



**East Carroll Parish Hospital
Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East
Carroll Parish**

**Independent Auditor's Report,
Financial Statements, and
Supplementary Information**

May 31, 2023



**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

May 31, 2023

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Independent Auditor's Report

Board of Commissioners
East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Lake Providence, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital), a component unit of East Carroll Parish, as of and for the year ended May 31, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of May 31, 2023, and the changes in its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

Emphasis of Matter

As discussed in *Note 2* to the financial statements, on June 1, 2022, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for 12 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 GAAS 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 GAAS 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about

Board of Commissioners
East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital

the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer as listed in the table of contents is required by the Louisiana Legislative Auditor and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to 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 GAAS. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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.

FORVIS,LLP

Jackson, Mississippi
December 20, 2023

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Management's Discussion and Analysis
Year Ended May 31, 2023**

Introduction

This management's discussion and analysis of the financial performance of East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital) provides an overview of the Hospital's financial activities for the year ended May 31, 2023. It should be read in conjunction with the accompanying financial statements of the Hospital. During 2023, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The summarized financial information for the year ended May 31, 2022, included in the management's discussion and analysis, was not restated for this adoption.

Financial Highlights

- Cash and cash equivalents, along with the change in certificates of deposit, increased by \$2,810,706 in 2023.
- The Hospital's net position increased \$1,273,128 in 2023.
- The assets of the Hospital exceeded liabilities by \$21,762,158 at the end of the 2023 fiscal. Of this amount, \$16,710,110 at May 31, 2023 are unrestricted net position and may be used to meet ongoing obligations to the Hospital's employees, patients, and creditors; while \$5,052,048 at May 31, 2023 are invested in capital assets.

Using This Annual Report

The Hospital's financial statements consist of three statements—balance sheet; statement of revenues, expenses, and changes in net position; and statement of cash flows. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors, or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about any Hospital's finances is "Is the Hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes in it. The Hospital's total net position—the difference between assets and liabilities—is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of

**East Carroll Parish Hospital Service District d/b/a
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A Component Unit of East Carroll Parish
Management's Discussion and Analysis
Year Ended May 31, 2023**

services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the Hospital.

The Statement of Cash Flows

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The Hospital's Net Position

The Hospital's net position is the difference between its assets and liabilities reported in the balance sheet. The Hospital's net position increased by \$1,273,128 in 2023 over 2022, as shown in Table 1.

Table 1: Assets, Liabilities and Net Position

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | \$ 8,906,799 | \$ 7,218,548 |
| Capital assets, net | 5,046,070 | 5,359,336 |
| Subscription assets, net | 42,206 | - |
| Board designated certificates of deposit | <u>8,659,281</u> | <u>8,618,864</u> |
| Total assets | <u>\$ 22,654,356</u> | <u>\$ 21,196,748</u> |
| Liabilities | | |
| Current liabilities | <u>\$ 881,390</u> | <u>\$ 707,718</u> |
| Subscription Liabilities | <u>10,808</u> | <u>-</u> |
| Total liabilities | <u>892,198</u> | <u>707,718</u> |
| Net Position | | |
| Net investment in capital assets | 5,052,048 | 5,359,336 |
| Unrestricted | <u>16,710,110</u> | <u>15,129,694</u> |
| Total net position | <u>21,762,158</u> | <u>20,489,030</u> |
| Total liabilities and net position | <u>\$ 22,654,356</u> | <u>\$ 21,196,748</u> |

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Management's Discussion and Analysis
Year Ended May 31, 2023**

2023 Highlights

- Current assets increased in 2023 by a total of \$1,688,251, primarily due to increased cash of \$2,770,289.
- Current liabilities increased \$173,672 in 2023, primarily due to increases in both accounts payables and accrued expenses.

Operating Results and Changes in the Hospital's Net Position

In 2023, the Hospital's change in net position decreased by \$2,640,951, as shown in Table 2. This decrease is primarily related to a decrease in nonoperating revenues of \$1,340,884 as a result of the recognition of Provider Relief Funds in 2022.

Table 2: Operating Results and Changes in Net Position

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Operating Revenues | | |
| Net patient service revenue | \$ 13,686,591 | \$ 12,631,419 |
| Other | <u>804,396</u> | <u>913,549</u> |
| Total operating revenues | <u>14,490,987</u> | <u>13,544,968</u> |
| Operating Expenses | | |
| Salaries, wages, and employee benefits | 7,411,193 | 6,840,303 |
| Supplies and other | 5,818,221 | 5,311,114 |
| Depreciation and amortization | <u>622,531</u> | <u>484,956</u> |
| Total operating expenses | <u>13,851,945</u> | <u>12,636,373</u> |
| Operating Income | 639,042 | 908,595 |
| Nonoperating Revenues, Net | 634,086 | 1,974,970 |
| Special Item | <u>-</u> | <u>1,030,514</u> |
| Increase in Net Position | <u>\$ 1,273,128</u> | <u>\$ 3,914,079</u> |

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Management's Discussion and Analysis
Year Ended May 31, 2023**

Operating Revenues

The first component of the overall change in the Hospital's net position is its operating income or loss - generally, the difference between net patient service revenue and other operating revenues and the expenses incurred to perform those services. In two of the past three years, the Hospital has reported an operating income. This is consistent with the Hospital's recent operating history, as the Hospital was formed and is operated primarily to serve residents of East Carroll Parish and the surrounding area. The Hospital levies property taxes to provide sufficient resources to enable the Hospital to serve lower income and other residents.

The operating income for 2023 decreased by \$269,553, or (29.7%), as compared to 2022. The primary components of the decreased operating income are:

- An increase in net patient service revenue of \$1,055,172, or 8.4%, from 2022 to 2023, due to the new clinic opening in fiscal year 2022.
- During 2023, the Hospital had patient days and admissions (inpatient and observation) of 866 and 499, respectively. This was an increase of 69 patient days, or 8.7% from 2022 levels. Admissions increased in 2023 by 17, or 3.5%, from 2022 levels.
- Other operating revenues decreased \$109,153, or (11.9%), due to a decrease in 340b pharmacy revenue of \$111,822 during 2023.
- Operating expenses were up 9.6% from 2022 to 2023. This was primarily due to a 28.4% increase in depreciation and amortization, due to new clinic opened in 2022 and adoption of GASB 96, *Subscription-Based Information Technology Arrangements*.
- An increase in supplies and other of \$507,107, or 9.5%, due to increased purchase services, professional fees and inflation in 2023.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of subsidy from East Carroll Parish. The Hospital recognized approximately \$575,000 of parish subsidy for 2023.

The Hospital's Cash Flows

Cash provided by operating activities was \$2,494,991 for 2023. The primary reason for cash provided by operating activities in 2023 is receipts from and on behalf of patients, which significantly increased over 2022, as noted in the "Operating Revenues" section above.

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
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Management's Discussion and Analysis
Year Ended May 31, 2023**

Capital Asset and Debt Administration

Capital Assets

At the end of 2023, the Hospital had approximately \$5,046,000 of net capital assets, as detailed in *Note 7* to the financial statements.

Debt

The Hospital had no outstanding debt at May 31, 2023.

Other Economic Factors

While the annual budget of the Hospital is not presented within these financial statements, the Hospital's Board and management considered many factors when setting the fiscal year 2024 budget. The primary importance in setting the 2024 budget was the status of the economy and the healthcare environment, which takes into account market forces and environmental factors such as:

- Lingering impacts of the past COVID-19 environment on the Hospital, primarily to revenues and additional supplies overall inflation in the market
- Medicare reimbursement changes
- Medicaid reimbursement changes, particularly as Medicaid expands in Louisiana
- Continuation at the current level of Direct Payment Program
- Increased number of high deductible plans
- Workforce shortages, primarily in nursing and other clinically skilled positions and related employee costs

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Hospital Administrator at East Carroll Parish Hospital, 336 North Hood Street, Lake Providence, Louisiana 71254-2194 or by phone at 318.559.4023.

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

Balance Sheet

May 31, 2023

Assets

Current Assets

| | |
|--|----------------|
| Cash and cash equivalents | \$ 6,446,941 |
| Patient accounts receivable, net of allowance for uncollectible accounts of approximately \$1,242,000 | 1,367,463 |
| Estimated amounts due from third-party payors | 391,080 |
| Supplies | 376,033 |
| Prepaid expenses and other | <u>325,282</u> |

Total current assets 8,906,799

Capital Assets, Net 5,046,070

Subscription Assets, Net 42,206

Board Designated Certificates of Deposit 8,659,281

Total assets \$ 22,654,356

Liabilities and Net Position

Current Liabilities

| | |
|--|----------------|
| Current maturities of subscription liabilities | \$ 25,420 |
| Accounts payable | 418,688 |
| Accrued expenses | <u>437,282</u> |

Total current liabilities 881,390

Subscription Liabilities

10,808

Total liabilities 892,198

Net Position

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | 5,052,048 |
| Unrestricted | <u>16,710,110</u> |

Total net position 21,762,158

Total liabilities and net position \$ 22,654,356

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

Statement of Revenues, Expenses and Changes in Net Position

Year Ended May 31, 2023

Operating Revenues

| | |
|---|-------------------|
| Net patient service revenue, net of provision for uncollectible accounts; 2023 - \$1,033,000 | \$ 13,686,591 |
| Other | 804,396 |
| Total operating revenues | <u>14,490,987</u> |

Operating Expenses

| | |
|-------------------------------|-------------------|
| Salaries and wages | 6,292,477 |
| Employee benefits | 1,118,716 |
| Supplies and other | 5,818,221 |
| Depreciation and amortization | 622,531 |
| Total operating expenses | <u>13,851,945</u> |

Operating Income

639,042

Nonoperating Revenues

| | |
|-----------------------------|----------------|
| Parish subsidy | 575,400 |
| Interest income | 56,191 |
| Other | 2,495 |
| Total nonoperating revenues | <u>634,086</u> |

Increase in Net Position

1,273,128

Net Position, Beginning of Year

20,489,030

Net Position, End of Year

\$ 21,762,158

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

**Statement of Cash Flows
Year Ended May 31, 2023**

| | |
|---|----------------------------|
| Cash Flows from Operating Activities | |
| Receipts from and on behalf of patients | \$ 14,974,854 |
| Payments to suppliers and contractors | (5,776,457) |
| Payments to employees | (7,370,053) |
| Other operating receipts | 666,647 |
| | <u>2,494,991</u> |
| Cash Flows from Noncapital Financing Activities | |
| Parish subsidy | 575,400 |
| Other | 2,495 |
| | <u>577,895</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchase of capital assets | (266,367) |
| Principal payments on subscription liabilities | (52,004) |
| | <u>(318,371)</u> |
| Cash Flows from Investing Activities | |
| Interest income received | 15,774 |
| | <u>15,774</u> |
| Increase in Cash and Cash Equivalents | 2,770,289 |
| Cash and Cash Equivalents, Beginning of Year | <u>3,676,652</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 6,446,941</u></u> |

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Statement of Cash Flows (Continued)
Year Ended May 31, 2023**

Reconciliation of Operating Income to Net Cash Provided by

Operating Activities

| | |
|---|--------------------------------|
| Operating income | \$ 639,042 |
| Depreciation and amortization | 622,531 |
| Provision for uncollectible accounts | 1,033,061 |
| Changes in operating assets and liabilities | |
| Patient accounts receivable | (1,151,574) |
| Estimated amounts due to third-party payors | 1,406,776 |
| Supplies | (37,230) |
| Prepaid expenses and other | (107,524) |
| Accounts payable and accrued expenses | <u>89,909</u> |
| Net cash provided by operating activities | <u><u>\$ 2,494,991</u></u> |

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Notes to Financial Statements
May 31, 2023**

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital) primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in East Carroll Parish, Louisiana. The Hospital is a governmental acute care hospital located in Lake Providence, Louisiana. It was created by the East Carroll Parish Police Jury. The Policy Jury appoints the Board of Commissioners of the Hospital. The Hospital is considered a political subdivision of the State of Louisiana and a component unit of East Carroll Parish.

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and parish appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as parish appropriations), investment income, and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At May 31, 2023, cash equivalents consisted of a money market account.

Patient Accounts Receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The Hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

**Notes to Financial Statements
May 31, 2023**

Supplies

Supplies inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

Investments and Investment Income

Investments in nonnegotiable certificates of deposit are carried at amortized cost.

Investment income includes interest income on board designated certificates of deposit.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term, or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

| | |
|----------------------------|-------------|
| Buildings and improvements | 20-40 years |
| Equipment | 5-20 years |

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus the subscription payments made at or before the commencement of the subscription term, less any subscription vendor incentives received from the subscription vendor at or before the commencement of the subscription term, plus capitalizable initial implementation costs.

Subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying information technology asset.

Capital and Subscription Asset Impairment

The Hospital evaluates capital and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or subscription asset has occurred. If a capital or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the year ended May 31, 2023.

Subscription-Based Information Technology Arrangement Liabilities

The Hospital has entered into noncancellable subscription-based information technology arrangements (SBITAs). The Hospital recognizes a subscription liability and an intangible

**East Carroll Parish Hospital Service District d/b/a
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Notes to Financial Statements

May 31, 2023

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

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

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned, whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

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; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. GAAP requires a healthcare provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Net Position

Net position of the Hospital is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

Notes to Financial Statements

May 31, 2023

balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments under reimbursement agreements with third-party payors and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

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

Parish Subsidy

The Hospital received approximately 3.8% in 2023 of its financial support from property taxes. These funds were used to support operations.

Property taxes are assessed October 1 and are received beginning on October 1 of each year and become delinquent after January 1 of the following year. Revenue from property taxes is recognized in the year for which the taxes are levied.

Income Taxes

As a political subdivision of the State of Louisiana, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

Note 2: Change in Accounting Principle

On June 1, 2022, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, using a retrospective method of adoption to all subscription agreements in place and not yet completed at

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

Notes to Financial Statements

May 31, 2023

the beginning of the earliest period presented. The statement requires subscription arrangements to recognize a subscription liability, measured at the present value of payments expected to be made during the subscription term, and an intangible subscription asset. There was no impact to net position due to adoption of this standard.

Note 3: Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. The Hospital does not have a deposit policy for custodial credit risk. Investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in (1) direct obligations of the United States Government pledged by its full faith and credit, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, and (3) savings accounts at savings and loan associations and banks to the extent fully insured.

At May 31, 2023, the Hospital's bank balances were exposed to custodial credit risk as follows:

| | |
|---|-----------------------------|
| Insured by Federal Deposit Insurance Corporation (FDIC) | \$ 331,646 |
| Collateralized by securities held by the pledging financial institution's Trust Department in the Hospital's name | <u>14,988,417</u> |
| Total depository balance | <u><u>\$ 15,320,063</u></u> |
| Carrying value | <u><u>\$ 15,106,222</u></u> |
| Included in the following balance sheet captions | |
| Cash and cash equivalents | \$ 6,446,941 |
| Board designated certificates of deposit | <u>8,659,281</u> |
| | <u><u>\$ 15,106,222</u></u> |

Note 4: Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost

**East Carroll Parish Hospital Service District d/b/a
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Notes to Financial Statements

May 31, 2023

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 administrative contractor.

Medicaid - Inpatient services rendered to Medicaid program beneficiaries are reimbursed at a prospectively determined per diem rate. Outpatient services are reimbursed at a percentage of cost, with final settlement determined after the submission of annual cost reports by the Hospital and audits thereof by the Medicaid administrative contractor.

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

Approximately 84% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended May 31, 2023. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Cooperative Endeavor Agreements

The Hospital collaborates with a Rural Hospital Coalition (RHC), a nonprofit organization, to establish a grant program funded by various sources, including Medicaid supplemental payments from Managed Care Organizations, to ensure that adequate and essential medically necessary healthcare services are accessible and available to the service population subject to the availability of such grant funds.

Beginning in 2023, the Hospital collaborated with RHC to enter into a new rural hospital Cooperative Endeavor Agreement (CEA) which established a new grant program, the Direct Payment Program (DPP). The grant model formula established through the CEA is prospective and includes two components, a fixed amount per state fiscal year for each participating hospital and the variable component is based on each hospital's uncompensated care. For the year ended May 31, 2023, the Hospital received approximately \$2,602,000 and is recorded as a component of Medicaid contractual adjustments. There can be no assurances that this program will remain in effect in future years, or that the Hospital will continue to participate in the program at reimbursement levels experienced to date.

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Notes to Financial Statements
May 31, 2023**

Note 5: Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable at May 31, 2023 consisted of:

| | |
|---|----------------------------|
| Medicare | \$ 624,965 |
| Medicaid | 759,400 |
| Other third-party payors | 483,247 |
| Patients | <u>742,338</u> |
| | 2,609,950 |
| Less allowance for uncollectible accounts | <u>(1,242,487)</u> |
| | <u><u>\$ 1,367,463</u></u> |

Note 6: Estimated Amounts Due from Third-Party Payors

A summary of estimated amounts due from third-party payors at May 31, 2023 follows.

| | |
|--|--------------------------|
| Due from Medicare Program, net | \$ 84,298 |
| Due to Louisiana Medicaid Program, net | (125,539) |
| Due from Rural Health Coalition | <u>432,321</u> |
| | <u><u>\$ 391,080</u></u> |

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

**Notes to Financial Statements
May 31, 2023**

Note 7: Capital Assets

Capital assets activity for the year ended May 31, 2023 was:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|-------------------------------|------------------------------|---------------------|--------------------|---------------------------|
| Land | \$ 22,000 | \$ - | \$ - | \$ 22,000 |
| Land improvements | 52,146 | - | - | 52,146 |
| Buildings | 5,738,937 | - | (922) | 5,738,015 |
| Equipment | 5,625,855 | 266,367 | (1,022,807) | 4,869,415 |
| | <u>11,438,938</u> | <u>266,367</u> | <u>(1,023,729)</u> | <u>10,681,576</u> |
| Less accumulated depreciation | | | | |
| Land improvements | 12,194 | 2,608 | - | 14,802 |
| Buildings | 2,170,826 | 233,610 | (5,665) | 2,398,771 |
| Equipment | 3,896,582 | 334,575 | (1,009,224) | 3,221,933 |
| | <u>6,079,602</u> | <u>570,793</u> | <u>(1,014,889)</u> | <u>5,635,506</u> |
| Capital assets, net | <u>\$ 5,359,336</u> | <u>\$ (304,426)</u> | <u>\$ (8,840)</u> | <u>\$ 5,046,070</u> |

Subscription asset activity for the year ended May 31, 2023 was:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|-------------------------------|------------------------------|--------------------|-------------------|---------------------------|
| Subscription assets | \$ 93,944 | \$ - | \$ - | \$ 93,944 |
| Less accumulated amortization | | | | |
| Subscription assets | - | (51,738) | - | (51,738) |
| Subscription assets, net | <u>\$ 93,944</u> | <u>\$ (51,738)</u> | <u>\$ -</u> | <u>\$ 42,206</u> |

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish**

**Notes to Financial Statements
May 31, 2023**

Note 8: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at May 31 consisted of:

| | | |
|---|----|------------|
| Payable to suppliers and contractors | \$ | 499,791 |
| Payable to employees (including payroll tax benefits) | | 356,179 |
| | | \$ 855,970 |

Note 9: Subscription Liabilities

The Hospital has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2025. Variable payments based upon the use of underlying assets are not included in the subscription liability because they are not fixed in substance.

| | Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
|--------------------------|----------------------|-----------|-------------|-------------------|--------------------|
| Subscription liabilities | \$ 88,232 | \$ - | \$ (52,004) | \$ 36,228 | \$ 25,420 |

The following is a schedule by year of payments under SBITAs as of May 31, 2023:

| Year Ending May 31, | Principal | Interest | Total |
|---------------------|-----------|----------|-----------|
| 2024 | \$ 25,420 | \$ - | \$ 25,420 |
| 2025 | 10,808 | - | 10,808 |

Note 10: Retirement Plan

The Hospital contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the Hospital's required contributions, determined in accordance with the terms of the plan. The plan is administered by an unrelated third party. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Hospital's governing body. Currently, the Hospital matches the employee's contributions up to 2% of the employee's eligible compensation. Contributions made by plan members and the Hospital were \$142,182 and \$53,897, respectively, during 2023.

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Notes to Financial Statements
May 31, 2023**

Note 11: Contingencies

Admitting Physicians

The Hospital is served by three physicians whose patients comprised approximately 57% of the Hospital's admissions for the year ended May 31, 2023.

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's insurance program described in *Note 1*, such as allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. No such amounts have been recorded as of May 31, 2023. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Supplementary Information

**East Carroll Parish Hospital Service District d/b/a
 East Carroll Parish Hospital
 A Component Unit of East Carroll Parish
 Schedule of Compensation, Benefits, and Other Payments
 to Agency Head or Chief Executive Officer
 May 31, 2023**

Agency Head Name:

LaDonna Englerth

Position:

Administrator

| Purpose | Amount |
|-----------------------|------------|
| Salary | \$ 200,688 |
| Benefits - insurance | 6,826 |
| Benefits - retirement | 3,179 |
| | \$ 210,693 |



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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Commissioners
East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Lake Providence, Louisiana

We have audited, 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, the financial statements of the East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital), a component unit of East Carroll Parish, which comprise the Hospital's balance sheet as of May 31, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2023, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hospital's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-01 to be a material weakness. 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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-02 to be a significant deficiency.

Board of Commissioners
East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital

Report on Compliance and Other Matters

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

Purpose of this Report

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

FORVIS,LLP

Jackson, Mississippi
December 20, 2023

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Schedule of Findings and Responses
Year Ended May 31, 2023**

| Reference Number | Finding |
|---------------------|--|
| 2023-01 | <p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal controls over financial reporting to appropriately represent the financial position as of year-end.</p> <p>Condition – The Hospital’s financial statements required adjusting journal entries for financial statement presentation, and its accounting records include other immaterial adjustments that were passed during the course of the audit.</p> <p>Context – Timely and accurate account reconciliations and review of general ledger details are critical in identifying necessary adjustments.</p> <p>Effect – Monthly and annual financial statements may not accurately reflect the financial position of the Hospital.</p> <p>Cause – Controls were not operating properly that would ensure transactions were properly recorded. Further, the Hospital has staffing limitations such that timely reconciliations may not always be feasible.</p> <p>Recommendation – Management should review or enhance month-end and fiscal year-end closing procedures to identify necessary journal entries to appropriately present the financial position of the Hospital and results of operations.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management will continue to consider the costs versus benefits of improving controls over financial statement preparation.</p> |

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Schedule of Findings and Responses
Year Ended May 31, 2023**

| Reference Number | Finding |
|---------------------|---|
| 2023-02 | <p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition – Limited separation of functions exists within the accounting system.</p> <p>Context – There are incompatible duties within cash disbursements and payroll. Further, the administrator has full access to the accounting system and can modify journal entries subsequent to posting with no review.</p> <p>Effect – Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause – Due to limitations of the Hospital’s small accounting staff, the Hospital has not designed internal control procedures for separation of duties in various functional accounting areas.</p> <p>Recommendation – Management should periodically evaluate the cost versus the benefits of developing internal control procedures or other compensating controls over the functional accounting areas and implement those changes it deems appropriate for which benefits are determined to exceed costs.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management will continue to consider the costs versus benefits of improving segregation of duties within the functional accounting areas.</p> |



**East Carroll Parish Hospital
Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East
Carroll Parish**

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

For the Year Ended May 31, 2023





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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
East Carroll Parish Hospital Service District
d/b/a East Carroll Parish Hospital
Lake Providence, Louisiana

We have performed the procedures enumerated in the attachment to this report on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures as of and for the year ended May 31, 2023. The management of East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital), a component unit of East Carroll Parish, is responsible for the control and compliance areas identified in LLA's Statewide Agreed-Upon Procedures.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of LLA's Statewide Agreed-Upon Procedure requirements as of and for the year ended May 31, 2023. 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 the associated findings are described in the attachment to this report.

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. 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 LLA's Statewide Agreed-Upon Procedures. 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.

Under Louisiana Revised Statute 24:513, this report is distributed by LLA as a public document.

FORVIS,LLP

Jackson, Mississippi
December 22, 2023

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Applying Agreed-Up Upon Procedures
Year Ended May 31, 2023**

Written Policies and Procedures

Procedures

- I. Obtain and inspect the Hospital's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. **Disbursements**, including processing, reviewing, and approving.
 - d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g. **Credit Cards (and debit cards, fuel cards, P-cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

**East Carroll Parish Hospital Service District d/b/a
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Applying Agreed-Upon Procedures
Year Ended May 31, 2023**

- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- l. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings

The Hospital does not have a formal credit, debit, or fuel card policy.

The Hospital does have an IT Disaster Recovery and Emergency Plan; however, it does not address frequency of backups, storage of backups, use of antivirus software or the timely application of all patches/updates.

Debt service is not applicable to the Hospital due to no outstanding debt in the fiscal year.

The Hospital does have a sexual harassment policy; however, the policy does not address annual employee training or annual reporting requirements.

Except where otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

Board or Finance Committee

Procedures

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b. 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

**East Carroll Parish Hospital Service District d/b/a
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Applying Agreed-UpOn Procedures
Year Ended May 31, 2023**

budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

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

Findings

In review of board minutes subsequent to prior year audit report, no discussion of audit findings from 2022 agreed-upon procedures nor resolutions according to management's corrective action plan were noted.

Except where otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

Bank Reconciliations

Procedures

- 3. Obtain a listing of Hospital bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Hospital's main operating account. Select the Hospital's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - 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 or electronically logged); and
 - c. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**East Carroll Parish Hospital Service District d/b/a
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Applying Agreed-Upon Procedures
Year Ended May 31, 2023**

Findings

Management provided a listing of 5 bank accounts for the year ended May 31, 2023, and asserted that the listing was complete.

No exceptions were identified in the performance of the procedures listed above.

Collections (excluding electronic funds transfers)

Procedures

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a. Employees responsible for cash collections do not share cash drawers/registers.
 - b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and the deposit.
 - d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than*

**East Carroll Parish Hospital Service District d/b/a
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A Component Unit of East Carroll Parish
Applying Agreed-Upon Procedures
Year Ended May 31, 2023**

bank statements when selecting deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a. Observe that receipts are sequentially pre-numbered.
- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c. Trace the deposit slip total to the actual deposit per the bank statement.
- d. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e. Trace the actual deposit per the bank statement to the general ledger.

Findings

Management provided a listing of deposit sites where deposits for cash/checks/money orders (cash) are prepared for the year ended May 31, 2023, and asserted the listing was complete.

Management provided a listing of cash/check/money order (cash) collection locations for each deposit site for the year ended May 31, 2023, and asserted the listing was complete.

No exceptions were identified in the performance of the above procedures.

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

Procedures

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

**East Carroll Parish Hospital Service District d/b/a
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Year Ended May 31, 2023**

- b. At least two employees are involved in processing and approving payments to vendors.
 - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments
 - e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. For each location selected under #8 above, obtain the Hospital'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 Hospital.
 - b. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:
- a. Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy.
 - b. Approved by the required number of authorized signers per the entity's policy.

Findings

Management listed one location, the Hospital's business office, that processed payments for the fiscal period and provided a listing of disbursements as it relates for the year ended May 31, 2023, and asserted the listing was complete.

The accounts payable clerk is responsible for preparing/processing payments, as well as mailing the payments.

Except where otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

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

Procedures

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

Findings

Management asserted it had only one fuel card and no bank debit cards, credit cards, or P-cards (cards) used for expending funds for the year ended May 31, 2023. The above testing was done on that one fuel card.

On the fuel card statement selected, 2 of the 4 supporting receipts did not have evidence of review or approval.

The March 2023 credit card statement included a late fee assessed and paid.

Except where otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

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

Procedures

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

Findings

Management provided a listing of all employees that received travel reimbursements during the year ended May 31, 2023, and asserted the listing was complete.

No exceptions were identified in the performance of the procedures listed above.

Contracts

Procedures

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

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- b. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment, and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Findings

Management provided a listing of all active vendors in effect during the year ended May 31, 2023, and asserted the listing was complete.

No exceptions were identified in the performance of the procedures listed above.

Payroll and Personnel

Procedures

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c. Observe that any leave accrued or taken during the pay period is reflected in the Hospital's cumulative leave records.
 - d. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate.

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19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity'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.
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed by required deadlines

Findings

Management provided a list of all active and terminated employees for the year ended May 31, 2023, and asserted the listing was complete.

FORVIS noted that the current pay rate did not agree to the pay rate included in the personnel file for 2 of the 5 employees selected.

FORVIS noted the leave request was approved; however, approval was received after leave was taken, for one employee selected from the May 22, 2023 pay period.

FORVIS noted the current pay rate in the personnel file was not in agreement with rate paid for 1 of the 2 terminated employees selected for testing termination payments.

Except where otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

Ethics (excluding nonprofits)

Procedures

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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

Findings

No exceptions were identified in the performance of the procedures listed above.

Debt Service (excluding nonprofits)

Procedures

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings

The Hospital issued no debt during the year and no outstanding debt service requirements; therefore, steps 23 and 24 are not applicable.

Fraud Notice

Procedures

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the Hospital attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
26. 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.

Findings

No exceptions were identified in the performance of the procedures listed above.

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Information Technology Disaster Recovery/Business Continuity

Procedures

27. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week, was not stored on the government’s local server or network, and was encrypted.
 - 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 restorations) and observe evidence that the test/verification was successfully performed within past 3 months.
 - 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.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Findings

Management provided a computer listing in effect during the year ended May 31, 2023, and asserted the listing was complete.

We performed the procedures and discussed the results with management.

Prevention of Sexual Harassment

Procedures

29. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
30. 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).

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

Findings

FORVIS noted the employees selected did not complete one hour of sexual harassment training during the calendar year.

The Hospital does not have the sexual harassment policy and complaint procedure on the intranet, nor the external website; however, it is available in the employee handbook.

Except where otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

Management's Response

Management understands the importance of having policies and procedures in place and being able to monitor those policies and procedures for compliance. Management is in the process of updating all policy and procedure manuals hospital-wide and will consider the findings noted in this document as the policies and procedures are being updated. Management will also look at procedures that are currently in place that do not meet LLA's requirements to determine the change necessary to ensure compliance.