St. Charles Parish Hospital Service District
A Component Unit of St. Charles Parish

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
St. Charles Parish Hospital Service District
Luling, Louisiana

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of St. Charles Parish Hospital Service District (the Hospital), 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, for the years ended December 31, 2022 and 2021, the Hospital adopted new accounting guidance, Government Accounting Standards Board Statement No. 87, *Leases* (GASB 87). Our opinion is not modified with respect to this matter.

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 Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, the schedule of board of commissioners and compensation and the schedule of bonds are presented for purposes of additional analysis and are 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, the schedule of board of commissioners and compensation, and the schedule of bonds are 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 28, 2023, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital'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 Hospital's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana

June 28, 2023

FINANCIAL STATEMENTS

As of December 31,	**2022**	2021 Restated
Assets and Deferred Outflow of Resources		
Current assets		
Cash and cash equivalents	**$ 28,173,341**	$ 26,348,019
Receivables:		
Patient accounts receivable, net of estimated uncollectibles and allowances of $16,269,986 in 2022 and $16,925,692 in 2021	**4,931,245**	4,354,523
Ad valorem receivable	**9,542,557**	8,370,620
MCIP receivable	**641,064**	785,230
Current portion of lease receivable	**1,032,234**	1,260,823
Other receivables	**681,975**	2,957,449
Estimated third-party settlements	**6,978,955**	6,976,636
Assets whose use is limited, by board, for indenture reserves	**4,327,259**	4,632,750
Inventory	**575,089**	750,709
Prepaid expenses	**468,585**	341,422
Total current assets	**57,352,304**	56,778,181
Noncurrent assets and investments		
Assets whose use is limited:		
By board for indenture reserves	**4,327,259**	4,632,750
By indenture agreement for capital acquisition	**751,170**	1,182,045
Total assets whose use is limited	**5,078,429**	5,814,795
Less: amounts by board for indentures reserves required to meet current obligations	**(4,327,259)**	(4,632,750)
Total noncurrent assets and investments	**751,170**	1,182,045
Capital assets, net	**43,311,892**	41,695,342
Long-term portion of lease receivable	**2,766,915**	3,793,659
Total assets	**104,182,281**	103,449,227
Deferred Outflows of Resources		
Deferred outflow - bond refundings	**82,418**	120,456
Total deferred outflows of resources	**82,418**	120,456
Total assets and deferred outflows of resources	**$ 104,264,699**	$ 103,569,683

(Continued)

St. Charles Parish Hospital Service District
Statements of Net Position

As of December 31,	**2022**	2021 Restated
Liabilities, Deferred Inflow of Resources, and Net Position		
Current liabilities		
Accounts payable	**$ 855,945**	$ 731,874
Due to Hospital manager	**7,634,880**	7,440,794
Accrued salaries and benefits	**937,173**	986,834
Accrued interest payable	**295,838**	336,901
Full Medicaid Payment Program payable	**2,751,960**	2,501,960
Current maturities of long-term debt	**6,210,137**	6,053,343
Current maturities of multi-employer pension withdrawal liability	**483,240**	605,582
Current portion of lease obligation	**455,982**	987,252
HHS CARES Act Provider Relief Fund - deferred revenue	**834,494**	-
CMS Accelerated and Advanced Payment Program	**-**	1,481,493
Other liabilities and accrued expenses	**162,986**	7,023
Total current liabilities	**20,622,635**	21,133,056
Long-term debt and other liabilities		
Long-term debt, net of current maturities	**50,964,532**	57,182,622
Multi-employer pension withdrawal liability, net of current maturities	**-**	483,240
Long-term portion of lease obligation	**127,287**	583,269
Lease deposits	**20,202**	20,202
Total long-term debt and other liabilities	**51,112,021**	58,269,333
Total liabilities	**71,734,656**	79,402,389
Deferred inflow of resources		
Leases	**3,480,627**	4,751,562
Net position		
Net investment in capital assets	**(13,595,292)**	(21,821,545)
Unrestricted	**42,644,708**	41,237,277
Total net position (deficit)	**29,049,416**	19,415,732
Total liabilities, deferred inflow of resources, and net position	**$ 104,264,699**	$ 103,569,683

(Concluded)

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

St. Charles Parish Hospital Service District
Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31,	2022	2021
		Restated
Operating Revenue		
Net patient service revenues	**$ 52,780,636**	$ 44,111,473
Rural hospital grant	**3,548,858**	5,513,835
Other operating revenues	**4,552,217**	3,786,709
Total operating revenues	**60,881,711**	53,412,017
Operating Expenses		
Salaries and wages	**15,535,459**	13,594,770
Employee benefits	**2,400,379**	2,353,321
Supplies and other	**15,967,227**	14,549,849
Purchased services	**1,982,981**	1,908,523
Medicaid program support	**21,250,000**	22,098,808
Depreciation and amortization	**4,546,783**	4,267,034
Total operating expenses	**61,682,829**	58,772,305
Operating (loss) income	**(801,118)**	(5,360,288)
Nonoperating Revenue (Expenses)		
Ad valorem taxes - maintenance	**4,289,445**	3,817,511
Ad valorem taxes - debt service	**5,403,129**	4,780,044
In-kind contribution	**1,683,490**	434,566
HHS CARES Act Provider Relief Funds	**-**	2,725,163
Interest income	**133,426**	146,486
Forgiveness of Paycheck Protection Program note payable	**-**	1,731,300
Gain on defeasance/debt refinance	**-**	955,500
Gain on insurance proceeds	**759,769**	-
Interest expense	**(1,834,457)**	(2,019,197)
Total nonoperating revenue (expense)	**10,434,802**	12,571,373
Change in net position	**9,633,684**	7,211,085
Net position - beginning of year	**19,415,732**	12,204,647
Net position - end of year	**$ 29,049,416**	$ 19,415,732

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

St. Charles Parish Hospital Service District
Statements of Cash Flows

For the Years Ended December 31,	**2022**	2021 Restated
Operating Activities		
Revenue collected	**$ 61,490,817**	$ 49,029,381
Payments for supplies, services, and other operations	**(38,677,631)**	(32,386,708)
Payments to employees and for employee-related costs	**(16,302,009)**	(15,624,865)
Net cash provided by operating activities	**6,511,177**	1,017,808
Noncapital Financing Activities		
Ad valorem taxes - maintenance	**3,770,805**	4,097,231
Ad valorem taxes - debt service	**4,749,832**	5,130,291
Noncapital grants and contributions	**-**	84,002
Net cash provided by noncapital financing activities	**8,520,637**	9,311,524
Capital and Related Financing Activities		
Proceeds from issuance of general obligation bonds	**-**	17,000,000
Proceeds from other long term debt	**-**	116,883
Principal payments on general obligation bonds	**(4,090,000)**	(3,010,000)
Principal payments on limited tax bonds	**(1,695,000)**	(1,635,000)
Principal payment on other long term debt	**(268,326)**	(236,817)
Principal payments on multi-employer pension liability	**(605,582)**	(564,096)
Principal payments on leases payable	**(987,252)**	(668,393)
Cash paid for interest on debt obligations	**(1,875,520)**	(1,983,067)
Proceeds from insurance	**759,769**	-
Proceeds from HHS CARES Act Provider Relief Fund	**834,494**	-
Purchase of capital assets (property, plant and equipment)	**(6,133,265)**	(4,920,293)
Net cash used in (provided by) capital and related financing activities	**(14,060,682)**	4,099,217
Investing Activities		
Cash received as interest	**117,824**	146,486
Changes in assets whose use is limited and restricted cash	**736,366**	(1,829,350)
Net cash used in investing activities	**854,190**	(1,682,864)
Net increase in cash and cash equivalents	**1,825,322**	12,745,685
Cash and cash equivalents - beginning of year	**26,348,019**	13,602,334
Cash and cash equivalents- end of year	**$ 28,173,341**	$ 26,348,019

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

St. Charles Parish Hospital Service District
Statements of Cash Flows

For the Years Ended December 31,	**2022**	2021 Restated
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating (loss) income	**$ (801,118)**	$ (5,360,288)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities		
Depreciation and amortization	**4,516,715**	4,236,593
Amortization of premium/discount on long term debt	**30,068**	30,441
Provision for bad debts	**1,738,588**	2,122,096
In-kind contribution	**1,683,490**	434,566
Changes in operating assets and liabilities:		
Patient accounts receivable	**(2,315,310)**	(2,648,557)
MCIP receivable	**144,166**	532,374
Other receivable	**2,275,474**	(293,438)
Estimated third-party payor settlements	**(2,319)**	(3,067,874)
Inventory	**175,620**	(265,859)
Prepaid expenses	**(127,163)**	160,912
Accounts payable	**124,071**	(407,100)
Due to Hospital manager	**194,086**	6,680,598
Accrued salaries and benefits	**(49,661)**	(111,340)
Other accrued expenses	**155,963**	1,921
Full Medicaid Payment Program payable	**250,000**	(408,730)
CMS Accelerated and Advanced Payment Program	**(1,481,493)**	(618,507)
Net cash provided by operating activities	**$ 6,511,177**	$ 1,017,808

(Concluded)

SCHEDULE ON NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Gain on forgiveness of debt NMTC	**$ -**	$ 955,500
Debt refunded through the issuance of new debt	**$ -**	$ 11,208,345
Forgiveness of PPP loan	**$ -**	$ 1,731,300

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

Note 1: DESCRIPTION OF ORGANIZATION

Reporting Entity

St. Charles Parish Hospital Service District (the Hospital), a special district and component of St. Charles Parish (the Parish), was formed for the purpose of operating St. Charles Parish Hospital, a non-profit community hospital established in 1956. The Board of Commissioners is the governing authority for the Hospital and is responsible for obtaining voter approval for the levy of tax or debt issuance, but all related Louisiana State Bond Commission approvals must be obtained through the Parish.

On September 1, 2014, the Hospital entered into a management agreement with a wholly-owned subsidiary of Ochsner Health System, to provide management, staff, and other assistance to operate the Hospital. This expanded affiliation enables the Hospital to further enhance existing clinical services while simultaneously improving resources, including operational efficiencies (see Note 19).

Component Units

The Hospital follows the requirements under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34.* The financial statements of the Hospital include the accounts of the Hospital and its wholly owned component units, St. Charles Health Initiatives, Inc., St. Charles Hospital Continuum of Care Corporation, and Plantation View Medical Offices. The significant intercompany transactions and balances have been eliminated.

The St. Charles Hospital Continuum of Care Corporation (SCHCCC) was incorporated on August 10, 2006 with a subsequent name change to St. Charles Health Initiatives, Inc. (SCHII). SCHII is a non-profit hospital that principally provides housing, healthcare, and other related services to residents. SCHII maintains a shared governing board and receives funding through the Hospital Service District. Due to the level of control and the financial benefit/burden relationship with the Hospital that exists, SCHII is considered a blended component unit of the Hospital for accounting purposes. The operations of SCHII are included in the financial statements of the Hospital for the years ended December 31, 2022 and 2021.

St. Charles Hospital Services Corporation (the Corporation) is a non-profit entity that, while legally separate from the Hospital, is reported as if it were a part of the Hospital because of the presence of a shared governing body with the Hospital. As a component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital; however, the operations of the Corporation became dormant. During the year ended December 31, 2007, the Corporation changed its name to the St. Charles Continuum of Care Corporation after the SCHCCC mentioned above changed its name to St. Charles Health Initiatives, Inc. As a blended component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital for the years ended December 31, 2022 and 2021.

Note 1: DESCRIPTION OF ORGANIZATION (Continued)

Component Units (Continued)

On December 2, 2013, Plantation View Medical Offices (PVMO) was formed with St. Charles Parish Hospital being the sole member. PVMO was formed as a not-for-profit corporation for the purpose of building a medical office building on the east bank of St. Charles Parish. On January 13, 2014, PVMO received a donation of land that was appraised at $714,000. PVMO also secured financing in the amount of $14,700,000, to build the medical office building. The financing is a mixture of New Markets Tax Credits, a commercial loan, and a grant from the Hospital. Construction was substantially completed in March of 2016. As a blended component unit of the Hospital, the operations of PVMO are included in the financial statements of the Hospital for the years ended December 31, 2022 and 2021.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Hospital reports in accordance with accounting principles generally accepted in the United States as specified by the American Institute of Certified Public Accountants' Audits of Health Care Entities and, as a governmental entity, also reports in accordance with accounting principles promulgated by the Governmental Accounting Standards Board (GASB), for proprietary funds. As such, the Hospital utilizes the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis. SCHII, the Corporation, and PVMO also use the accrual method.

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 revenue 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; 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 include investments in highly liquid debt instruments with maturities of three months or less, excluding amounts whose use is limited by board designation, other arrangements under trust agreements, or with third-party payors.

Assets Whose Use is Limited

Assets whose use is limited include assets set aside by the Board of Commissioners for future capital improvements and future indenture agreements, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets set aside in accordance with agreements with third-party payors; and assets held by trustees under indenture agreements and self-insurance trust 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 Hospital 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 Hospital 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).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable, Net (Continued)

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 Hospital 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 Hospital 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.

Lease Receivables

The Hospital is a lessor for noncancellable leases. 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. Under the lease agreements, the Hospital may receive variable lease payments that are dependent upon the lessee's revenue. 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 Hospital 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 Hospital 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease Payable

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

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

- The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Hospital is reasonably certain to exercise.

The Hospital 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.

Inventory

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is computed using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

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

Buildings and improvements	20 - 40 years
Leasehold improvements	5 - 15 years
Equipment	3 - 7 years
Vehicle	4 - 12 years
Software	1 - 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 obtaining 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. There was no interest capitalized during 2022 and 2021.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Hospital 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 assets 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. Accrued compensated absences, included as a component of accrued salaries and benefits on the Hospital's statements of net position, was $339,305 and $292,680 as of December 31, 2022 and 2021, respectively.

Net Position

Net position of the Hospital 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 Hospital, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. There are no restricted net position amounts at December 31, 2022 and 2021.

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

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital 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 rendered 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 Hospital 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 RAC's 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 Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital 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 Hospital reduced its gross revenues for its cost of charity care. For the years ended December 31, 2022 and 2021, charity care totaled $286,310 and $117,286, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Managed Care Incentive Payment Revenue

The Hospital participates in the State of Louisiana's Managed Care Incentive Payment (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 Hospital as soon as the amounts are estimable. Any changes resulting from the change in estimate are recognized within operations in the period in which they occur.

Full Medicaid Payment Program Revenues

The Hospital 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 Hospital 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.

Rural Hospital Grant

The Hospital participates in Rural Hospital Grant Program to assist rural hospitals in receiving adequate reimbursement for uninsured and indigent patients under the State of Louisiana Rural Hospital Preservation Act. The Hospital records the revenues as soon as they are estimable with any true-ups recorded at the time of payment. The Rural Hospital Grant Program was replaced during 2022 with the Medicaid Directed Payment Program.

Medicaid Directed Payment Program (DPP)

The Hospital 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 Hospital records the revenues as soon as they are estimable with any true-ups recorded at the time of payment.

Grants and Contributions

From time to time, the Hospital receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions (Continued)

Amounts restricted to capital acquisition are reported after nonoperating revenue and expenses.

Government grants are recognized as income when there is reasonable assurance that the Hospital will comply with the conditions attached to them, and that the grants will be received. This revenue is recorded as either operating revenue or non-operating revenue dependent upon how the transaction is classified on the statements of cash flows. Cash flows that do not meet the reporting criteria for investing, capital financing or non-capital financing would be reported as operating activities, with their associated revenue reported as operating revenue within the statements of revenues, expenses, and changes in net position.

Ad Valorem Tax Revenues

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

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. Charles Parish. For the years ended December 31, 2022 and 2021 the millage rates have been set at 2.43 mills for Maintenance and Operations and 3.06 mills for Bonds. The ad valorem taxes receivable for the years ended December 31, 2022 and 2021 totaled $9,542,557 and $8,370,620, respectively on the accompanying statements of net position.

In-kind Contribution

During the COVID-19 pandemic, the Louisiana Department of Health provided the Hospital with additional personnel needed to respond to the increased capacity workload as a result of the pandemic. The personnel was provided free of charge to the Hospital. For the years ended December 31, 2022 and 2021, the Hospital has recorded in-kind contribution for those services in the amount of $1,683,490 and $434,566, respectively, on the accompanying statements of revenue, expenses, and changes in net position. The corresponding expense is recorded in salaries and wages on the accompanying statements of revenue, expenses, and changes in net position.

Current Healthcare Environment

The Hospital 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Healthcare Environment (Continued)

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 payer 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 Hospital's financial position and operating results.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses are included in supplies and other of $26,399 and $24,629 for the years ended December 31, 2022 and 2021, respectively.

Income Tax Status

The Hospital is a governmental unit which is exempt from Federal income taxes on related income pursuant to Section 115 of the Internal Revenue Code.

SCHII, the Corporation and PVMO, the component units of the Hospital as noted in Note 1, are exempt from taxes on income other than unrelated business income under section 501(c)(3) of the Internal Revenue Code.

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 objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Recently Adopted

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an 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).

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 Hospital 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 28, 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 Hospital 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 GASB 87 as the underlying asset.

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

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 Hospital 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.

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	$ 5,054,482	$ -
Capital assets, net	41,695,342	40,427,741
Net investment in capital assets	(21,821,545)	(21,518,625)
Unrestricted net position	41,237,277	40,934,357
Lease obligations	1,570,521	-
Deferred inflows	4,751,562	-
Statements of Revenues, Expenses and Changes in Net Position		
Other operating income	$ 3,786,709	$ 3,883,725
Interest income	146,486	49,470
Supplies and other	14,549,849	15,258,919
Depreciation and amortization	4,267,034	3,598,641
Interest expense	(2,019,197)	(1,978,520)
Statements of Cash Flows		
Revenue collected	$ 49,029,381	$ 49,126,397
Payments for suppliers, services and Other operations	(32,386,708)	(33,095,778)
Cash paid for interest on debt obligations	(1,983,067)	(1,942,390)
Income (loss) from operations	(5,360,288)	(5,303,949)
Depreciation and amortization	4,267,034	3,598,641
Cash received as interest	146,486	49,470
Principal payments on leases payable	(668,393)	-

Note 4: DEPOSITS AND INVESTMENTS

The Hospital has various deposits and investments. The amounts reflected on the accompanying statements of net position at December 31, 2022 and 2021 is $33,251,770 and $32,162,814, respectively, held in depository and money market accounts.

Under state law, these deposits must be secured by either Federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent bank.

At December 31, 2022, the Hospital had $33,031,873 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, $32,281,873 was over the federal deposit insurance limit, all of which were secured by collateral owned by the fiscal agent bank in the name of the Hospital. At December 31, 2021, the Hospital had $32,821,074 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, $31,836,708 was over the federal deposit insurance limit, all of which were secured by collateral owned by the fiscal agent bank in the name of the Hospital.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Hospital may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in direct obligations of the U.S. Government, federally insured instruments, guaranteed investment contracts issued by certain financial institutions, and mutual or trust funds registered with the Securities and Exchange Commission.

Note 5: PATIENT ACCOUNTS RECEIVABLE AND REVENUE

Account Receivables

The Hospital 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	**$ 7,400,781**	$ 7,012,985
Medicaid	**5,719,215**	6,726,925
Other third-party payers	**6,682,584**	6,091,894
Patients	**1,398,651**	1,448,411
Total patient accounts receivables	**21,201,231**	21,280,215
Less allowance for uncollectible accounts	**(16,269,986)**	(16,925,692)
Patient accounts receivables, net	**$ 4,931,245**	$ 4,354,523

Note 5: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

Net Patient Service Revenue

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

	2022	2021
Medicare	**34.9%**	33.0%
Medicaid	**27.0%**	31.6%
Other third-party payers	**31.5%**	28.6%
Patients	**6.6%**	6.8%
Total	**100%**	100%

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

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

Medicare – The Hospital 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.

In addition, the Hospital is paid prospectively for Medicare inpatient capital costs based on the federal specific rate. The Hospital qualifies as a disproportionate share provider under the Medicare regulations. As such, the Hospital 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 Hospital is paid a predetermined amount per procedure. Medicare outpatient clinical lab services are reimbursed based upon the Medicare fee schedules.

Medicaid – The Hospital 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.

Note 5: PATIENT ACCOUNTS RECEIVABLE AND REVENUE (Continued)

Net Patient Service Revenue (Continued)

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. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 2017.

Other – The Hospital 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.

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	**42.1%**	36.7%
Medicaid	**26.2%**	27.8%
Other commercial and preferred provider organizations	**31.7%**	35.5%
Total	**100.0%**	100.0%

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

	2022	2021
Gross patient service revenue	**$ 182,729,798**	$ 164,815,961
Less provision for contractual adjustments under third-party reimbursement programs and other adjustments	**(127,924,264)**	(118,465,106)
Provision for bad debts	**(1,738,588)**	(2,122,096)
Charity care	**(286,310)**	(117,286)
Net patient service revenue	**$ 52,780,636**	$ 44,111,473

Note 6: ASSETS WHOSE USE IS LIMITED

Assets whose use is limited that are required for bond obligations classified as current liabilities are also reported as current assets as these amounts have been designated by the board to pay the debt. The composition of assets whose use is limited at December 31, 2022 and 2021 is set forth in the following table:

	2022	2021
By board for indenture reserves		
Cash and cash equivalents	**$ 4,327,259**	$ 4,632,750
By indenture agreement for capital asset acquisition		
Cash and cash equivalents	**751,170**	1,182,045
Total	**$ 5,078,429**	$ 5,814,795

Note 7: NOTE RECEIVABLE

As part of the New Markets Tax Credits (NMTC) transaction (discussed in Note 9 below), the Hospital issued a note receivable to FNBC NMTC Hybrid Fund, LLC (the Investment Fund) in the amount of $629,904, with an interest rate of 1% (the Junior Leverage Loan). The Investment Fund pays interest only on the Junior Leverage Loan quarterly in arrears on the 25th day of each March, June, September and December for the previous quarter, commencing on January 10, 2014, through January 10, 2044. On the date of maturity, the Investment Fund was expected to pay the balance of all outstanding principal and accrued and unpaid interest. The Investment Fund pledged rights, title and interest in the CDE (defined in Note 9) to secure the note receivable. In January 2021, the Hospital obtained a partial debt forgiveness for the NMTC the Facility A Note and the note receivable was written off, see Note 9 below.

Note 8: CAPITAL ASSETS

Capital assets activity as of and for the year ended December 31, 2022, is as follows:

	December 31, 2021	Additions	Disposals/ Transfers	**December 31, 2022**
Nondepreciable capital assets:				
Land	$ 1,839,632	$ 847,237	$ -	**$ 2,686,869**
Construction in progress	380,542	2,151,271	-	**2,531,813**
Total nondepreciable capital assets	2,220,174	2,998,508	-	**5,218,682**
Depreciable capital assets:				
Building and improvements	65,166,065	10,000	(890,805)	**64,284,852**
Equipment	27,149,090	2,068,358	(2,623,211)	**26,594,237**
Leasehold improvements	4,639,347	1,023,699	(16,564)	**5,646,482**
Software	8,880	-	-	**8,880**
Vehicles	1,330,837	-	-	**1,330,837**
Right-of-use asset	2,015,557	-	-	**2,015,557**
Total depreciable capital assets	100,309,776	3,102,057	(3,530,580)	**99,881,253**
Less accumulated depreciation:				
Building and improvements	(37,450,730)	(1,758,546)	881,397	**(38,327,879)**
Equipment	(21,026,869)	(1,499,740)	2,681,883	**(19,844,726)**
Leasehold improvements	(848,735)	(588,106)	-	**(1,436,841)**
Software	(7,502)	(1,930)	-	**(9,432)**
Vehicles	(752,816)	-	-	**(752,816)**
Right-of-use asset	(747,956)	(668,393)	-	**(1,416,349)**
Total accumulated depreciation	(60,834,608)	(4,516,715)	3,563,280	**(61,788,043)**
Total depreciable capital assets, net	39,475,168	(1,414,658)	32,700	**38,093,210**
Total capital assets, net	$ 41,695,342	$ 1,583,850	$ (32,700)	**$ 43,311,892**

Note 8: CAPITAL ASSETS (Continued)

Capital assets activity as of and for the year ended December 31, 2021, is as follows:

	December 31, 2020	Additions	Transfers and Disposals	December 31, 2021
Nondepreciable capital assets:				
Land	$ 1,628,136	$ 211,496	$ -	$ 1,839,632
Construction in progress	221,527	312,724	(153,709)	380,542
Total nondepreciable capital assets	1,849,663	524,220	(153,709)	2,220,174
Depreciable capital assets::				
Building and improvements	65,070,694	95,371	-	65,166,065
Equipment	23,039,545	4,140,919	(31,374)	27,149,090
Leasehold improvements	4,330,295	309,052	-	4,639,347
Software	4,440	4,440	-	8,880
Vehicles	1,330,837	-	-	1,330,837
Right-of-use asset	2,015,557	-	-	2,015,557
Total depreciable capital assets	95,360,170	4,549,782	(31,374)	99,878,578
Less accumulated depreciation:				
Building and improvements	(35,633,500)	(1,817,230)	-	(37,450,730)
Equipment	(19,780,371)	(1,277,872)	31,374	(21,026,869)
Leasehold improvements	(381,042)	(467,693)	-	(848,735)
Software	(2,097)	(5,405)	-	(7,502)
Vehicles	(752,816)	-	-	(752,816)
Right-of-use asset	(79,563)	(668,393)	-	(747,956)
Total accumulated depreciation	(56,629,389)	(4,236,593)	31,374	(60,834,608)
Total depreciable capital assets, net	39,161,979	313,189	-	39,475,168
Total capital assets, net	$ 41,011,642	$ 837,409	$ (153,709)	$ 41,695,342

Depreciation expense reported in the year ended December 31, 2022, was $4,516,715. Depreciation expense reported in the year ended December 31, 2021, was $4,236,593.

Note 9: LONG-TERM DEBT

The components of long-term debt obligations as of December 31, 2022 and 2021 are as follows:

		2022	2021
Hospital Revenue Bonds, Series 2012A	(A)	**5,365,000**	5,795,000
Hospital Revenue Bonds, Series 2012B	(A)	**4,145,000**	4,450,000
Taxable GO Bonds, Series 2013	(B)	**115,000**	230,000
GO Refunding Bonds, Series 2013A	(C)	**740,000**	1,045,000
First National Bank Loan	(D)	**10,820,085**	11,088,411
GO Refunding Bonds, Series 2016	(E)	**2,815,000**	3,575,000
GO Refunding Bonds, Series 2016A	(F)	**7,165,000**	8,020,000
Taxable Limited Tax Refunding Bonds, Series 2018	(G)	**5,275,000**	6,920,000
Limited Tax Bonds, Series 2018A	(H)	**2,125,000**	2,175,000
Hospital Revenue Bonds, Series 2020	(I)	**2,515,000**	2,830,000
GO Refunding Bonds, Series 2021	(J)	**15,995,000**	17,000,000
Unamortized discount/premium		**99,584**	107,554
		57,174,669	63,235,965
Less: Current maturities		**(6,210,137)**	(6,053,343)
Total		**$ 50,964,532**	$ 57,182,622

Scheduled maturities of general obligation bonds, limited tax bonds, and long-term debt as of December 31, 2022 are as follows:

Year Ending December 31,	Principal	Interest
2023	6,210,137	1,560,208
2024	6,421,169	1,378,804
2025	6,135,246	1,196,102
2026	6,193,662	1,022,479
2027	4,027,668	886,408
2028-2032	15,728,660	3,134,754
2033-2037	7,309,552	1,522,118
2038-2042	2,913,557	790,780
2043-2047	2,135,434	148,934
	57,075,085	11,640,587
Plus: Unamortized discount/premium	99,584	
Total	**$ 57,174,669**	**$ 11,640,587**

Note 8: LONG-TERM DEBT (Continued)

(A) In April 2012, the residents of the Parish voted for a bond proposition authorizing the Hospital to issue up to $15,000,000 of 20-year General Obligation Bonds for the purpose of purchasing, acquiring land and constructing buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities. These bonds are general obligations of the Hospital and payable from ad valorem taxes.

In August 2012, the Hospital adopted a resolution issuing $8,000,000 General Obligation, Series 2012A bonds and $6,000,000 Taxable General Obligation, Series 2012B bonds. Interest is payable semiannually on March 1 and September 1.

The Series 2012A bonds mature according to maturity schedules contained in the bond documents beginning on March 1, 2013, with scheduled maturities ranging from $45,000 to $635,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 3.25%.

The Series 2012B bonds mature, according to maturity schedules contained in the bond documents, beginning on March 1, 2013. Scheduled maturities range from $50,000 to $520,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 4.25%. These bonds are secured by and payable from unlimited ad valorem taxes.

(B) During the year ended July 31, 2014, the Hospital issued $1,000,000 of General Obligation Bonds, Series 2013, dated September 10, 2013. The purpose of the issue is purchasing, acquiring land and constructing buildings, machinery, equipment and furnishings, including both real and personal property, to be used in providing hospital facilities. The outstanding principal of the bonds will be repaid in ten annual installments ranging from $85,000 to $115,000 beginning March 1, 2014, with the final installment due March 1, 2023. Interest is payable semi-annually on March 1 and September 1 at a rate of 4.55%. These bonds are secured by and payable from unlimited ad valorem taxes.

(C) During the year ended July 31, 2014, the Hospital issued $4,350,000 of General Obligation Bonds, Series 2013A, dated September 10, 2013. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Refunding Bonds, Series 2003A, and General Obligation Bonds, Series 2004, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in eleven annual installments ranging from $280,000 to $555,000 beginning March 1, 2014, with the final installment due March 1, 2024. Interest is payable semi-annually on March 1 and September 1 at a rate of 3.05%. These bonds are secured by and payable from unlimited ad valorem taxes.

Note 8: LONG-TERM DEBT (Continued)

(D) PVMO began drawing down on its debt for construction of a medical center on the East Bank of St. Charles Parish (the Project) during fiscal 2014. The Facility A and B notes are intended to qualify as a "qualified low-income community investment" for the purposes of generating certain tax credits called New Markets Tax Credits (NMTCs) under section 45D of the Internal Revenue Code of 1986, as amended. To qualify, PVMO must comply with certain representations, warranties, and covenants. These include, but are not limited to, a covenant that the "portion of the business" (as defined) will operate to qualify as a qualified low-income community business. If, as a result of the breach of the agreement or loan documents by PVMO, the Lender is required to recapture all or any part of the New Markets Tax Credits previously claimed by the Lender, PVMO agrees to pay to the Lender an amount equal to the sum of the credits recaptured. Additionally, the QLICI Lender has a security interest in the assets of PVMO other than real property.

On January 10, 2014, PVMO issued a note payable (Facility A) to FNBC-CDE #13, LLC. The note is subject to credit and loan agreements executed by PVMO, as the community development entity (CDE) under the New Markets Tax Credit Program, and FNBC- CDE #13, LLC (Lender).

The Facility A Note, issued for $1,914,596, is secured under the aforementioned credit and loan agreements. The Facility A Note was to mature on January 10, 2021. The note borne interest at a rate per annum equal to 3.74%. PVMO paid interest only on this note quarterly in arrears on March 15, June 15, September 15, and December 15 of each year, commencing March 15, 2014, and continued until December 15, 2020. PVMO could not prepay this note in full or in part any time prior to the expiration of the NMTC seven year compliance period. In January 2021, the remaining balance of the Facility A Note was included in the refinance disclosed below in (E).

The Facility B Note in the amount of $1,585,404 was issued in connection with Facility A on January 10, 2014 to PVMO. The note is secured under the same aforementioned credit and loan agreements executed by PVMO for the Facility A Note. The note borne interest at a rate per annum equal to 3.74% and PVMO paid interest only on this note quarterly in arrears on March 15, June 15, September 15, and December 15 of each year commencing March 15, 2014, and continued until December 15, 2020. The entire principal was due on June 15, 2021. PVMO could not prepay this note in full or in part any time prior to the expiration of the NMTC compliance period. In January 2021, PVMO exercised a put option and paid a purchase price in the amount of $1,000 and obtained a partial debt forgiveness and the remaining balance was extinguished.

Note 8: LONG-TERM DEBT (Continued)

In association with Facility Notes A and B (the NMTC Facilities), the Hospital, for the benefit of PVMO, unconditionally and irrevocably guaranteed the full, complete, and timely payment and, to the extent legally permissible, performance of all obligations owed to the Lender under the loan documents.

The First National Bank Direct Loan (the Direct Loan) is a $10,000,000 note used in construction of PVMO. Interest is payable semi-annually at a rate of 6% and principal is payable annually through 2044. It is secured with a 1st mortgage and assignment of leases and rents on the Project. The Facility A and B Notes provide funding for PVMO through the NMTC transaction and are secured with a 2nd mortgage and assignment of leases and rents. In January 2021, PVMO refinanced the Direct Loan along with the outstanding balance of the Facility A Note. The new loan balance of $11,318,218 is to be repaid in equal monthly installments of $61,739 beginning February 15, 2021 with the final installment due January 15, 2046. Interest is paid monthly at a rate of 4.25%.

(E) During the period from August 1, 2015 through December 31, 2016, the Hospital issued $7,040,000 of General Obligation Refunding Bonds, Series 2016, dated May 31, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2005, and General Obligation Bonds, Series 2006, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in ten annual installments ranging from $370,000 to $840,000 beginning March 1, 2017, with the final installment due March 1, 2026. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.19%.

(F) During the period from August 1, 2015 through December 31, 2016, the Hospital issued $10,655,000 of General Obligation Refunding Bonds, Series 2016A, dated August 9, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2007, General Obligation Bonds, Series 2009, and General Obligation Bonds, Series 2009A, and paying the costs incurred in connection with the issuance thereof.

The outstanding principal of the bonds will be repaid in thirteen annual installments ranging from $420,000 to $1,305,000 beginning March 1, 2017, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.23%.

Note 8: LONG-TERM DEBT (Continued)

(G) During the year ended December 31, 2018, the Hospital issued $11,565,000 of Taxable Limited Tax Refunding Bonds, Series 2018, dated October 9, 2018. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Limited Tax Bonds, Series 2014 and Limited Tax Bonds, Series 2015, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in seven annual installments ranging from $1,515,000 to $1,785,000 beginning March 1, 2019, with the final installment due March 1, 2025. Interest is payable semi-annually on March 1 and September 1 at a rate of 4.06%.

(H) During the year ended December 31, 2018, the Hospital issued $2,300,000, of Limited Tax Bonds, Series 2018A, dated October 9, 2018. The purpose of the issue is construction, operating and maintaining the Hospital facilities, and paying the cost incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in eight annual installments ranging from $35,000 to $1,945,000 beginning March 1, 2019, with the final installment due March 1, 2026. Interest is payable semi-annually on March 1 and September 1 at a rate of 3.37%.

(I) During the year ended December 31, 2020, the Hospital issued $3,135,000 of General Obligation Refunding Bonds, Series 2020, dated March 24, 2020. The purpose of the issue is refunding all of the Hospital's outstanding General Obligation Bonds, Series 2009B, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in ten annual installments ranging from $305,000 to $400,000 beginning March 1, 2021, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.82%.

(J) During the year ended December 31, 2021, the Hospital issued $17,000,000 of General Obligation Refunding Bonds, Series 2021, dated August 31, 2021. The purpose of the issue is purchasing, acquiring and constructing lands, buildings, machinery, equipment and furnishings, including both real and personal property. The outstanding principal of the bonds will be repaid in fifteen annual installments ranging from $1,005,000 to $1,270,000 beginning March 1, 2022, with the final installment due March 1, 2036. Interest is payable semi-annually on March 1 and September 1 at a rate of 1.67%.

In May 2020, the Hospital received a loan in the amount of $1,731,300 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 Hospital and the lender.

Note 8: LONG-TERM DEBT (Continued)

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.

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 Hospital'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 Hospital is of the opinion that all of the proceeds of the PPP Loan were used by the Hospital to pay eligible payroll costs and the Hospital 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 Hospital recognized $1,731,300 as a forgiveness of PPP loan on the statement of revenues, expenses, and changes in net position.

Note 9: LONG-TERM DEBT (Continued)

Long-term debt and other non-current liabilities activity as of and for the year ended December 31 2022, is as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
General Obligation Bonds:					
Series 2012A	$ 5,795,000	$ -	$ (430,000)	**$ 5,365,000**	$ 445,000
Series 2012B	4,450,000	-	(305,000)	**4,145,000**	320,000
Series 2013	230,000	-	(115,000)	**115,000**	115,000
Series 2013A	1,045,000	-	(305,000)	**740,000**	310,000
Series 2016	3,575,000	-	(760,000)	**2,815,000**	790,000
Series 2016A	8,020,000	-	(855,000)	**7,165,000**	845,000
Series 2020	2,830,000	-	(315,000)	**2,515,000**	325,000
Series 2021	17,000,000	-	(1,005,000)	**15,995,000**	1,020,000
Limited Tax Bonds:					
Series 2018	6,920,000	-	(1,645,000)	**5,275,000**	1,710,000
Series 2018A	2,175,000	-	(50,000)	**2,125,000**	50,000
Other long-term debt:					
FNB Loan	11,088,411	-	(268,326)	**10,820,085**	280,137
Unamortized discount/premium	107,554	-	(7,970)	**99,584**	-
Total long-term debt	63,235,965	-	(6,061,296)	**57,174,669**	6,210,137
Other long-term Liabilities					
Multi-employer pension withdrawal liability	1,088,822	-	(605,582)	**483,240**	483,240
Lease obligations	1,570,521	-	(987,252)	**583,269**	455,982
Lease deposits	20,202	-	-	**20,202**	-
Total other long-term liabilities	2,679,545	-	(1,592,834)	**1,086,711**	939,222
Total long-term debt and other obligations	**$ 65,915,510**	**$ -**	**$ (7,654,130)**	**$ 58,261,380**	**$ 7,149,359**

Note 9: LONG-TERM DEBT (Continued)

Long-term debt and other non-current liabilities activity as of and for the year ended December 31, 2021, is as follows:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
General Obligation Bonds:					
Series 2012A	6,205,000	-	(410,000)	5,795,000	430,000
Series 2012B	4,735,000	-	(285,000)	4,450,000	305,000
Series 2013	340,000	-	(295,000)	230,000	115,000
Series 2013A	1,340,000	-	(110,000)	1,045,000	305,000
Series 2016	4,315,000	-	(740,000)	3,575,000	760,000
Series 2016A	8,885,000	-	(865,000)	8,020,000	855,000
Series 2020	3,135,000	-	(305,000)	2,830,000	315,000
Series 2021	-	17,000,000	-	17,000,000	1,005,000
Limited Tax Bonds:					
Series 2018	8,515,000	-	(1,595,000)	6,920,000	1,645,000
Series 2018A	2,215,000	-	(40,000)	2,175,000	50,000
Other long-term debt:					
NMTC QLICI A Loan	1,914,596	-	(1,914,596)	-	-
NMTC QLICI B Loan	1,585,404	-	(1,585,404)	-	-
FNBC Direct Loan	9,293,749	-	(9,293,749)	-	-
FNB Loan	-	11,325,228	(236,817)	11,088,411	268,343
Unamortized discount/premium	115,151	-	(7,597)	107,554	-
Total long-term debt	52,593,900	28,325,228	(17,683,163)	63,235,965	6,053,343
Other Long-term Liabilities					
Multi-employer pension withdrawal liability	1,652,918	-	(564,096)	1,088,822	605,582
Lease obligations	2,238,914	-	(668,393)	1,570,521	987,252
Paycheck protection program note payable	1,731,300	-	(1,731,300)	-	-
Lease deposits	20,202	-	-	20,202	-
Total other long-term liabilities	5,643,334	-	(2,963,789	2,679,545	1,592,834
Total long-term debt and other obligations	$ 58,237,234	$ 28,325,228	$ (20,646,952)	$ 65,915,510	$ 7,646,177

Note 9: LONG-TERM DEBT (Continued)

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:

Year Ending December 31,	Amount
2023	462,397
2024	128,034
2025	-
2026	-
2027	-
	590,431
Less: Imputed interest	(7,162)
Present value of lease liabilities	**583,269**

Defeasance of Debt

In 2021, the Hospital defeased $1,914,596 of the Facility A Note and The First National Bank Direct Loan of 9,293,749 and issued $11,325,228 of First National Bank Loan. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt totaled $1,052,850. An economic gain (difference between the present value of the old debt and new debt service payments) of $2,726,883 resulted from the refunding. There were no deferred outflows recorded at December 31, 2021 relate to the defeasance of the Facility A Note and the First National Bank Direct Loan.

In 2018, the Hospital defeased $7,725,000 of Limited Tax Bonds, Series 2014 and $3,520,000 of Limited Tax Bonds, Series 2015 and issued $11,565,000 of Taxable Limited Tax Refunding Bonds, Series 2018 and $2,300,000 of Limited Tax Bonds, Series 2018A. Deferred outflows of $82,418 and $120,456 at December 31, 2022 and 2021 relate to the defeasance of the Series 2014 and 2015 bonds, respectively.

Note 10: NET INVESTMENT IN CAPITAL ASSETS

The Hospital's net investment in capital assets for the years ended December 31, 2022 and 2021, as presented on the accompanying statements of net position is calculated as follows:

		2022		2021
Capital assets, net	$	43,311,892	$	41,695,342
Less debt related to capital assets				
Bond payable		(57,075,085)		(63,128,411)
Lease payable		(583,269)		(1,570,521)
Plus cash held for capital acquisition		751,170		1,182,045
Net investment in capital assets	$	(13,595,292)	$	(21,821,545)

Note 11: RURAL HOSPITAL GRANT

Since the Hospital serves a disproportionate share of low-income patients, it qualifies for additional reimbursements from the State of Louisiana Department of Health and Hospitals rural hospital grant program. The rural hospital grant program was developed by the Rural Hospital Coalition, Inc., to assist rural hospitals in receiving adequate reimbursement for uninsured and indigent patients under the State of Louisiana Rural Hospital Preservation Act. The grant funds totaled $3,548,858 for the year ended December 31, 2022. No grant receivable was recorded as of December 31, 2022. The grant funds totaled $5,513,835 for the year ended December 31, 2021, of which $2,687,900 is recorded as other receivables as of December 31, 2021. The rural hospital grant program ended during October 2022 and was replaced by the Rural Hospital Directed Payment Program described below.

Note 12: MEDICAID DIRECTED PAYMENT PROGRAM

The Hospital participates in the State's Directed Payment Program (DPP). Under the DPPP, MCOs are contracted to pay increased reimbursements for physician services that more close align the reimbursement rates for the Medicaid managed care population with the equivalent total reimbursement rates for the Medicaid fee-for-service population. DPP revenue recorded by the Hospital under DPP reimbursement totaled $4,666,362 in 2022 on the accompanying statements of revenue, expenses, and changes in net position as other operating revenue. Additionally, the Hospital recorded a receivable of $663,027 for the year ended December 31, 2022 on the accompanying statements of net position as other receivables.

Note 13: MANAGED CARE INCENTIVE PAYMENT PROGRAM

As part of the State of Louisiana's MCIP Program, the Hospital 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 form QIN. MCIP receivable for the years ended December 31, 2022 and 2021 totaled $641,064 and $785,230 respectively on the accompanying statements of net position. MCIP revenue for the years ended December 31, 2022 and 2021 totaled $2,179,748 and $1,586,443, respectively on the accompanying statements of revenue, expenses, and changes in net position as other operating revenue.

Note 14: 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 Centers for Medicare & Medicaid Services (CMS) in their annual Medicare cost reports. During the year ended December 31, 2022 and 2021, the Hospital received $834,494 and $84,002 in PRF payments, respectively. For year ended December 31, 2022 and 2021, the Hospital 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 $-0- and $2,725,163, respectively, as governmental support in the statements of revenues, expenses, and changes in 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 Hospital deferred employer Social Security tax payments totaling $-0- and $213,972 pursuant to the CARES Act, respectively. The full amount of deferred employer Social Security tax payment was paid in 2022. For the year ended December 31, 2021, the full amount was included in accrued salaries and benefits in the statements of net position.

Note 14: CARES ACT FUNDING (Continued)

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 Hospital was advanced $2,100,000 under this program. Recoupment began starting in April 2021. At December 31, 2022 and 2021 the $-0- and $1,481,493, respectively, is recorded as a current liability in the statement of net position.

Note 15: RENTAL REVENUES

The Hospital leases the Medical Office Building from PVMO under a master lease agreement whereby the Hospital pays PVMO $78,000 per month adjusted for Consumer Price Index every five years, which eliminates in consolidation for reporting purposes herein.

As part of this this agreement, the Hospital can sublease the office space to third parties. For the years ended December 31, 2022 and 2021, rental income related to this property and others rented by the Hospital totaled $1,718,261 and $1,574,139, respectively, and is recorded on the statements of revenues, expenses, and changes in net position as other operating revenues. The rental income recorded in accordance with GASB 87 totaled $1,270,934 and $1,247,589 for the years ended December 31, 2022 and 2021, respectively. The risk-free borrowing rates for the leases range from 0.25% to 4.01%. The variance payments for leases not meeting the requirements to be recorded in accordance with GASB 87 totaled $447,327 and $326,550 during the year ended December 31, 2022 and 2021, respectively, and included in the rental income amounts disclosed above.

The Hospital has various office space leases with the Hospital's manager. Annual payments under the lease range from $53,392 to $304,792 and the leases expire at various dates through April 30, 2031. The risk-free borrowing rates for the leases range from 0.25% to 2.56%. For the years ended December 31, 2022 and 2021, the Hospital recorded rental income in accordance with GASB 87 of $1,225,350 and $1,194,674, respectively, from the Hospital's manager. Rental income with the Hospital's manager not in accordance with GASB 87 totaled $187,406 and $180,075 for the years ended December 31, 2022 and 2021, respectively, and is included in total rental income from the Hospital's manager disclosed above.

Note 15: RENTAL REVENUES (Continued)

Future minimum rent receipts are as follows:

Year Ending December 31,	Principal	Interest	**Total**
2023	$ 1,032,234	$ 55,461	**$ 1,087,695**
2024	836,808	39,173	**875,981**
2025	775,955	24,044	**799,999**
2026	422,563	13,141	**435,704**
2027	375,754	7,832	**383,586**
Thereafter	355,835	7,538	**363,373**
Total	$ 3,799,149	$ 147,189	**$ 3,946,338**

Note 16: MEDICAID PROGRAM SUPPORT

As part of the Hospital's continuing support of the State of Louisiana's Medicaid Program, the Hospital has, throughout the year, made Medicaid supplemental payments to the State of Louisiana (State) restricted for use in support of the Medicaid Program. For the years ended December 31, 2022 and 2021 the Hospital made Medicaid supplemental payments of $21,250,000 and $22,098,808, respectively, to the State which is included in Medicaid program support, respectively on the accompanying statements of revenues, expenses, and changes in net position.

Note 17: RETIREMENT BENEFITS

Multi-Employer Defined Benefit Pension Plan and 2013 Withdrawal

Substantially all employees of the Hospital had been members of the Parochial Employees' Retirement System of Louisiana (System), a cost sharing, multiple-employer public employee retirement system, controlled and administered by a separate board of trustees. The Hospital formally terminated its participation in the Plan effective December 1, 2013.

Per Louisiana Revised Statute 11:1903, if an employer terminates its agreement for coverage of its employees, the employer shall remit to the System that portion of the unfunded actuarial accrued liability which is attributable to the employer's participation in the System. The amount required to be remitted shall be determined as of the December thirty-first immediately prior to the date of termination. The amount due shall be determined by the actuary employed by the System and shall either be paid in a lump sum or amortized over ten year in equal monthly payments with interest at the System's actuarial valuation rate, at the option of the employer.

The Hospital has chosen to pay its withdrawal liability over ten year in equal monthly installments of principal and interest of $55,298, with the first payment due September 1, 2013. The non-interest component of this monthly payment equates to a total withdrawal liability of $483,240 and $1,088,822 as of December 31, 2022 and 2021, respectively.

Note 17: RETIREMENT BENEFITS (Continued)

Multi-Employer Defined Benefit Pension Plan and 2013 Withdrawal (Continued)

In planning for the termination of participation in the Parochial Employees' Retirement System of Louisiana, the Hospital established a deferred compensation 457(b) plan and a defined contribution 401(a) retirement plan for eligible employees.

Section 457(b) Deferred Compensation Plan

Effective December 1, 2013, the Hospital offered to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is available to all Hospital employees as of the first enrollment date following the date they become an employee and permits them to contribute a portion of their salary to the plan on an annual basis.

The Hospital also established a 401(a) retirement plan for the purpose of matching 100% of an employee's salary reduction contributions to the deferred compensation plan up to 3% of the employee's compensation received for that year. To be eligible for this match, the employee must be employed as of December 31. The contribution match for the Hospital will be made during the first quarter of the following year. For the year ended December 31, 2022 and 2021, total employer contributions to the plan were $104,203 and $99,428, respectively.

The amounts of compensation deferred, and other contributions under the above plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use. It is the opinion of Hospital management that the Hospital has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

Note 18: COMMITMENTS

Total Renal Care Cooperative Endeavor and Services Agreements

On April 1, 2010, the Hospital entered into a ten year cooperative endeavor lease agreement with Total Renal Care, Inc. (TRC). Under this agreement, TRC is leasing approximately 4,425 square feet of the Hospital building for the sum of $92,727 per year, payable in equal monthly installments of $7,719. This agreement was extended for an additional 60 months, commencing on April 1, 2020 and expiring on March 31, 2025. Under the new agreement, TRC is leasing approximately 4,759 square feet of the Hospital building. Payments under this agreement increase annually and range from $118,975 to $133,907, payable in equal monthly installments ranging from $9,915 to $11,159.

Note 18: COMMITMENTS (Continued)

The Hospital entered into a five year Acute Services Agreement with TRC effective April 1, 2010. The agreement states that the Hospital appoints TRC as its exclusive provider of dialysis and other related services to its patients. The Hospital will pay TRC for these services under the fee schedule described in "Exhibit 7.1" of the agreement. This agreement will be automatically renewed for successive two year terms unless terminated.

The Hospital also entered into a one year Stat Laboratory Services Agreement with TRC effective June 10, 2013. The agreement states that the Hospital will provide certain laboratory tests and services necessary for TRC's dialysis patients. TRC will compensate the Hospital for these services under the fee schedule described in "Exhibit A" of the agreement. This agreement has been automatically renewed for one year effective each annual period following the initial agreement, and will be automatically renewed for successive one year terms unless terminated.

Note 19: HOSPITAL MANAGEMENT CONTRACT

As mentioned in Note 1, effective September 1, 2014, the Hospital is managed by St. Charles Operational Management Company (SCOMC), a wholly owned subsidiary of Ochsner Health System. The Hospital pays a monthly management fee to SCOMC in exchange for management, staff, and other assistance to operate the Hospital.

In addition to the management fee referred to above, the Hospital provides other payments to SCOMC 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, the Hospital purchased supplies and other items pursuant to this agreement through SCOMC totaling approximately $10,625,000 and made payments of approximately $7,900,000; outstanding amounts of approximately $7,600,000 are recorded as due to Hospital manager in the Hospital's statement of net position as a current liability at December 31, 2022. During year ended December 31, 2021, the Hospital purchased supplies and other items pursuant to this agreement through SCOMC totaling approximately $10,200,000 and made payments of approximately $3,500,000, outstanding amounts of approximately $7,400,000 are recorded as due to Hospital manager in the Hospital's statement of net position as a current liability.

Note 20: 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.

Note 20: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

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 Hospital 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 Hospital has not been the subject of any MIC audits during 2022 or 2021. The Hospital has been subject to RAC audits during 2022, which resulted insignificant recoupment of payments. The Hospital has not been subject to RAC audits during 2021.

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. The Hospital 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.

Workmen's Compensation

The Hospital participates in the Louisiana Commercial and Trade Association Workmen's Compensation Trust Fund (the Trust Fund). Should the Trust Fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not practical to estimate the amount of additional assessments, if any, and the costs associated with any such assessments are treated as period expenses at the time they are assessed.

Note 20: RISK MANAGEMENT AND REGULATORY MATTERS (Continued)

Workmen's Compensation (Continued)

The Trust Fund presumes to be a "grantor trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations and equity amounts assigned to the Hospital by the Trust Fund in its financial statements.

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.

Medical Malpractice Insurance

The Hospital participates in the State of Louisiana Patient Compensation fund (the Fund). The Fund provides malpractice coverage to the Hospital for claims in excess of $100,000 up to $500,000. According to current state law, medical malpractice liability (exclusive of future medical care awards) is limited to $500,000 per occurrence. The management of the Hospital has no reason to believe that the Hospital will be prevented from continuing its participation in the Fund.

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require 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 Hospital's claims experience, no such accrual deemed necessary. It is reasonably possible that this estimate could change materially in the near term.

Note 21: TAX ABATEMENTS

In accordance with GASB 77, *Tax Abatement Disclosures,* which requires the Hospital to disclose information regarding the ad-valorem tax abatements that affect the taxes collected by the Hospital, whether approved by the Hospital or other governmental entity, ad-valorem tax abatements affecting the Hospital's tax collections are summarized below.

The program under which these abatements are granted is described below:

- **Industrial Tax Exemption:** Manufacturers receive a property tax exemption for a five-year period, renewable for an additional five years. Exemptible property includes buildings, machinery, equipment, furniture and fixtures for a new expanded or renovated facility.

Note 21: TAX ABATEMENTS (Continued)

For the year ended December 31, 2022 the Hospital's tax collections are affected by abatements authorized by the State of Louisiana (State), St. Charles Parish Council (Council), and the Industrial Development Board of St. Charles Parish (IDB) as detailed below:

Industrial Tax Exemption	Total Amount of Abated Taxes	Hospital's Share of Abated Taxes
State approved	$ 122,043,221	$ 5,484,303
Council approved	140,767	6,383
IDB approved	2,994,054	135,770

For the year ended December 31, 2021 the Hospital's tax collections are affected by abatements authorized by the State of Louisiana (State), St. Charles Parish Council (Council), and the Industrial Development Board of St. Charles Parish (IDB) as detailed below:

Industrial Tax Exemption	Total Amount of Abated Taxes	Hospital's Share of Abated Taxes
State approved	$ 119,773,666	$ 5,382,315
Council approved	116,252	5,272
IDB approved	225,886	10,243

Note 22: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION

The following table presents the combining condensed statements of net position information for the Hospital and its component units for the year ended December 31, 2022:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Current Assets	$ 57,158,408	$ 188,819	$ 5,077	$ -	$ 57,352,304
Assets whose use is limited	751,170	-	-	-	751,170
Capital assets, net	28,987,916	14,323,976	-	-	43,311,892
Other assets	2,766,915	-	-	-	2,766,915
Total assets	$ 89,664,409	$ 14,512,795	$ 5,077	$ -	$ 104,182,281
Deferred outflows of resources	$ 82,418	$ -	$ -	$ -	$ 82,418
Total assets and deferred outflows of resources	$ 89,746,827	$ 14,512,795	$ 5,077	$ -	$ 104,264,699
Current Liabilities and Net Position	$ 19,907,213	$ 715,422	$ -	$ -	$ 20,622,635
Long-term liabilities - less amounts due within one year	40,572,073	10,539,948	-	-	51,112,021
Net position	25,786,914	3,257,425	5,077	-	29,049,416
Total liabilities and net position	$ 86,266,200	$ 14,512,795	$ 5,077	$ -	$ 100,784,072
Deferred inflows of resources	$ 3,480,627	$ -	$ -	$ -	$ 3,480,627
Total liabilities, deferred inflow of resources, and net position	$ 89,746,827	$ 14,512,795	$ 5,077	$ -	$ 104,264,699

Note 22: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statements of net position information for the Hospital and its component units for the year ended December 31, 2021:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Current Assets	$ 57,149,641	$ 188,819	$ 5,077	$ (565,356)	$ 56,778,181
Assets whose use is limited	1,182,045	-	-	-	1,182,045
Capital assets, net	27,077,102	14,618,240	-	-	41,695,342
Other assets	3,793,659	-	-	-	3,793,659
Total assets	$ 89,202,447	$ 14,807,059	$ 5,077	$ (565,356)	$ 103,449,227
Deferred outflows of resources	$ 120,456	$ -	$ -	$ -	$ 120,456
Total assets and deferred outflows of resources	$ 89,322,903	$ 14,807,059	$ 5,077	$ (565,356)	$ 103,569,683
Current Liabilities and Net Position	$ 20,690,745	$ 1,007,667	$ -	$ (565,356)	$ 21,133,056
Long-term liabilities - less amounts due within one year	47,623,234	10,646,099	-	-	58,269,333
Net position	16,257,362	3,153,293	5,077	-	19,415,732
Total liabilities and net position	$ 84,571,341	$ 14,807,059	$ 5,077	$ (565,356)	$ 98,818,121
Deferred inflows of resources	$ 4,751,562	$ -	$ -	$ -	$ 4,751,562
Total liabilities, deferred inflow of resources, and net position	$ 89,322,903	$ 14,807,059	$ 5,077	$ (565,356)	$ 103,569,683

Note 22: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statement of revenues, expenses and changes in net position for the Hospital and its component units for the year ended December 31, 2022:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Operating Revenues	$ 60,881,711	$ 1,013,060	$ -	$ (1,013,060)	$ 60,881,711
Operating Expenses					
Salaries, wages, and benefits	17,935,838	-	-	-	17,935,838
Supplies and other	38,230,287	-	-	(1,013,060)	37,217,227
Purchased services	1,965,191	17,790	-	-	1,982,981
Depreciation and amortization	4,128,186	418,597	-	-	4,546,783
Total operating expenses	62,259,502	436,387	-	(1,013,060)	61,682,829
Net (loss) income from operations	(1,377,791)	576,673	-	-	(801,118)
Nonoperating Revenues (Expenses)					
Ad valorem taxes	9,692,574	-	-	-	9,692,574
In-kind contribution	1,683,490	-	-	-	1,683,490
Gain on insurance proceeds	759,769	-	-	-	759,769
Interest income	133,426	-	-	-	133,426
Interest expense	(1,361,916)	(472,541)	-	-	(1,834,457)
Total nonoperating revenues, net	10,907,343	(472,541)	-	-	10,434,802
Change in Net Position	9,529,552	104,132	-	-	9,633,684
Net Position, Beginning of Year	16,257,362	3,153,293	5,077	-	19,415,732
Net Position, End of Year	$ 25,786,914	$ 3,257,425	$ 5,077	$ -	$ 29,049,416

Note 22: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statement of revenues, expenses and changes in net position for the Hospital and its component units for the year ended December 31, 2021:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Operating Revenues	$ 53,412,017	$ 1,013,060	$ -	$(1,013,060)	$ 53,412,017
Operating Expenses					
Salaries, wages, and benefits	15,948,091	-	-	-	15,948,091
Supplies and other	37,661,717	-	-	(1,013,060)	36,648,657
Purchased services	1,769,465	139,058	-	-	1,908,523
Depreciation and amortization	3,860,871	406,163	-	-	4,267,034
Total operating expenses	59,240,144	545,221	-	(1,013,060)	58,772,305
Net (loss) income from operations	(5,828,127)	467,839	-	-	(5,360,288)
Non-Operating Revenues (Expenses)					
Ad valorem taxes	8,597,555	-	-	-	8,597,555
Gain on defeasance/debt refinance	(629,904)	1,585,404	-	-	955,500
In-kind contribution	434,566	-	-	-	434,566
HHS CARES Act Provider Relief Funds	2,725,163	-	-	-	2,725,163
Forgiveness of Paycheck Protection Program note payable	1,731,300	-	-	-	1,731,300
Interest income	146,486	-	-	-	146,486
Interest expense	(1,509,975)	(509,222)	-	-	(2,019,197)
Total non-operating revenues, net	11,495,191	1,076,182	-	-	12,571,373
Change in Net Position	5,667,064	1,544,021	-	-	7,211,085
Net Position, Beginning of Year	10,590,298	1,609,272	5,077	-	12,204,647
Net Position, End of Year	$ 16,257,362	$ 3,153,293	$ 5,077	$ -	$ 19,415,732

Note 22: COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (Continued)

The following table presents the combining condensed statement of cash flows for the Hospital and its component units as of December 31, 2022:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Net cash provided by (used in):					
Operating activities	$ 6,511,177	$ -	$ -	$ -	$ 6,511,177
Noncapital financing activities	8,520,637	-	-	-	8,520,637
Capital and related financing activities	(14,060,682)	-	-	-	(14,060,682)
Investing activities	854,190	-	-	-	854,190
Net increase (decrease) in cash and cash equivalents	1,825,322	-	-	-	1,825,322
Cash and cash equivalents - beginning of period	26,342,942	-	5,077	-	26,348,019
Cash and cash equivalents - end of period	$ 28,168,264	$ -	$ 5,077	$ -	$28,173,341

The following table presents the combining condensed statement of cash flows for the Hospital and its component units as of December 31, 2021:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	SCHII	Eliminations	Total
Net cash (used in) provided by:					
Operating activities	$ 1,017,808	$ -	$ -	$ -	$ 1,017,808
Noncapital financing activities	9,311,524	-	-	-	9,311,524
Capital and related financing activities	4,099,217	-	-	-	4,099,217
Investing activities	(1,682,864)	-	-	-	(1,682,864)
Net (decrease) increase in cash and cash equivalents	12,745,685	-	-	-	12,745,685
Cash and cash equivalents - beginning of period	13,597,257	-	5,077	-	13,602,334
Cash and cash equivalents - end of period	$ 26,342,942	-	$ 5,077	$ -	$26,348,019

SUPPLEMENTARY INFORMATION

Agency Head Name: Keith Dacus, Chief Executive Officer.

Note: Effective September 1, 2014, St. Charles Parish Hospital Service District is managed by St. Charles Operational Management Company, a wholly owned subsidiary of Ochsner Health System (Ochsner). The Agency Head is Keith Dacus, Chief Executive Officer. Keith Dacus is an employees of Ochsner. St. Charles Parish Hospital Service District did not make any payments to or on behalf of the Chief Executive Officer, an individual as the agency head for the year ended December 31, 2022.

St. Charles Parish Hospital Service District
Schedule of Board of Commissioners and Compensation
For The Year Ended December 31, 2022

Name	Number of Meetings Attended	Amount Paid	Amount Payable	Total
Karen Raymond	12	$ 720	$ 60	$ 780
Jake Lemmon	9	540	60	600
Timothy J. Vial	12	-	-	-
William Sirmon	4	240	-	420
Pamela Smith	10	600	60	660
Total	47	$ 2,100	$ 180	$ 2,280

General Obligation Bonds, Series 2012A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.00% to 3.25%					$ 8,000,000	$ 8,000,000	$2,635,000	$ 5,365,000
		3/1/2023	75,581	3/1/2023	445,000				
		9/1/2023	75,581						
		3/1/2024	70,172	3/1/2024	465,000				
		9/1/2024	70,172						
		3/1/2025	64,234	3/1/2025	485,000				
		9/1/2025	64,234						
		3/1/2026	57,766	3/1/2026	500,000				
		9/1/2026	57,766						
		3/1/2027	50,391	3/1/2027	525,000				
		9/1/2027	50,391						
		3/1/2028	42,365	3/1/2028	545,000				
		9/1/2028	42,365						
		3/1/2029	33,864	3/1/2029	565,000				
		9/1/2029	33,864						
		3/1/2030	24,840	3/1/2030	590,000				
		9/1/2030	24,840						
		3/1/2031	15,275	3/1/2031	610,000				
		9/1/2031	15,275						
		3/1/2032	10,319	3/1/2032	635,000				

General Obligation Bonds, Series 2012B	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.00% to 4.25%					$ 6,000,000	$ 6,000,000	$1,855,000	$ 4,145,000
		3/1/2023	74,669	3/1/2023	320,000				
		9/1/2023	74,669						
		3/1/2024	69,719	3/1/2024	340,000				
		9/1/2024	69,719						
		3/1/2025	64,289	3/1/2025	360,000				
		9/1/2025	64,289						
		3/1/2026	58,179	3/1/2026	380,000				
		9/1/2026	58,179						
		3/1/2027	51,349	3/1/2027	400,000				
		9/1/2027	51,349						
		3/1/2028	43,759	3/1/2028	420,000				
		9/1/2028	43,759						
		3/1/2029	35,319	3/1/2029	445,000				
		9/1/2029	35,319						
		3/1/2030	26,219	3/1/2030	465,000				
		9/1/2030	26,219						
		3/1/2031	16,309	3/1/2031	495,000				
		9/1/2031	16,309						
		3/1/2032	11,050	3/1/2032	520,000				

St. Charles Parish Hospital Service District
Schedule of Bonds
For The Year Ended December 31, 2022

General Obligation Bonds, Series 2013	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds: Authorized	Issued	Retired	Outstanding
	4.55%					$ 1,000,000	$ 1,000,000	$ 885,000	$ 115,000
		3/1/2023	2,616	3/1/2023	115,000				

General Obligation Bonds, Series 2013A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds: Authorized	Issued	Retired	Outstanding
	3.05%					$ 4,350,000	$ 4,350,000	$3,610,000	$ 740,000
		3/1/2023	11,285	3/1/2023	310,000				
		9/1/2023	6,558						
		3/1/2024	6,558	3/1/2024	430,000				

Limited Tax Bonds, Series 2016	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds: Authorized	Issued	Retired	Outstanding
	2.19%					$ 7,040,000	$ 7,040,000	$ 645,000	$ 2,815,000
		3/1/2023	30,824	3/1/2023	790,000				
		9/1/2023	22,174						
		3/1/2024	22,174	3/1/2024	815,000				
		9/1/2024	13,250						
		3/1/2025	13,250	3/1/2025	840,000				
		9/1/2026	4,052						
		3/1/2026	4,052	3/1/2026	370,000				

St. Charles Parish Hospital Service District
Schedule of Bonds
For The Year Ended December 31, 2022

Limited Tax Bonds, Series 2016A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds: Authorized	Issued	Retired	Outstanding
	2.23%					10,655,000	10,655,000	135,000	7,165,000
		3/1/2023	79,890	3/1/2023	845,000				
		9/1/2023	70,468						
		3/1/2024	70,468	3/1/2024	885,000				
		9/1/2024	60,600						
		3/1/2025	60,600	3/1/2025	870,000				
		9/1/2026	50,900						
		3/1/2026	50,900	3/1/2026	1,250,000				
		9/1/2026	36,962						
		3/1/2027	36,962	3/1/2027	1,305,000				
		9/1/2027	22,412						
		3/1/2028	22,412	3/1/2028	990,000				
		9/1/2028	11,373						
		3/1/2029	11,373	3/1/2029	1,020,000				

Taxable Limited Tax Refunding Bonds, Series 2018	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds: Authorized	Issued	Retired	Outstanding
	4.06%					$11,565,000	$11,565,000	$ -	$ 5,275,000
		3/1/2023	107,083	3/1/2023	1,710,000				
		9/1/2023	72,370						
		3/1/2024	72,370	3/1/2024	1,785,000				
		9/1/2024	36,134						
		3/1/2025	36,134	3/1/2025	1,780,000				

Limited Tax Bonds, Series 2018A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds: Authorized	Issued	Retired	Outstanding
	3.37%					$ 2,300,000	$ 2,300,000	$ -	$ 2,125,000
		3/1/2023	35,806	3/1/2023	50,000				
		9/1/2023	34,964						
		3/1/2024	34,964	3/1/2024	35,000				
		9/1/2024	34,374						
		3/1/2025	34,374	3/1/2025	95,000				
		9/1/2025	32,773						
		3/1/2026	32,773	3/1/2026	1,945,000				

St. Charles Parish Hospital Service District
Schedule of Bonds
For The Year Ended December 31, 2022

General Obligation Bonds, Series 2020	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	2.82%					$ 3,135,000	$ 3,135,000	$ -	$ 2,515,000
		3/1/2023	35,462	3/1/2023	325,000				
		9/1/2023	30,879						
		3/1/2024	30,879	3/1/2024	335,000				
		9/1/2024	26,156						
		3/1/2025	26,156	3/1/2025	345,000				
		9/1/2025	21,291						
		3/1/2026	21,291	3/1/2026	355,000				
		9/1/2026	16,286						
		3/1/2027	16,286	3/1/2027	370,000				
		9/1/2027	11,069						
		3/1/2028	11,069	3/1/2028	385,000				
		9/1/2028	5,640						
		3/1/2029	5,640	3/1/2029	400,000				

General Obligation Bonds, Series 2021	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	1.67%					$17,000,000	$17,000,000	$ -	$15,995,000
		3/1/2023	133,558	3/1/2023	1,020,000				
		9/1/2023	125,041						
		3/1/2024	125,041	3/1/2024	1,040,000				
		9/1/2024	116,357						
		3/1/2025	116,357	3/1/2025	1,055,000				
		9/1/2025	107,548						
		3/1/2026	107,548	3/1/2026	1,075,000				
		9/1/2026	98,572						
		3/1/2027	98,572	3/1/2027	1,095,000				
		9/1/2027	89,429						
		3/1/2028	89,429	3/1/2028	1,110,000				
		9/1/2028	80,160						
		3/1/2029	80,160	3/1/2029	1,130,000				
		9/1/2029	70,725						
		3/1/2030	70,725	3/1/2030	1,150,000				
		9/1/2030	61,122						
		3/1/2031	61,122	3/1/2031	1,170,000				
		9/1/2031	51,353						
		3/1/2032	51,353	3/1/2032	1,190,000				
		9/1/2032	41,416						
		3/1/2033	41,416	3/1/2033	1,210,000				
		9/1/2033	31,313						
		3/1/2034	31,313	3/1/2034	1,230,000				
		9/1/2034	21,042						
		3/1/2035	21,042	3/1/2035	1,250,000				
		9/1/2035	10,605						
		3/1/2036	10,605	3/1/2036	1,270,000				

Total Interest	$5,257,218		Total principal	$46,255,000
Due within one year	-		Due within one year	5,930,000
Long-term	5,257,218		Long-term	40,325,000
Total	$5,257,218		Total	46,255,000
			Bond Premium, Net	99,584
			Total	$46,354,584

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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
St. Charles Parish Hospital Service District
Luling, 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 St. Charles Parish Hospital Service District (the Hospital), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Hospital's financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital'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 of the State of Louisiana as a public document.

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

CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana
June 28, 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.

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

2021-001 Significant Deficiency: 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 distributions are required to follow the terms and conditions of reporting requirements.
Condition:	Expenditures were duplicated in the PRF round 1 and round 2 reporting.
Cause:	Controls were not effective over reporting which caused the Hospital to inappropriately duplicate certain expenditures in round 1 and round 2 reporting within the Provider Relief Fund Reporting Portal.
Effect:	The Hospital's Special Reporting duplicated amounts quantified as usage of the PRF funds.
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 Hospital believed that the reporting was based on cumulative amounts received and used (from all prior periods). Duplicate amounts did not result in the questioned costs as the Hospital has excess in lost revenue to qualify the usage.
Questioned Costs:	None noted.
Auditors' Recommendation:	It is recommended that the Hospital design, implement, and monitor proper controls around the accumulation of data for submission of Provider Relief Fund to the Provider Relief Fund Reporting Portal.
Resolution:	Resolved. 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.

St. Charles Parish Hospital Service District

A Component Unit of St. Charles Parish

AGREED-UPON PROCEDURES REPORT

December 31, 2022

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of
St. Charles Parish Hospital Service District
Luling, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by St. Charles Parish Hospital Service District (the Hospital) 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 Hospital's management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the 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 need the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Hospital's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

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) ***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 of 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 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 <u>deposit sites</u> 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: Not applicable because no collections have been made by the Hospital's employees.

5. For each deposit site selected, obtain a listing of <u>collection locations</u> 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: Not applicable. There are no Hospital employees who are responsible for collections.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

      Results: Not applicable. There are no Hospital employees who are responsible for collections.

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

   Results: Not applicable. There are no Hospital employees who are responsible for collections.

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: Not applicable. There are no Hospital employees who are responsible for collections.

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

      Results: Not applicable. There are no Hospital employees who are responsible for collections.

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

      Results: Not applicable. There are no Hospital employees who are responsible for collections.

   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: Not applicable. There are no Hospital employees who are responsible for collections.

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

      Results: Not applicable. There are no Hospital employees who are responsible for collections.

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 that the disbursement matched 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 that 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 the Bank Reconciliations procedure 10a, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds per entity's policy (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: No exceptions were found as a result of applying the procedure.

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

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

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

14. Using the monthly statements or combined statements selected under #13 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: No exceptions were found as a result of applying the procedure.

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

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

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

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

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

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

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

Payroll and Personnel

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 #16 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).

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

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 whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

    Results: Not applicable to the employees of the Hospital under state law R.S. 42:1170 A.(3)(c).

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

    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 required 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 as required by R.S. 24:523.

    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, was not stored on the governments local server or network, and was encrypted.

    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

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

We are required to be independent of the Hospital and to meet our 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 28, 2023