

FINANCIAL STATEMENTS

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL

September 30, 2022 AND 2021

FINANCIAL STATEMENTS
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d/b/a JACKSON PARISH HOSPITAL
September 30, 2022 AND 2021
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INDEPENDENT AUDITOR'S REPORT

To Board of Commissioners
Jackson Parish Hospital Service District No. 1
d/b/a Jackson Parish Hospital
Jonesboro, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jackson Parish Hospital Service District No. 1, d/b/a Jackson Parish Hospital, a component unit of the Jackson Parish Police Jury, State of Louisiana, (the Hospital), as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of September 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules identified in the table of contents as supplemental information are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 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 the Hospital's internal control over financial reporting and compliance.

Langlinais Broussard & Kohlenberg

LANGLINAIS BROUSSARD & KOHLENBERG
 (A Corporation of Certified Public Accountants)
 Abbeville, Louisiana

March 29, 2023

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENT OF NET POSITION

SEPTEMBER 30,

ASSETS

	2022	2021
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 17,352,614	\$ 13,593,351
Accounts Receivables, Less Allowance for Doubtful		
Accounts of \$764,120 in 2022 and \$981,135 in 2021	1,884,288	1,734,241
Due from Third Party Payors	1,693,100	1,708,081
Other Receivables	1,874,903	357,465
Inventories	570,561	518,013
Prepaid Expenses	358,475	213,226
Total Current Assets	23,733,941	18,124,377
PROPERTY, PLANT AND EQUIPMENT:		
Property, Plant and Equipment Cost	21,350,783	20,446,010
Less: Accumulated Depreciation	(13,588,856)	(12,270,813)
Total Property, Plant and Equipment	7,761,927	8,175,197
TOTAL ASSETS	\$ 31,495,868	\$ 26,299,574

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENT OF NET POSITION

SEPTEMBER 30,

LIABILITIES AND NET POSITION

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 266,104	\$ 335,434
Accounts Payable	477,496	1,055,489
Accrued Salaries and Related Withholdings	933,198	876,175
Credit Balances	241,478	237,390
Due to Third Party Payors	362,463	280,883
Due to Employees for Employee Benefits	90,241	90,241
Total Current Liabilities	<u>2,370,980</u>	<u>2,875,612</u>
LONG-TERM LIABILITIES:		
Long-Term Debt:		
Lease Obligations	<u>229,464</u>	<u>579,131</u>
Total Long-Term Liabilities	<u>229,464</u>	<u>579,131</u>
TOTAL LIABILITIES	<u>2,600,444</u>	<u>3,454,743</u>
NET POSITION:		
Invested in Capital, Net of Related Debt	7,266,360	7,260,632
Unrestricted	<u>21,629,064</u>	<u>15,584,199</u>
TOTAL NET POSITION	<u>28,895,424</u>	<u>22,844,831</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 31,495,868</u>	<u>\$ 26,299,574</u>

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED SEPTEMBER 30,

	2022	2021
OPERATING REVENUES:		
Net Patient Service Revenues before Provision for Doubtful Accounts	\$ 24,638,829	\$ 20,276,097
Provision for Doubtful Accounts	(1,835,387)	(839,724)
Net Patient Service Revenues after Provision for Doubtful Accounts	22,803,442	19,436,373
Intergovernmental Transfers - Operating	5,187,496	2,041,822
Other Operating Revenue	141,895	30,629
TOTAL OPERATING REVENUE	28,132,833	21,508,824
OPERATING EXPENSES:		
Professional Services	13,824,360	12,494,538
General and Administrative	10,297,536	9,976,997
Depreciation and Amortization	1,318,041	1,119,428
TOTAL OPERATING EXPENSES	25,439,937	23,590,963
INCOME (LOSS) FROM OPERATIONS	2,692,896	(2,082,139)
NON-OPERATING REVENUES (EXPENSES)		
Ad Valorem Taxes	2,241,924	2,177,338
Grant Income	1,062,606	8,135,296
Interest Income	68,292	75,147
Interest Expense	(15,125)	(52,929)
TOTAL NON-OPERATING REVENUES	3,357,697	10,334,852
CHANGE IN NET POSITION	6,050,593	8,252,713
TOTAL NET POSITION, BEGINNING	22,844,831	14,592,118
TOTAL NET POSITION, ENDING	\$ 28,895,424	\$ 22,844,831

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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Jonesboro, Louisiana

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Patients	\$ 21,095,832	\$ 20,248,110
Cash Received from Other Revenues	141,895	30,629
Cash Received from Intergovernmental Transfers	5,187,496	2,041,822
Cash Payments to Suppliers for Goods and Services	(10,696,844)	(8,769,858)
Cash Payments to Employees for Services	(14,003,045)	(13,664,041)
Net Cash Used in Operating Activities	1,725,334	(113,338)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:		
Ad Valorem Taxes	2,241,924	2,177,338
Grant Income	1,062,606	2,227,483
Net Cash Provided By Non-Capital Financing Activities	3,304,530	4,404,821
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of Fixed Assets	(772,844)	(5,354,958)
Principal Payments on Long-Term Debt	(550,924)	(173,648)
Interest Payments on Long-Term Debt	(15,125)	(32,250)
Proceeds from the Issuance of Long-Term Debt	-	1,032,204
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,338,893)	(4,528,652)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Income	68,292	75,147
Net Cash Provided by Financing Activities	68,292	75,147
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,759,263	(162,022)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR FOR 2022 AND 2021, RESPECTIVELY	13,593,351	13,755,373
CASH AND CASH EQUIVALENTS AT END OF YEAR FOR 2022 AND 2021, RESPECTIVELY	\$ 17,352,614	\$ 13,593,351

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

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Gain	\$ 2,692,896	\$ (2,082,139)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	1,318,041	1,119,428
Provision for Doubtful Accounts	1,835,387	839,724
Decrease (Increase) in Receivable/Due from Third Parties	(3,402,223)	166,264
Increase in Inventories and Prepaid Expenses	(197,797)	(128,392)
Decrease in Accounts Payable and Accrued Expenses	(520,970)	(28,223)
NET CASH USED IN OPERATING ACTIVITIES	\$ 1,725,334	\$ (113,338)

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

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Jackson Parish Hospital Service District No. 1 d/b/a Jackson Parish Hospital (the Hospital) was created in 1950, by the Parish Government of Jackson Parish, Louisiana to operate, control, and manage matters concerning the parish's health care functions. The Jackson Parish Police Jury appoints the Board of Commissioners of the Hospital, and the Hospital may not issue debt without the Parish's approval. For this reason, the Hospital is a component unit of the Jackson Parish Government, Jackson Parish, Louisiana.

Basis of accounting. The accompanying basic financial statements of the Hospital have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB 34 established standards for external financial reporting for all state and local governmental entities, which included a balance sheet or statement of net position, a statement of revenues, expenditures and changes in net position, and a statement of cash flows utilizing the direct method of presentation. GASB 34 is found throughout the GASB Codification. The Hospital follows standards issued by GASB found in the GASB Codification.

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

Proprietary fund accounting. The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized using the economic resources measurement focus and the accrual basis of accounting. Substantially all revenues and expenses are subject to accrual.

Inventories. Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or market.

Property, Plant and Equipment. Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under lease is stated at the sum of the initial measurement of the lease liability plus any payments made to the lessor at or before the commencement of the lease term plus initial direct cost necessary to place the lease asset in service. Leased equipment is amortized on the straight-line method over the shorter of the lease term or estimated useful lives of the assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

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

Operating revenues and expenses. The Hospital's Statements of Revenues, Expenses and Changes in Net Position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital's principal activity. Non-exchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

costs.

Income taxes. The Hospital is a political subdivision and exempt from taxes.

Advertising. The Hospital expenses advertising cost as incurred.

Costs of borrowing. Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Cash and cash equivalents. Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the Hospital may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

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

Ad valorem Taxes. The Hospital's property tax is levied by the parish on the taxable real property in the district in late October of each year. Bills are sent out in November of each year and becomes a lien the following March. The collection period for the Hospital's property taxes is from December (at which time they become delinquent) to the succeeding May.

The Hospital received approximately 7.4 percent in 2022, and 6.8 percent in 2021, of its financial support from ad valorem taxes.

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.

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

Environmental matters. Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at the time, management is not aware of any environmental matters which need to be considered.

Reclassifications. To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net assets. Such reclassifications include the reclassification of revenue groupings and/or expense groupings in the supplemental schedules.

Investments in debt and equity securities. Investments in debt and equity securities are carried at fair value except for investments in debt securities with maturities of less than one year at the time of purchase. These investments are reported at amortized cost, which approximates fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating income when earned.

Net Position. GASB 63 and GASB Codification Section P80, states that net position is equal to assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted when there are limitations imposed on their use either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories.

The Hospital first applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

Net patient service revenue. The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. Inpatient acute care services, swing bed services and outpatient services rendered to Medicare program beneficiaries are reimbursed at cost plus 1% (subject to limits and rules), while other outpatient laboratory services are reimbursed on a fee schedule. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2019.

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services to Medicaid program beneficiaries are reimbursed at cost plus 10%, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through September 30, 2016.

The Louisiana Legislature, through the Healthcare Reform Act of 2007 and Act 1 of 2010, tasked the Department of Health and Hospitals (the DHH) to create a new system of care. In response, the DHH reformed its reimbursement methodology for Medicaid patients from a fee-for-service system to the use of a Coordinated Care Network (CCN). During 2011, the DHH enabled certain third-party payor companies to contract with providers under the CCN methodology. The Hospital is currently contracted and enrolled with payors participating in the Coordinated Care Network. The Hospital has filed annual cost reports with these payors, which are subject to audit and final settlement.

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 will change by a material amount in the near term. These adjustments will be recorded in the year they are realized.

The Hospital has entered payment arrangements 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 per diem rates. To the extent management's estimate differs from actual results, the differences will be used to adjust income in the period when such differences arise.

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

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 2: NET PATIENT SERVICE REVENUE

The following schedule represents total Net Patient Service Revenue:

	2022	2021
Gross Patient Service Revenue	\$ 33,727,721	\$ 29,868,273
Less: Contractual Adjustments	(9,088,892)	(9,592,176)
Accounts	24,638,829	20,276,097
Less: Provision for Doubtful Accounts	(1,835,387)	(839,724)
Net Patient Service Revenue after Provision for Doubtful Accounts	\$ 22,803,442	\$ 19,436,373

Net Patient Service Revenue by Payor before Provision for Doubtful Accounts:

	2022	2021
Medicare	\$ 6,246,376	\$ 5,216,499
Medicaid	6,050,100	5,312,531
All Other Payors	12,342,353	9,747,067
Total Net Patient Service Revenue before Provision for Doubtful Accounts	\$ 24,638,829	\$ 20,276,097

NOTE 3: ACCOUNTS RECEIVABLE - PATIENTS

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with Medicaid, Commercial, and Self-Pay patients, the Hospital records a significant provision for bad debts in the period of service based on its experience and on the age of the receivable balance. The aged balance indicates that third-party claims have reached an age where the probability of payment is low and that self-pay patients are unable or unlikely to pay portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Patient Accounts Receivable consists of the following:

	2022	2021
Total Patient Accounts Receivable	\$ 4,271,833	\$ 4,185,791
Less: Allowance for Doubtful Accounts and Contractual Allowances	(2,387,545)	(2,451,550)
Net Patient Accounts Receivable	\$ 1,884,288	\$ 1,734,241

NOTE 4: MAJOR SOURCE OF REVENUE

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 50% and 45% of its gross patient service revenue in 2022 and 2021, respectively, from patients covered by the Medicare and Medicaid programs.

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Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment, by major category, is as follows:

		<u>September 30, 2022</u>			
	Asset Life in Years	Beginning Balance	Additions	Deletions	Ending Balance
Land		\$ 191,175	\$ 15,000	\$ -	\$ 206,175
Construction in Progress		1,984,013	-	1,984,013	-
Total assets not being depreciated		<u>2,175,188</u>	<u>15,000</u>	<u>1,984,013</u>	<u>206,175</u>
Other Capital Assets:					
Land Improvements	5 - 25	266,999	177,370	-	444,369
Building	10 - 40	5,824,484	1,942,288	-	7,766,772
Capital Leased Property	5 - 25	1,683,503	-	-	1,683,503
Fixed Equipment	5 - 25	4,202,601	509,618	-	4,712,219
Moveable Equipment	5 - 25	4,297,596	216,490	-	4,514,086
Moveable Equipment- Right of Use	5 - 25	1,014,679	-	-	1,014,679
Automobile	5	62,379	-	-	62,379
Minor Equipment	7	918,581	28,020	-	946,601
Total Other Assets		<u>18,270,822</u>	<u>2,873,786</u>	<u>-</u>	<u>21,144,608</u>
Less Accumulated Depreciation		(11,987,272)	(1,034,500)	-	(13,021,772)
Less Accumulated Depreciation- Right of Use		(283,541)	(283,543)	-	(567,084)
Gross Accumulated Depreciation		<u>(12,270,813)</u>	<u>(1,318,043)</u>	<u>-</u>	<u>(13,588,856)</u>
Net Property, Plant, & Equipment		<u>\$ 8,175,197</u>	<u>\$ 4,444,529</u>	<u>\$ 1,984,013</u>	<u>\$ 7,761,927</u>
		<u>September 30, 2021</u>			
	Asset Life in Years	Beginning Balance	Additions	Deletions	Ending Balance
Land		\$ 168,900	\$ 22,275	\$ -	\$ 191,175
Construction in Progress		536,434	3,289,137	1,841,558	1,984,013
Total assets not being depreciated		<u>705,334</u>	<u>3,311,412</u>	<u>1,841,558</u>	<u>2,175,188</u>
Other Capital Assets:					
Land Improvements	5 - 25	266,999	-	-	266,999
Building	10 - 40	3,723,514	2,100,970	-	5,824,484
Capital Leased Property	5 - 25	1,683,503	-	-	1,683,503
Fixed Equipment	5 - 25	3,470,737	731,864	-	4,202,601
Moveable Equipment	5 - 25	4,285,751	11,845	-	4,297,596
Moveable Equipment- Right of Use	5 - 25	-	1,014,679	-	1,014,679
Automobile	5	29,527	32,852	-	62,379
Minor Equipment	7	918,581	-	-	918,581
Total Other Assets		<u>14,378,612</u>	<u>3,892,210</u>	<u>-</u>	<u>18,270,822</u>
Less Accumulated Depreciation		(11,151,384)	(835,888)	-	(11,987,272)
Less Accumulated Depreciation- Right of Use		-	(283,541)	-	(283,541)
Gross Accumulated Depreciation		<u>(11,151,384)</u>	<u>(1,119,429)</u>	<u>-</u>	<u>(12,270,813)</u>
Net Property, Plant, & Equipment		<u>\$ 3,932,562</u>	<u>\$ 6,084,193</u>	<u>\$ 1,841,558</u>	<u>\$ 8,175,197</u>

Depreciation expense, which includes right of use assets, for the years ended September 30, 2022 and 2021 amounted to \$1,318,041 and \$1,119,428, respectively.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 6: LONG-TERM DEBT

Long-term debt at September 30, 2022 and 2021, consisted of the following:

	2022	2021
Right of Use Obligation, of the Vantage Omnicell Cabinet, payable in 60 monthly installments at a 1.94% interest rate, maturity in 2024	\$ 106,620	\$ 156,289
Right of Use Obligation, of the Vantage Mammogram, payable in 60 monthly installments at a 1.94% interest rate, maturity in 2022	10,225	70,887
Right of Use Obligation, of the Revolution MRI, payable in 60 monthly installments at a 1.40% interest rate, maturity in 2024	193,391	288,076
Right of Use Obligation, of the GE Ultrasound, payable in 60 monthly installments at a .89% interest rate, maturity in 2025	119,075	161,658
Right of Use Obligation, of the Baxter IV Pumps, payable in 72 monthly installments at a 2.07% interest rate, maturity in 2023	11,630	34,531
Right of Use Obligation, of Ricoh Copiers, payable in 60 monthly installments at a 2.07% interest rate, maturity in 2023	4,193	20,763
Lease Obligation, for the acquisition of Omnicell Medication Dispensing Equipment, collateralized by the equipment, payable in 60 monthly installments at a 4.75% interest rate, maturity in 2023	22,180	64,993
Lease Obligation, for the acquisition of Server Equipment, collateralized by the equipment, payable in 60 monthly installments at a 4.25% interest rate, maturity in 2022	-	23,539
Lease Obligation, for the acquisition of 3D Mammogram Equipment, collateralized by the equipment, payable in 60 monthly installments at a 4.75% interest rate, maturity in 2023	28,254	93,829
Total Long-Term Debt	495,568	914,565
Less: Current Portion	(266,104)	(335,434)
Long-Term Portion	\$ 229,464	\$ 579,131

A summary of long-term debt activity for the year ended is as follows:

	September 30, 2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Lease Obligations	\$ 914,565		\$ 418,997	\$ 495,568
Total	\$ 914,565	\$ -	\$ 418,997	\$ 495,568

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 6: LONG-TERM DEBT, CONTINUED

September 30, 2021

	Beginning Balance	Additions	Reductions	Ending Balance
Lease Obligations	\$ 356,008	\$ 732,204	\$ 173,647	\$ 914,565
COVID-19 Related Debt	5,907,813	300,000	6,207,813	-
Total	<u>\$ 6,263,821</u>	<u>\$ 1,032,204</u>	<u>\$ 6,381,460</u>	<u>\$ 914,565</u>

Balance due within one year

	2022	2021
Lease Obligations	\$ 266,104	\$ 335,434
Total	<u>\$ 266,104</u>	<u>\$ 335,434</u>

Scheduled repayments on long-term debt are as follows:

September 30, 2022

	Principal	Interest	Total
2023	\$ 266,104	\$ 5,350	\$ 271,454
2024	192,352	1,869	194,221
2025	37,112	129	37,241
Total	<u>\$ 495,568</u>	<u>\$ 7,348</u>	<u>\$ 502,916</u>

September 30, 2021

	Principal	Interest	Total
2022	\$ 418,997	\$ 14,497	\$ 433,494
2023	\$ 266,104	\$ 5,337	271,441
2024	192,352	1,869	194,221
2025	37,112	129	37,241
Total	<u>\$ 914,565</u>	<u>\$ 21,832</u>	<u>\$ 936,397</u>

NOTE 7: CASH FLOWS SUPPLEMENTAL INFORMATION

Total interest paid by the Hospital was \$15,125 and \$52,929, for 2022 and 2021, respectively.

NOTE 8: CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2022 and 2021, are as follows:

	2022	2021
Medicare	23%	34%
Medicaid	21%	25%
Commercial and Other Payors	56%	41%
	<u>100%</u>	<u>100%</u>

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 9: PENSION PLAN

The Hospital sponsors a defined contribution plan. The Plan Administrator is the hospital. Eligibility requirements are six months of employment and attaining the age of 25. Employees are not vested until after 3 years of service, at which point they are 100% vested. The Plan's coverage includes death, disability, and retirement benefits. The Hospital may amend the Plan at any time at its' sole discretion.

However, no amendment may result in any participant's vested interest or any portion of the Plan's assets reverting to the Hospital. The Hospital will match in an amount equal to a percentage of the employee salary deferrals. Forfeitures of matching contributions that relate to excess amounts may be used to reduce employer contributions. Forfeitures reflected in pension expense as a reduction of employer contributions were approximately \$-0- and \$4,164 for the years ended September 30, 2022, and 2021, respectively. The Hospital contributed \$347,124 and \$329,964 for the years ended September 30, 2022, and 2021, respectively. The accrued pension plan liability was - and \$16,041 for the years ended September 30, 2022, and 2021, respectively.

NOTE 10: GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$5,187,486 and \$2,041,822 for the years ended September 30, 2022, and 2021, respectively. Various other grants were received during the year for other uses.

NOTE 11: BANK DEPOSITS AND INVESTMENTS

Louisiana state statutes authorize the Hospital to invest in obligations of the U.S. Treasury, certificates or other obligations of the United States of America, and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana.

Louisiana state statutes require that all the deposits of the hospital must be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance.

The Hospital had bank balances on September 30, as follows:

	2022	2021
Insured (FDIC)	\$ 500,000	\$ 500,000
Letter of Credit	-	-
Collateralized by Securities Held by the Pledging Financial Institution's Trust Department in the Hospital's Name	18,848,606	18,259,861
Total	\$ 19,348,606	\$ 18,759,861
Carrying Value	\$ 17,399,981	\$ 14,106,373

NOTE 12: PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund (PCF) established by the State of Louisiana to provide medical professional liability coverage to health care providers. The PCF provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The PCF places no limitation on the number of occurrences covered. In connection with the establishment of the PCFs, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$500,000 per occurrence.

The courts have not tested the constitutionality of this legislation, although the Louisiana Supreme Court has decided that this limit does not apply in cases of strict liability. The Hospital's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance based upon an estimate of their exposure. At policy year-end, premiums are re-determined utilizing actual losses of the Hospital.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 13: CRITICAL ACCESS STATUS

Effective November 1, 2004, Jackson Parish Hospital was approved for "critical access" status under the Medicare Rural Hospital Flexibility Program. The program allows states to designate rural facilities as "critical access hospitals" if they are located a sufficient distance from other hospitals, make available 24-hour emergency care, maintain no more than 25 inpatient beds, and keep inpatients no longer than 96 hours (except where weather or emergency conditions dictate, or a Peer Review Organization waives the limit). Payment for inpatient and outpatient services under this program is based on reasonable cost.

NOTE 14: COMPENSATED ABSENCES/DUE TO EMPLOYEES FOR BENEFITS

Full time employees earn accrued time off (ATO) based on years of service; part time employees accrue ATO on a pro-rated basis based on years of service. All ATO balances will be paid upon termination. Sick pay is not vested and therefore not accrued. The Hospital's policy is to recognize the cost of sick pay when actually paid to employees. Accrued time off, which is included in accrued salaries and related withholdings, at September 30, 2022 and 2021 totaled \$743,671 and \$694,424, respectively.

Due to employee benefits calculated and over-withheld from employees in previous years, the Hospital has reflected a payable to employees in the amount of \$90,241 for the years ended September 30, 2022 and 2021.

NOTE 15: CONTINGENCIES

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

Third-Party Reimbursement Programs.

Cost reimbursements and claims are subject to examination by agencies administering the programs. The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Service (CMS) to implement a Recovery Audit Contractor (RAC) program on a permanent and nationwide basis no later than 2010. 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. 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. The Hospital will deduct from revenue, amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amount due can be reasonably estimated. RAC assessments are anticipated; however, the outcomes of such assessments are unknown and cannot be reasonably estimated.

Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government law 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.

Professional Liability Risk

The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund.

Workman's Compensation Risk

The Hospital participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 2022 and 2021, respectively. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 15: CONTINGENCIES, CONTINUED

deficit. It is not possible to estimate the amount of additional assessments, if any.

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. 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. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

NOTE 16: GOVERNMENTAL REGULATIONS

Legislation and regulation at all levels of government have affected and are likely to continue to affect the operation of the Hospital. Federal healthcare reform legislation proposals debated in Congress in recent years have included significant reductions in Medicare and Medicaid program reimbursement to hospitals and the promotion of a restructured delivery and payment system focusing on competition among providers based on price and quality, managed care, and steep discounting or capitated payment arrangements with many, if not all, of the Hospital's principal payors. It is not possible currently to determine the impact on the Hospital of government plans to reduce Medicare and Medicaid spending, government implementation of national and state healthcare reform or payment methodology changes. However, such changes could have an adverse impact on operating results, cash flows and estimated debt service coverage of the Hospital in the future years.

NOTE 17: 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. The Hospital maintains records to identify and monitor the level of charity care it provides. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges foregone and supplies furnished, based on established rates, were \$867,209 and \$403,961 as of September 30, 2022 and 2021, respectively.

Management estimates that approximately \$654,113 and \$319,062 of costs were related to charity care for the years ended September 30, 2022 and 2021, respectively. This estimate is based on a ratio of total cost to gross patient charges applied to gross uncompensated charges associated with providing care to charity patients.

NOTE 18: NET POSITION

Net position for the years ended September 30, are as follows:

	<u>2022</u>	<u>2021</u>
Invested in Capital Assets, Net of Related Debt	\$ 7,266,360	\$ 7,260,632
Unrestricted	21,629,064	15,584,199
Total Net Position	<u>\$ 28,895,424</u>	<u>\$ 22,844,831</u>

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 19: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2020, GASB issued Statement 96. The objective of GASB 96, Subscription-Based Information Technology Arrangements, is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

NOTE 20 - CARES ACT FUNDING

In response to the COVID-19 pandemic, Congress passed H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which was signed into law by the President on March 27, 2020. This Act established several different tranches of funds meant to ensure businesses would be able to continue paying their employees and other bills despite the reduction in revenue. Jackson Parish Hospital received funds from two of the different portions of funds: The Small Business Administration's Paycheck Protection Program and Provider Relief Funds.

Paycheck Protection Program

The hospital received \$1,913,771 on April 29, 2020, and 1,913,771 on February 23, 2021. This money was to be used for payroll costs, utility payments, lease agreements, and interest on mortgage obligations. If certain criteria are met, all or part of the loan will be forgiven. Any portion that isn't forgiven must be repaid over two years at an interest rate of 1%. On March 30, 2021, the hospital received forgiveness for the loan amount received on April 29, 2020, plus accrued interest of \$17,809. On September 21, 2021, the hospital received forgiveness for the loan issued on February 23, 2021, plus accrued interest of \$11,057. The loan forgiveness amounts were recognized as other non-operating revenue and the accrued interest forgiven amount was recognized as interest income.

Provider Relief Funds

The Hospital received \$4,822,323 under this section of the CARES Act. The terms and conditions require that recipients be able to demonstrate that lost revenues and increased expenses attributable to COVID-19, excluding expenses and losses that have been reimbursed from other sources, exceed the total amount of Provider Relief funding received. The Hospital recognized \$676,665 and \$4,145,658 for the years ended September 30, 2022 and 2021, respectively. These funds were recognized as non-operating revenue per the guidance laid out in GASB Technical Bulletin 2020-1.

NOTE 21: SUBSEQUENT EVENTS

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through March 29, 2023, the date the financial statements were available to be issued.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF PATIENT SERVICE REVENUES

YEAR ENDED SEPTEMBER 30,

	2022	2021
PATIENT SERVICE REVENUES		
Daily Patient Services:		
Room and Board	\$ 1,369,560	\$ 1,109,000
Observation	894,372	790,028
Total	2,263,932	1,899,028
Other Nursing Services:		
Central Supplies	422,233	382,404
Emergency Service	3,173,374	2,641,247
Total	3,595,607	3,023,651
Other Professional Services:		
Anesthesiology	133,620	95,200
Blood	128,997	142,999
Clinics	2,653,010	3,390,410
Laboratory	7,768,792	6,542,174
Other	979,233	73,326
Pharmacy	5,152,819	5,128,072
Professional Fees	468,731	332,867
Radiology	7,905,759	7,202,197
Respiratory	622,312	531,541
Therapy Services	296,867	158,307
Surgery	1,758,042	1,348,501
Total	27,868,182	24,945,594
GROSS PATIENT SERVICE REVENUE	33,727,721	29,868,273
Less: Contractual Adjustments	9,088,892	9,592,176
NET PATIENT SERVICE REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS	\$ 24,638,829	\$ 20,276,097

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF OTHER OPERATING REVENUES

YEAR ENDED SEPTEMBER 30,

	<u>2022</u>	<u>2021</u>
Cafeteria and Vending Sales	\$ 63,772	\$ 24,145
Medical Records	78,123	6,484
Total	<u>\$ 141,895</u>	<u>\$ 30,629</u>

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF PROFESSIONAL SERVICES

YEAR ENDED SEPTEMBER 30,

	2022	2021
Salaries and Fees:		
Central Supply	\$ 81,660	\$ 78,038
Clinics	2,904,071	2,574,441
Emergency Room	2,184,790	1,934,192
Laboratory	1,283,371	1,218,726
Nursing	2,316,725	2,116,962
Operating Room and Anesthesiology	109,835	93,454
Pharmacy	307,205	293,813
Radiology	1,194,575	1,136,660
Respiratory	485,919	449,703
Therapy	114,859	112,493
Total Salaries and Fees	10,983,010	10,008,482
 Supplies and Other Expenses:		
Blood	318	-
Clinics	381,166	224,143
Emergency Room	65,452	74,621
Laboratory	782,133	713,439
Nursing	454,874	229,463
Operating Room and Anesthesiology	89,035	79,868
Pharmacy	528,672	588,030
Radiology	503,805	519,501
Respiratory	35,895	56,991
Total Supplies and Other Expenses	2,841,350	2,486,056
Total Professional Services	\$ 13,824,360	\$ 12,494,538

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF GENERAL AND ADMINISTRATIVE SERVICES

YEAR ENDED SEPTEMBER 30,

	2022	2021
Salaries and Fees:		
Administrative	\$ 2,150,424	\$ 1,972,741
Dietary	427,986	369,849
Housekeeping	521,516	411,695
Maintenance	317,439	242,429
Medical Records	283,922	383,859
Total Salaries and Fees	3,701,287	3,380,573
 Supplies and Other Expenses:		
Administrative	2,356,968	2,328,488
Dietary	305,432	169,005
Employee Benefits	2,464,084	2,540,263
Housekeeping	70,096	82,518
Information Technology	458,701	550,784
Insurance	310,199	119,060
Maintenance	592,190	781,500
Medical Records	38,579	24,806
Total Supplies and Other Expenses	6,596,249	6,596,424
Total General and Administrative Services	\$ 10,297,536	\$ 9,976,997

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULES OF GOVERNING BOARD EXPENSES

YEAR ENDED SEPTEMBER 30,

	<u>2022</u>	<u>2021</u>
	<u>COMPENSATION</u>	<u>COMPENSATION</u>
Rebecca Crouch	\$ 120	\$ 400
Angela Curtis	120	400
Shontae Mims	120	400

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
Jonesboro, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER SEPTEMBER 30,

	<u>2022</u>	<u>2021</u>
JOHN MORGAN		
Salary	\$ 228,460	\$ 219,072
Benefits-Insurance	17,011	13,667
Benefits-Retirement	10,335	15,117
Reimbursements	-	-
	<u>\$ 255,806</u>	<u>\$ 247,856</u>



Glen P. Langlinais, CPA
Gayla L. Falcon, CPA

Michael P. Broussard, CPA
Elizabeth L. Whitford, CPA
Barrett B. Perry, CPA
Elizabeth N. DeBaillon, CPA
Chadwick V. Fortier, CPA
John W. O'Bryan, CPA (Retired)

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

Board of Commissioners
Jackson Parish Hospital Service District No. 1
d/b/a Jackson Parish Hospital
Jonesboro, 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 Jackson Parish Hospital Service District No.1, d/b/a Jackson Parish Hospital, a component unit of the Jackson Parish Police Jury, State of Louisiana (the Hospital), as of September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 29, 2023.

INTERNAL CONTROL OVER FINANCIAL STATEMENTS

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan," we identified certain deficiencies in internal control that we consider to be material weaknesses - Findings 2022-1 through 2022-3.

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 grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 did not identify findings of noncompliance.

HOSPITAL'S RESPONSE TO FINDINGS

The Hospital's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

This communication is intended for the information and use of the Board of Commissioners and management of the Hospital, others within the Hospital, federal awarding agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana

March 29, 2023

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
JONESBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Years Ended September 30, 2022 and 2021

We have audited the financial statements of Jackson Parish Hospital Service District No. 1, d/b/a Jackson Parish Hospital (the Hospital), a component unit of the Jackson Parish Police Jury, State of Louisiana, as of and for the years ended September 30, 2022 and 2021, and have issued our report thereon dated March 29, 2023. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audits of the financial statements as of September 30, 2022 and 2021 resulted in unmodified opinions.

Section I: Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements:

Compliance	
Compliance Material to Financial Statements	No
Internal Control	
Material Weaknesses:	Yes
Significant Deficiencies:	No

Section II: Financial Statement Findings

Material Weaknesses

Finding 2022-1 Financial Statement Preparation

Criteria: The Hospital does not present full disclosure financial statements to its board in accordance with Generally Accepted Accounting Principles.

Condition: As is common in small operations, the Hospital relies on its outside auditors to assist in the preparation of full disclosure GAAP financial statements.

Cause: The Hospital has a small accounting staff.

Effect: The Hospital designates an employee with skilled knowledge and experience to review the draft of the prepared financial statements and footnotes prior to approving them and accepting responsibility for their contents and presentation.

Recommendation: The hospital's accounting personnel should attend education courses to further their knowledge in the application of Generally Accepted Accounting Principles.

Management Response: Hospital's accounting staff will continue education of Generally Accepted Accounting Principles.

Finding 2022-2 Lack of Segregation of Duties

Criteria: Best practices in internal controls would facilitate segregation of duties in all accounting functions and oversight in each area.

Condition: Due to a limited number of available employees, the authorization, recording, and reconciling of transactions as well as the custody of assets related to those transactions are not adequately segregated in all accounting areas.

Cause: The hospital has a small accounting staff.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and irregularities including fraud may occur and not be prevented or detected.

Recommendation: The authorization, recording, and reconciliation of transactions and decisions as well as the custody of assets related to those transactions and decisions should be segregated as much as possible. Management should consider the cost/benefit of segregation of duties and continue to monitor areas where lack of segregation exists.

Management Response: Policies and procedures are being reviewed, updated, and implemented as necessary to create a separation of duties to the fullest extent possible without significantly increasing hospital staffing.

Finding 2022-3 Proposed Audit Adjustments

Criteria and Condition: The proposed audit adjustments for the fiscal years ended September 30, 2022 and 2021 had material effects on the financial statements.

Cause: The filing of annual Medicare and Medicaid cost reports result in settlements either due to or from the Hospital. These settlements result from complex calculations, many variables, several payors, and the use of third-party data that is often not complete until several months after year end. These factors make it difficult to properly estimate and record cost report settlements.

Effect: The Hospital's financial statements have been adjusted to reflect all proposed audit journal entries approved by management.

Recommendation: Management should perform a comprehensive review of financial statements, estimates, and journal entries before closing the fiscal year.

Management Response: The Hospital has contracted two competent accountants to perform a comprehensive review of financial statements, estimates, and journal entries before closing the fiscal year.

Section III: Management Letter Items

There are no management letter items at September 30, 2022.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a JACKSON PARISH HOSPITAL
JONESBORO, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended September 30, 2022

Finding 2021-1 Financial Statement Preparation: The Hospital relies on its outside auditors to assist in the preparation of full disclosure GAAP financial statements.

Status: Unresolved. See Finding 2022-1.

Finding 2021-2 Lack of Segregation of Duties: The authorization, recording, and reconciling of transactions as well as the custody of assets related to those transactions are not adequately segregated in all accounting areas.

Status: Unresolved. See Finding 2022-2.

Finding 2021-3 Proposed Audit Adjustments: The proposed audit adjustments for the fiscal years ended September 30, 2022 and 2021 had material effects on the financial statements.

Status: Unresolved. See Finding 2022-3.



Glen P. Langlinais, CPA
Gayla L. Falcon, CPA

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Elizabeth L. Whitford, CPA
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John W. O'Bryan, CPA (Retired)

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Chairman and Board of Commissioners
Jackson Parish Hospital Service District No. 1
d/b/a Jackson Parish Hospital
Jonesboro, Louisiana

We have performed the procedures described in Schedule A – Procedures and Results, which were agreed to by Jackson Parish Hospital Service District No. 1, d/b/a Jackson Parish Hospital (Hospital), a component unit of Jackson Parish Police Jury, State of Louisiana, and on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021 through September 30, 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 engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2021 through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule A – Procedures and Results.

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

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Langlinais Broussard & Kohlenberg

LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana

March 29, 2023

Schedule A – Procedures and Results

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Result: Policy provided included all of the above functions.

- 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.

Result: Policy provided included all of the above functions.

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

Result: Policy provided included all of the above functions.

- 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).

Result: Policy provided included all of the above functions.

- 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.

Result: Policy provided included all of the above functions.

- 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

Result: Policy provided included all of the above functions.

- 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)

Result: Policy provided included all of the above functions.

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

Result: Policy provided included all of the above functions.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Result: Policy provided included all of the above functions.

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

Result: Policy provided included all of the above functions.

- 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.

Result: Policy provided included all of the above functions.

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

Result: Policy provided included all of the above functions.

Board of Commissioners

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.

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

- 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.

Result: Procedure Not Applicable – No exceptions noted in prior year.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged)

Result: Procedure performed; no exceptions noted.

- 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

Result: Procedure performed; no exceptions noted.

- 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.

Result: Procedure performed; no exceptions noted.

Collections (excluding electronic funds transfers)

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

Result: Document provided; no exceptions noted.

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

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

Result: Procedure performed; no exceptions noted.

- 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.

Result: Procedure performed; no exceptions noted.

- 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.

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Result: Procedure performed; no exceptions noted.

- 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). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

- 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).

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

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).

Result: Document provided; no exceptions noted.

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.

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

- 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.

Result: Procedure performed; no exceptions noted.

- 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.

Result: Procedure performed; no exceptions noted.

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

- a.) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

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

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

Result: Document provided; no exceptions noted.

12. 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

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

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

- 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).

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

Contracts

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

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

Result: Procedure not applicable; contracts not subject to Louisiana Bid Law.

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

Result: Procedure not applicable; none of the selected contracts were required to be approved by the governing body/board.

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

Result: Procedure not applicable; none of the selected contracts were amended.

- 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.

Result: Procedure performed; all invoices agree to the terms and conditions of the contract.

Payroll and Personnel

- 16. Obtain a listing of employees and elected 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.

Result: Document provided; no exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

Result: Procedure performed; no exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees/officials.

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

18. 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's policy on termination payments. Agree the hours to the employee or officials' cumulative 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.

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

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

Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

Debt Service

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

Result: Procedure not applicable; entity does not have bonds.

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

Result: Procedure not applicable; entity does not have bonds.

Fraud Notice

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

Result: Procedure performed; no misappropriations were reported.

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

Result: Procedure performed; not exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a

physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Result: Procedure performed; no exceptions noted.

- 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.

Result: Procedure performed; no exceptions noted.

- 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.

Result: Procedure performed; no exceptions noted.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year

Result: Procedure performed; no exceptions noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Result: Procedure performed; no exceptions noted.

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

1. Number and percentage of public servants in the agency who have completed the training requirements;

Result: Procedure performed, 209 employees which is 100% of employees.

2. Number of sexual harassment complaints received by the agency;

Result: Procedure performed; 0 complaints received.

3. Number of complaints which resulted in a finding that sexual harassment occurred;

Result: Procedure performed; 0 complaints received.

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

Result: Procedure performed; 0 complaints received.

5. Amount of time it took to resolve each complaint.

Result: Procedure performed; 0 complaints received.

See Independent Accountant's Report on Applying Agreed-Upon Procedures.