022 and 2021 the $14,176 and $1,455,451 is recorded as a current liability in the statements of net position.

Note 12: LEASES

The District has various office space leases with the Hospital's manager. Annual payments under the lease range from $18,343 to $118,958 and the leases expire at various dates through April 30, 2026. The risk-free borrowing rates for the leases range from 0.31% to 3.48%. For the years ended December 31, 2022 and 2021, the District recorded rental income of $728,088 and $745,704 respectively from the District's manager. Rental income with the Hospital's manager is included in total rental income stated in the preceding paragraph.

Future minimum rent receipts are as follows:

For the years ending December 31,	Principal	Interest	Total
2023	$ 571,867	$ 11,254	$ 583,121
2024	428,418	2,777	431,195
2025	65,178	220	65,398
2026	10,314	11	10,325
2027	-	-	-
Thereafter	-	-	-
Total	$ 1,075,777	$ 14,262	$ 1,090,039

Note 13: 403(B) DEFERRED COMPENSATION PLAN

The Foundation sponsors a deferred compensation plan, which qualifies as a tax-sheltered annuity plan under Section 403(b) of the IRC. All new full-time employees are immediately eligible to join the defined contribution 403(b) plan, St. Bernard Parish Hospital Retirement Savings Plan (Plan) established on November 1, 2012. The Plan allows participants to make pre-tax contributions to the Plan and receive employer matching contributions up to 50% of the first 4%. The Foundation also contributes 2% of employees' eligible compensation regardless of participation. Contributions occur annually following the plan year." Employer contributions to the 403(b) plan totaled $124,998 and $124,820 for 2022 and 2021, respectively. To vest in the employer annual non-discretionary contribution, employees must complete at least 3 years of service for any employees hired before December 31, 2020. For any employee hired after December 31, 2020, vesting is based on a 6-year graded schedule.

Note 14: SPECIAL SERVICES MANAGEMENT AGREEMENT

On October 3, 2016, the District entered into an interim CEA with Ochsner to provide administrative services and operational support to the District to assist the hospital in providing health services for the St. Bernard Parish Community; the interim CEA was extended through June 30, 2017. Effective July 12, 2017, the District entered into a special services agreement (Agreement) with Ochsner for the purposes of managing, operating and administering the Hospital. This agreement has enabled the Hospital to enhance clinical service delivery while simultaneously improving resources, including operational efficiencies, and obtaining additional cost reductions through vendor purchase discounts on supplies.

Under the Agreement, the Organization is managed by St. Bernard Operational Management Company, LLC (SBOMC), a wholly owned subsidiary of Ochsner Health System. The Organization pays a management fee to SBOMC in exchange for management, staff, and other assistance to operate.

In addition to the management fee referred to above, the District provides other payments to SBOMC for supplies purchased, professional services provided outside of the management agreement, and other miscellaneous items received or services provided throughout the year.

During year ended December 31, 2022, transactions between SBOMC and the Organization included: (1) purchases from SBOMC of supplies and services in accordance with the management agreement of approximately $9,300,000; (2) accrual of management fees payable to SBOMC of approximately $241,000 based upon the Organization's operations in accordance with the management agreement and (3) there were no payments made to SBOMC on amounts outstanding. The remaining amounts due to the Hospital Manager are included on the statements of net position as due to hospital manager.

During year ended December 31, 2021, transactions between SBOMC and the Organization included: (1) purchases from SBOMC of supplies and services in accordance with the management agreement of approximately $9,900,000; (2) accrual of management fees payable to SBOMC of approximately $5,300,000 based upon the Organization's operations in accordance with the management agreement and (3) there were no payments made to SBOMC on amounts outstanding. The remaining amounts due to the Hospital Manager are included on the statements of net position as due to hospital manager.

Based on the support provided pursuant to the current and prior agreements with Ochsner, the District has implemented new processes and procedures around the revenue cycle to improve collections. In addition, the District has settled large outstanding payables with vendors and freed up operating cash to continue paying vendors and contractors in a timely manner. These actions have improved the District's operations and resulted in a positive ending net position for 2022 and 2021.

Note 15: COOPERATIVE ENDEAVOR AGREEMENTS

Parish of St. Bernard

On July 14, 2011, the Parish and the District entered into a CEA whereas the Parish committed federal and state pass-through funding to provide a public health unit equivalent (outpatient clinic) to that which existed prior to the devastation caused by Hurricane Katrina on August 29, 2005. The construction of the medical office building was completed in January 2013 and the outpatient clinic occupies approximately 10,200 square feet of space within the medical office building.

On August 23, 2011, the District and the Foundation entered into a Joint Venture Cooperative Endeavor Agreement (Agreement) to engage in a joint venture to construct and operate a hospital facility and provide emergency and other essential and specialized hospital services to the citizens of St. Bernard Parish, State of Louisiana. This agreement was to facilitate the New Markets Tax Credit (NMTC) transaction. On this date, the District transferred all construction in progress associated with the hospital to the Foundation.

Using the proceeds of the NMTC Notes (Facility A and B), the Foundation substantially completed the construction of the hospital building, acquired essential equipment, materials and supplies necessary for beginning the operation of the hospital, and employed and contracted with all of the physicians, health professionals, administrative staff, employees and contractors required for the operation of the hospital. Under the terms of the Agreement, the District was obligated to make the land that the District owns, including all of the District's rights, privileges, appurtenances, and amenities, available to itself and the Foundation for the term of the Agreement, in order for the Foundation to complete construction of the hospital building, which was completed in July 2012.

Pursuant to the agreement, the District provides the administrative, professional and financial management of the business, policies, and operations of the hospital. There is also a revenue-sharing agreement which requires a waterfall payment of costs in the following order:

1) the Foundation’s qualified low-income community investment (QLICI) note payments
2) operating expenses of the District and the Foundation jointly incurred
3) Hospital operating expenses
4) pro rata share of the debt service due on any obligations
5) contingency fund in the amount of $200,000
6) necessary or desirable improvements
7) applicable percentage of interest in each

Additionally, the Foundation is responsible for the hospital building, equipment, maintenance and repair, contract and professional services related to construction, property insurance, payroll, and payroll taxes. The District is responsible for waste disposal, utilities, professional and malpractice insurance through the Louisiana Patient Compensation Fund, licenses and other provider agreements. This agreement will terminate on June 30, 2051, unless sooner terminated as permitted.

Note 15: COOPERATIVE ENDEAVOR AGREEMENTS (Continued)

Parish of St. Bernard (Continued)

Pursuant to the cooperative endeavor agreement, there are certain revenue and expense sharing provisions between the District and the Foundation which eliminate in consolidation in the accompanying financial statements.

Ochsner Health System

On October 3, 2016, the District entered into an interim CEA with Ochsner to provide administrative services and operational support to the District to assist the hospital in providing health services for the St. Bernard Parish Community. That interim CEA was extended through June 30, 2017. Effective July 12, 2017, the District entered into a Special Services Agreement with Ochsner for the purposes of managing, operating and administering the Hospital (see Note 14).

Note 16: RELATED PARTIES

The related party transactions between the Hospital and Manager are detailed in Note 15 and include expenses for supplies and professional services provided by the manager and the management fee. There was no compensation paid to board members for the years ended December 31, 2022 or 2021.

Note 17: COMMITMENTS

Meraux Foundation Commitment

On March 12, 2010, the Arlene and Joseph Meraux Charitable Foundation (Meraux) agreed to grant the District an access easement over, upon and across a parcel of land contiguous to the District property for the purpose of utility access, and vehicular and pedestrian ingress and egress to and from West Judge Perez Drive. The District was required to and completed the construction and installation of the curb cuts, pavement and other improvements to the servitude land, at no expense to Meraux. The District is required to carry and keep in force, at its own expense, comprehensive general liability insurance with companies licensed to do business in the State. On March 12, 2010, Meraux granted to the District temporary construction servitude over, upon and across the servitude land for the exclusive purpose of vehicular and pedestrian ingress and egress to and from West Judge Perez Drive. This servitude has not been accessed as of the date of this report.

Note 18: RISK MANAGEMENT AND REGULATORY MATTERS

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, and reimbursement for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Organization is in compliance with fraud and abuse, 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.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the CMS to implement a so-called Recovery Audit Contractor (RAC) program on a permanent and nationwide basis. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider’s Medicare reimbursement in an amount estimated to equal the overpayment.

A five-state pilot program concluded in March 2008, with a nationwide rollout of the RAC effort done in phases beginning in 2009. The experiences during the pilot found far more overpayments than underpayments.

Similarly, the CMS created new entities titled Audit Medicaid Integrity Contractors (MIC) in order to continue its efforts to ensure the highest integrity of its healthcare programs. The goal of the provider audits is to identify overpayments and to ultimately decrease the payment of inappropriate Medicaid claims. The MIC is to review claims submitted by all types of Medicaid providers, including all settings of care and types of services, with most audits taking place at staff headquarters and on occasion on-site at a provider’s place of business. The Organization has not been the subject of any RAC or MIC audits during 2022 or 2021.

Litigation

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 18: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

Workers' Compensation

The Foundation purchased commercial insurance that provides coverage for workers' compensation claims up to $1,000,000 per claim in excess of its self-insured limits. A liability is recorded when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities for claims incurred are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic social factors. Due to the lack of incurred workers' compensation claims reserves were not material to the financial statements as of December 31, 2022 and 2021 and were not accrued.

Medical Malpractice Insurance

The District participates in the State's Patient Compensation Fund (the Fund). The Fund provides for malpractice coverage to the District for claims in excess of $100,000 and up to $500,000 per claim. According to state law, medical malpractice liability (exclusive of future medical care awards and litigation expenses) is limited to $500,000 per occurrence. There were no medical malpractice liabilities accrued as of December 31, 2022 and 2021.

The District purchased commercial insurance policies that provide coverage for medical malpractice. These policies included a professional liability claims made policy that provides coverage up to $1,000,000 per occurrence and $3,000,000 in the aggregate, a general liability policy that provides coverage up to $5,000,000 per occurrence and in the aggregate, and an excess liability policy that provides coverage up to $5,000,000 per occurrence and in the aggregate.

U.S. GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance, if any. It is reasonably possible that this estimate could change materially in the near term.

Note 19: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION

The following table presents the condensed consolidating statements of net position information for the District and its blended component unit as of December 31, 2022:

2022	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Current assets	43,778,933	$ 2,824,862	$ -	$ 46,603,795
Other assets – non-current	91,831,588	-	(91,327,678)	503,910
Capital assets, net	14,213,341	37,353,092	-	51,566,433
ROU assets, net	103,249	-	-	103,249
Total assets	$ 149,927,111	$ 40,177,954	$ (91,327,678)	$ 98,777,387
Current liabilities	36,052,408	827,174	$ -	$ 36,879,582
Other liabilities – non-current	-	91,327,678	(91,327,678)	-
Long-term debt - less amounts due within one year	966,611	-	-	966,611
Deferred inflow resources	1,056,132	-	-	1,056,132
Net position	111,851,960	(51,976,898)	-	59,875,062
Total liabilities and net position	$ 149,927,111	$ 40,177,954	$ (91,327,678)	$ 98,777,387

The following table presents the condensed consolidating statements of net position information for the District and its blended component unit as of December 31, 2021:

Restated 2021	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Current assets	$ 53,112,758	$ 840,967	$ -	$ 53,953,725
Other assets – non-current	88,361,564	-	(87,263,962)	1,097,602
Capital assets, net	14,466,133	39,300,848	-	53,766,981
ROU assets, net	153,573	-	-	153,573
Total assets	$ 156,094,028	$ 40,141,815	$ (87,263,962)	$ 108,971,881
Current liabilities	$ 44,521,439	$ 1,089,503	$ -	$ 45,610,942
Other liabilities – non-current	-	87,263,962	(87,263,962)	-
Long-term debt - less amounts due within one year	1,959,959	-	-	1,959,959
Deferred inflow of resources	1,765,327	-	-	1,765,327
Net position	107,847,303	(48,211,650)	-	59,635,653
Total liabilities and net position	$ 156,094,028	$ 40,141,815	$ (87,263,962)	$ 108,971,881

Note 19: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION (Continued)

The following table presents the condensed consolidating statement of revenues, expenses and changes in net position for the District and its blended component unit as of December 31, 2022:

2022	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Operating Revenues	$ 78,997,752	$ 66,857,857	$ (66,522,754)	$ 79,332,855
Operating Expenses				
Salaries, wages, and benefits	-	11,573,472	-	11,573,472
General and administrative	66,716,699	18,208	(66,522,754)	212,153
IGT expense	-	57,679,034	-	57,679,034
Professional fees and purchased services	71,448	23,174	-	94,622
Medical supplies and services	5,566,966	-	-	5,566,966
Supplies	247,141	-	-	247,141
Building and equipment	1,508,462	65,946.00	-	1,574,408
Insurance	373,345	525,996	-	899,341
Depreciation and amortization	371,974	2,361,407	-	2,733,381
Total operating expenses	74,856,035	72,247,237	(66,522,754)	80,580,518
Net Income (Loss) From Operations	4,141,717	(5,389,380)	-	(1,247,663)
Non-Operating Revenues (Expenses)				
Ad valorem taxes	3,299	-	-	3,299
Government support	-	145,480	-	145,480
Interest income	55,883	13,079	-	68,962
Gain (loss) on disposal of property and equipment	-	10,000	-	10,000
In-kind contribution	-	1,455,573	-	1,455,573
Interest expense	(196,242)	-	-	(196,242)
Total non-operating revenues, net	(137,060)	1,624,132	-	1,487,072
Change in Net Position	4,004,657	(3,765,248)	-	239,409
Net Position, beginning of year	107,847,303	(48,211,650)	-	59,635,653
Net Position, end of year	$ 111,851,960	$ (51,976,898)	$ -	$ 59,875,062

Note 19: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION (Continued)

The following table presents the condensed consolidating statement of revenues, expenses and changes in net position for the District and its blended component unit as of December 31, 2021:

	Restated 2021			
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	**St. Bernard Hospital Foundation, Inc.**	**Eliminations**	**Total**
Operating Revenues	$ 78,991,182	$ 55,763,843	$ (55,648,571)	$ 79,106,454
Operating Expenses				
Salaries, wages, and benefits	-	11,053,809	-	11,053,809
General and administrative	61,248,395	32,370	(55,648,571)	5,632,194
IGT expense	-	56,328,303	-	56,328,303
Professional fees and purchased services	85,772	30,895	-	116,667
Medical supplies and services	7,446,919	-	-	7,446,919
Supplies	288,299	-	-	288,299
Building and equipment	1,430,477	39,500	-	1,469,977
Insurance	312,890	342,866	-	655,756
Depreciation and amortization	372,762	2,105,420	-	2,478,182
Total operating expenses	71,185,514	69,933,163	(55,648,571)	85,470,106
Net Income (Loss) From Operations	7,805,668	(14,169,320)	-	(6,363,652)
Non-Operating Revenues (Expenses)				
Ad valorem taxes	8,093	-	-	8,093
Government support	5,310,422	-	-	5,310,422
Interest income	29,797	1,222	-	31,019
Forgiveness of Paycheck Protection Program note payable	-	1,395,900	-	1,395,900
Gain (loss) on disposal of property and equipment	-	(25,235)	-	(25,235)
Other non-operating expense	2,800,000	-	-	2,800,000
Interest expense	(372,444)	(25)	-	(372,469)
Total non-operating revenues, net	7,775,868	1,371,862	-	9,147,730
Change in Net Position	15,581,536	(12,797,458)	-	2,784,078
Net Position, beginning of year	92,265,767	(35,414,192)	-	56,851,575
Net Position, end of year	$ 107,847,303	$ (48,211,650)	$ -	$ 59,635,653

Note 19: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION (Continued)

The following table presents the condensed consolidating statement of cash flows for the District and its blended component unit as of December 31, 2022:

	2022			
	Hospital Service District of the Parish of St. Bernard, State of Louisiana	**St. Bernard Hospital Foundation, Inc.**	**Eliminations**	**Total**
Net cash provided by (used in):				
Operating activities	$ 2,923,525	$ 2,394,730	$ -	$ 5,318,255
Noncapital financing activities	(2,542,966)	-	-	(2,542,966)
Capital and financing activities	(1,560,630)	-	-	(1,560,630)
Investing activities	473,041	(403,651)	-	69,390
Net change in cash	(707,030)	1,991,079	-	1,284,049
Cash and cash equivalents - beginning of year	28,555,165	667,781	-	29,222,946
Cash and cash equivalents - end of year	$ 27,848,135	$ 2,658,860	$ -	$ 30,506,995

Note 19: CONSOLIDATING BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION (Continued)

The following table presents the condensed consolidating statement of cash flows for the District and its blended component unit as of December 31, 2021:

Restated
2021

	Hospital Service District of the Parish of St. Bernard, State of Louisiana	St. Bernard Hospital Foundation, Inc.	Eliminations	Total
Net cash provided by (used in):				
Operating activities	$ (6,052,319)	$ 4,347,393	$ -	$ (1,704,926)
Noncapital financing activities	8,105	-	-	8,105
Capital and financing activities	4,294,689	(5,126,293)	-	(831,604)
Investing activities	428,793	-	-	428,793
Net change in cash	(1,320,732)	(778,900)	-	(2,099,632)
Cash and cash equivalents - beginning of year	29,875,897	1,446,681	-	31,322,578
Cash and cash equivalents - end of year	$ 28,555,165	$ 667,781	$ -	$ 29,222,946

SUPPLEMENTARY INFORMATION

Hospital Service District of the Parish of St. Bernard, State of Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2022

Agency Head Name: Kim Keene, Chief Executive Officer (through July 30, 2022) and Alanna Fast, Chief Executive Officer (beginning July 31, 2022)

Note: In 2017, St. Bernard Hospital Foundation, Inc. entered into a Special Services Management Agreement with St. Bernard Operational Management Company, LLC (Ochsner). The Agency Heads during 2022 were Kim Keene, Chief Executive Officer, and Alanna Fast, Chief Executive Officer (collectively, Chief Executive Officers). Kim was an employee of Ochsner, and terminated employment effective July 30, 2022. Alanna is an employee of Ochsner. Alanna was named Chief Executive Officer effective July 31, 2022. St. Bernard Hospital Foundation, Inc. did not make any payments to or on behalf of the Chief Executive Officers, individuals as the agency heads for the year ended December 31, 2022.

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
111 Veterans Boulevard
Suite 350
Metairie, LA 70005

504.837.9116
504.837.0123 (fax)
CRIcpa.com

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 of
Hospital Service District of the Parish of St. Bernard, State of Louisiana
Chalmette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 27, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Metairie, Louisiana
June 27, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	No

Section II – Financial Statement Findings

There were no findings noted related to the financial statements for the year ended December 31, 2022.

There were no findings noted related to compliance and other matters for the year ended December 31, 2022.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the current year.

Section IV – Prior Findings and Questioned Costs for Federal Award Findings

There were no findings noted related to findings and questioned costs related to major federal award programs for the year ended December 31, 2022.

A. PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

2021-001 Material Weakness: Compliance and Internal control over Allowable Costs and Special Reporting Compliance

Title and Assistance Listing Number of Federal Program: COVID-19 Provider Relief Fund 93.498

Federal Award Identification Number and Year: 2021

Name of Federal Agency: Department of Health and Human Services

Criteria:	Per 2 CFR 200.303(a), non-federal entities are required to have processes designed and implemented to provided reasonable assurance regarding the achievement of objectives. Recipients of Provider Relief Fund (PRF) distributions are required to follow the terms and conditions of reporting requirements.
Condition:	Expenditures for the purchase of equipment were duplicated in the PRF round 1 and round 2 reporting.
Cause:	Controls were not effective over reporting which caused the District to inappropriately duplicate certain expenditures in round 1 and round 2 reporting within the Provider Relief Fund Reporting Portal.
Effect:	The District's Special Reporting duplicated amounts quantified as usage of the PRF funds, resulting in $677,761 of funds having to be repaid to HRSA.
Perspective:	The inclusion of duplicate amounts in both reporting periods was a result of a misunderstanding of how the reporting portal worked. Since the period of availability for each round overlaps with all previous reporting periods, the District believed that the reporting was based on cumulative amounts received and used (from all prior periods).
Questioned Costs:	$677,761
Auditors' Recommendation:	It is recommended that the District design, implement, and monitor proper controls around the accumulation of data for submission of Provider Relief Fund reports to the Provider Relief Fund Reporting Portal.
Resolution:	Resolved. Management returned the duplicate funds of $677,761 to HRSA during September 2022. Also, Management designed, implemented, and documented policies and procedures and relevant controls related to the accumulation of data for submission of PRF reports to the PRF Portal.

Hospital Service District of the Parish of St. Bernard, State of Louisiana

AGREED-UPON PROCEDURES REPORT

December 31, 2022

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
111 Veterans Boulevard
Suite 350
Metairie, LA 70005

504.837.9116
504.837.0123 (fax)
CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of
Hospital Service District of the Parish of St. Bernard, State of Louisiana
8000 West Judge Perez Drive
Chalmette, Louisiana 70043

We have performed the procedures enumerated below, which were agreed to by Hospital Service District of the Parish of St. Bernard, State of Louisiana (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Organization's management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the agreed-upon procedures engagement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtained the Organization's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

      Results: No exceptions were found as a result of applying the above procedure.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

      Results*:* No exceptions were found as a result of applying the above procedure.

   c) ***Disbursements***, including processing, reviewing, and approving.

      Results: No exceptions were found as a result of applying the above procedure.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions were found as a result of applying the above procedure.

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Results: No exceptions were found as a result of applying the above procedure.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results*:* No exceptions were found as a result of applying the above procedure.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases.

Results: Not applicable because the Organization does not have any credit cards.

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of applying the above procedure.

i) **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.
Results: No exceptions were found as a result of applying the procedure.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: No exceptions were found as a result of applying the procedure.

k) ***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.

Results: No exceptions were found as a result of applying the procedure.

l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of applying the procedure.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were found as a result of applying the procedure.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*

Results: No exceptions were found as a result of applying the procedure.

c) 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

Results: No exceptions were found as a result of applying the procedure.

d) 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.

Results: No exceptions were found as a result of applying the procedure.

Bank Reconciliations

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

   a) 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);

      Results: No exceptions were found as a result of applying the procedure.

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

      Results: No exceptions were found as a result of applying the procedure.

   c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

      Results: No exceptions were found as a result of applying the procedure.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

   Results: No exceptions were found as a result of applying the procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

      Results: No exceptions were found as a result of applying the procedure.

   b) 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.

      Results: No exceptions were found as a result of applying the procedure.

   c) 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.

      Results: No exceptions were found as a result of applying the procedure.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) are not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

   Results: No exceptions were found as a result of applying the procedure.

6. 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 enforced during the fiscal period.

   Results: No exceptions were found as a result of applying the procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      Results: No exceptions were found as a result of applying the procedure.

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

      Results: No exceptions were found as a result of applying the procedure.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

      Results: No exceptions were found as a result of applying the procedure.

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

      Results: No exceptions were found as a result of applying the procedure.

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

      Results: No exceptions were found as a result of applying the procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   Results: No exceptions were found as a result of applying the procedure.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

      Results: No exceptions were found as a result of applying the procedure.

   b) At least two employees are involved in processing and approving payments to vendors.

      Results: No exceptions were found as a result of applying the procedure.

   c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

      Results: No exceptions were found as a result of applying the procedure.

   d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

      Results: No exceptions were found as a result of applying the procedure.

   e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

      Results: No exceptions were found as a result of applying the procedure.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe whether the disbursement, whether by paper or electronic means, matched the related the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

       Results: No exceptions were found as a result of applying the procedure.

    b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

       Results: No exceptions were found as a result of applying the procedure.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all 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.

    Results: No exceptions were found as a result of applying the procedure.

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

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

    Results: Not applicable because the Organization does not have any credit cards.

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

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

       Results: Not applicable because the Organization does not have any credit cards.

    b) Observe that finance charges and late fees were not assessed on the selected statements.

       Results: Not applicable because the Organization does not have any credit cards.

14. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

    Results: Not applicable because the Organization does not have any credit cards.

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

a) If reimbursed using a per diem, observe 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).

   Results: Not applicable because the Organization did not have any travel and travel-related expense reimbursements during the fiscal year.

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

   Results: Not applicable because the Organization did not have any travel and travel-related expense reimbursements during the fiscal year.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

   Results: Not applicable because the Organization did not have any travel and travel-related expense reimbursements during the fiscal year.

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

   Results: Not applicable because the Organization did not have any travel and travel-related expense reimbursements during the fiscal year.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, <u>excluding the practitioner's contract</u>, and:

    a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

       Results: No exceptions were found as a result of applying the procedure.

    b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

       Results: No exceptions were found as a result of applying the procedure.

    c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

       Results: No exceptions were found as a result of applying the procedure.

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

       Results: No exceptions were found as a result of applying the procedure.

17. 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.

    Results: No exceptions were found as a result of applying the procedure.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

       Results: No exceptions were found as a result of applying the procedure.

    b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

       Results: No exceptions were found as a result of applying the procedure.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

       Results: No exceptions were found as a result of applying the procedure.

    d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

       Results: No exceptions were found as a result of applying the procedure.

19. 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

    Results: Not applicable because the Organization did not have any termination payments during the fiscal year.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

    Results: No exceptions were found as a result of applying the procedure.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

    a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

       Results: No exceptions were found as a result of applying the procedure.

    b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

       Results: No exceptions were found as a result of applying the procedure.

22. Inquire and/or observe whether the agency has appointed an ethics designee as requires by R.S 42:1170.

    Results: No exceptions were found as a result of applying the procedure.

Debt Service

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

    Results: No exceptions were found as a result of applying the procedure.

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

    Results: No exceptions were found as a result of applying the procedure.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Results: No exceptions were found as a result of applying the procedure.

26. 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.

    Results: No exceptions were found as a result of applying the procedure.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

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

       Results: We performed the procedure and discussed the results with management.

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

       Results: We performed the procedure and discussed the results with management.

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

       Results: We performed the procedure and discussed the results with management.

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

    Results: No exceptions were found as a result of applying the procedure.

Prevention of Sexual Harassment

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

    Results: No exceptions were found as a result of applying the procedure.

30. 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).

    Results: No exceptions were found as a result of applying the procedure.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

   Results: No exceptions were found as a result of applying the procedure.

b) Number of sexual harassment complaints received by the agency;

   Results: No exceptions were found as a result of applying the procedure.

c) Number of complaints which resulted in a finding that sexual harassment occurred;

   Results: No exceptions were found as a result of applying the procedure.

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

   Results: No exceptions were found as a result of applying the procedure.

e) Amount of time it took to resolve each complaint

   Results: No exceptions were found as a result of applying the procedure.

We were engaged by the Organization 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, 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 Organization and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana
June 27, 2023