
WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

FINANCIAL STATEMENTS

AUGUST 31, 2022

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

FINANCIAL STATEMENTS

AUGUST 31, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of August 31, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant 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 a Certain Matter: Change in Accounting Principle

As described in Note 1 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The accompanying schedules of net patient service revenues on page 25, the schedule of compensation, benefits, and other payments to agency head or chief executive officer on page 26, and the schedule of expenditures of federal awards on page 32 as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purposes of additional analysis and are 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 or other records used to prepare the basic financial statements or to the basic financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of net patient service revenues, schedule of compensation, benefits, and other payments to agency head, and the schedule of expenditures of federal awards and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
February 27, 2023

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

MANAGEMENT’S DISCUSSION AND ANALYSIS
AUGUST 31, 2022

This section of the West Ascension Parish Hospital’s (the District) annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal years that ended on August 31, 2022 and 2021. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities and deferred inflows of resources by \$33,400,561 and \$33,229,969 (net position) as of August 31, 2022 and 2021, as restated, respectively.
- The District’s total assets increased by approximately \$38,000 or 0.1 percent from August 31, 2021. Total assets as of August 31, 2021 increased by over \$1.9 million or 5.7 percent from August 31, 2020.
- The District’s total liabilities decreased by approximately \$31,000 or 1.7 percent from August 31, 2021. Total liabilities as of August 31, 2021 decreased by approximately \$1.8 million or 49.7 percent from August 31, 2020.
- The increase in total assets in 2021 is directly related to an increase in estimated cost report settlements due to the District. Additionally, in both 2022 and 2021 the District utilized the Provider Relief Funds that were received in the prior year which resulted in a reduction of unearned revenues.
- In fiscal year 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of this statement requires restatement of the August 31, 2021 net position to record the cumulative effect of recording the original basis of the lease receivables and related deferred inflows of resources as of August 31, 2021. See Note 15.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management’s discussion and analysis (this section), the basic financial statements, and other supplemental information. The basic financial statements provide information about the District’s overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by additional reports as required by *Governmental Auditing Standards*. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. Figure A-1 summarizes the major features of the District’s financial statements. The remainder of this overview section of management’s discussion and analysis explains the structure of contents of each of the statements.

Figure A-1 Major Features of the District’s Fund Financial Statements	
	Proprietary Fund Statements
Scope	Activities the District operates are similar to private business.
Required financial statements	<ul style="list-style-type: none"> • Statements of net position • Statements of revenues, expenses and changes in net position • Statements of cash flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during years, regardless of when cash is received or paid

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022

Fund Financial Statements

Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. A proprietary fund is used to account for the District's ongoing operations and activities.

The District has one type of fund:

- Proprietary fund—Services for which the District charges patients a fee are generally reported in a proprietary fund. Proprietary funds provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position. The District's net position increased by \$170,592 from August 31, 2021 to August 31, 2022 and increased by \$3,102,205 from August 31, 2020 to August 31, 2021 (See Table A-1).

Table A-1
District's Net Position

	Business Type Activities		
	<u>2022</u>	<u>2021 Restated</u>	<u>2020</u>
Current and other assets	\$ 30,701,792	\$ 30,282,822	\$ 29,112,452
Capital assets	5,027,213	5,408,170	4,647,549
Total assets	35,729,005	35,690,992	33,760,001
Current liabilities	1,796,765	1,828,072	3,632,237
Total liabilities	1,796,765	1,828,072	3,632,237
Deferred inflows of resources	531,679	632,951	-
Total deferred inflows of resources	531,679	632,951	-
Net position			
Investment in capital assets	5,027,213	5,408,170	4,647,549
Unrestricted	28,373,348	27,821,799	25,480,215
Total net position	\$ 33,400,561	\$ 33,229,969	\$ 30,127,764

Changes in net position. The District's total revenues for the year ended August 31, 2022 decreased by approximately \$2.6 million or 24.3 percent from August 31, 2021. The decrease for the year ended August 31, 2022 is mainly attributed to the District recognizing approximately \$1.3 million less in Provider Relief Funds in fiscal year 2022 as compared to fiscal year 2021. Additionally, loss on investments increased approximately \$800,000 from fiscal year 2021 to fiscal year 2022. Total revenues for the year ended August 31, 2021 increased by approximately \$917,000 or 9.5 percent from the year ended August 31, 2020 (See Table A-2). The increase for the year ended August 31, 2021 is mainly attributed to increases in cost report settlements due to the District. Additionally, the District recognized approximately \$740,000 more in Provider Relief Funds in fiscal year 2021 compared to fiscal year 2020. Approximately 60.4 percent of the District's revenue comes from net patient services for fiscal year 2022 as compared to 52.0 percent for the fiscal year 2021. Operating expenses for all services for the year ended August 31, 2022 increased approximately \$326,000 or 4.4 percent from the year ended August 31, 2021. Operating expenses for the year ended August 31, 2021 decreased approximately \$77,000 or 1.0 percent from the year ended August 31, 2020.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022

Table A-2
Changes in District's Net Position

	Business Type Activities		
	2022	2021	2020
Revenues			
Operating	\$ 6,514,471	\$ 7,093,419	\$ 6,413,808
Non-operating	1,430,748	3,457,064	3,220,094
Total revenues	7,945,219	10,550,483	9,633,902
Expenses			
Operating expenses	7,774,627	7,448,278	7,525,865
Total expenses	7,774,627	7,448,278	7,525,865
Increase in net position	\$ 170,592	\$ 3,102,205	\$ 2,108,037

CAPITAL ASSETS

The composition of capital assets for the years ended August 31 are as follows: (See Table A-3).

Table A-3
District's Capital Assets

	Business Type Activities		
	2022	2021	2020
Land	\$ 335,520	\$ 335,520	\$ 260,520
Building and improvements	5,804,364	5,719,620	4,270,987
Equipment	4,848,496	5,170,905	5,023,343
Construction in progress	298,519	403,194	928,587
Total capital assets	11,286,899	11,629,239	10,483,437
Accumulated depreciation	(6,259,686)	(6,221,069)	(5,835,888)
Net Capital Assets	\$ 5,027,213	\$ 5,408,170	\$ 4,647,549

- As of August 31, 2022, the District had approximately \$5,027,000 invested in capital assets. Capital expenditures in 2022 were approximately \$340,000 less than depreciation expense and disposals, which caused a decrease in capital assets from 2021 to 2022.
- As of August 31, 2021, the District had approximately \$5,408,000 invested in capital assets. Capital expenditures in 2021 were approximately \$761,000 more than depreciation expense and disposals, which caused an increase in capital assets from 2020 to 2021.

CONTACTING THE DISTRICT HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, patients, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Vince Cataldo, Donaldsonville, LA.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

STATEMENTS OF NET POSITION
AUGUST 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u> <u>Restated</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 11,463,409	\$ 13,871,166
Patient accounts receivable, net of allowances for doubtful accounts and contractual adjustments of \$2,372,737 in 2022 and \$2,339,734 in 2021	687,862	694,168
Inventory	300,058	309,578
Sales tax receivable	297,997	262,652
Lease receivable, current portion	98,936	96,978
Investments	14,836,886	12,257,826
Estimated third-party payor settlements	2,427,105	2,088,286
Other current assets	145,386	159,983
Total current assets	<u>30,257,639</u>	<u>29,740,637</u>
 <u>LEASE RECEIVABLE, NON-CURRENT PORTION</u>	 444,153	 542,185
 <u>CAPITAL ASSETS</u>		
Non-depreciable	634,039	738,714
Depreciable, net	4,393,174	4,669,456
Total capital assets	<u>5,027,213</u>	<u>5,408,170</u>
TOTAL ASSETS	<u>\$ 35,729,005</u>	<u>\$ 35,690,992</u>
 <u>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 261,803	\$ 452,154
Estimated third-party payor settlements	-	83,304
Accrued expenses	884,880	78,762
Unearned grant revenue	255,197	-
Unearned Provider Relief Funds	394,885	1,213,852
Total liabilities	<u>1,796,765</u>	<u>1,828,072</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows on lease agreement	531,679	632,951
Total deferred inflows of resources	<u>531,679</u>	<u>632,951</u>
 <u>NET POSITION</u>		
Investment in capital assets	5,027,213	5,408,170
Unrestricted	28,373,348	27,821,799
Total net position	<u>33,400,561</u>	<u>33,229,969</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	<u>\$ 35,729,005</u>	<u>\$ 35,690,992</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u> Restated
<u>OPERATING REVENUES</u>		
Net patient service revenues, net of provision for bad debts and contractual adjustments of \$1,642,971 in 2022 and \$1,215,610 in 2021	\$ 4,801,569	\$ 5,490,743
Intergovernmental transfers - operating grants	<u>1,712,902</u>	<u>1,602,676</u>
Total operating revenues	<u>6,514,471</u>	<u>7,093,419</u>
<u>OPERATING EXPENSES</u>		
Salaries and benefits	3,185,111	3,178,433
Contracted professional services	2,089,494	1,986,326
Medical supplies and drugs	838,217	787,714
Other operating	1,302,953	1,110,624
Provision for depreciation	358,852	385,181
Total operating expenses	<u>7,774,627</u>	<u>7,448,278</u>
<u>LOSS FROM OPERATIONS</u>	<u>(1,260,156)</u>	<u>(354,859)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Sales taxes	1,635,921	1,610,020
Investment loss	(845,494)	(43,806)
Provider Relief Funds	354,432	1,656,767
Other revenue	327,229	234,083
Loss on disposal of assets	(41,340)	-
Total non-operating revenues, net	<u>1,430,748</u>	<u>3,457,064</u>
<u>CHANGE IN NET POSITION</u>	170,592	3,102,205
Net position, beginning of the year	<u>33,229,969</u>	<u>30,127,764</u>
Net position, end of year	<u>\$ 33,400,561</u>	<u>\$ 33,229,969</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from patients and other third-party payors	\$ 6,098,654	\$ 5,566,780
Cash payments to suppliers for goods and services	(4,035,404)	(4,367,154)
Cash payments to employees for services	(2,743,502)	(2,790,914)
Net cash used in operating activities	<u>(680,252)</u>	<u>(1,591,288)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Sales taxes received	1,600,576	1,593,985
Provider Relief Funds returned to grantor	(464,535)	-
Grant revenues received	255,197	-
Other revenue	322,031	227,871
Net cash provided by non-capital financing activities	<u>1,713,269</u>	<u>1,821,856</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisitions of capital assets	(19,235)	(1,145,802)
Net cash used in capital and related financing activities	<u>(19,235)</u>	<u>(1,145,802)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(6,884,507)	-
Proceeds from sale or maturity of investments	3,126,000	5,721,005
Interest on investments	336,968	390,562
Net cash provided by (used in) investing activities	<u>(3,421,539)</u>	<u>6,111,567</u>
Net increase (decrease) in cash	(2,407,757)	5,196,333
Cash at beginning of year	<u>13,871,166</u>	<u>8,674,833</u>
Cash at end of year	<u>\$ 11,463,409</u>	<u>\$ 13,871,166</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES</u>		
Loss from operations	\$ (1,260,156)	\$ (354,859)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	358,852	385,181
Provision for uncollectible accounts	605,468	638,105
Changes in assets and liabilities:		
Increase in receivables	(599,162)	(942,779)
(Increase) decrease in inventory	9,520	(31,574)
Increase in estimated third-party payor settlements	(422,123)	(1,221,965)
(Increase) decrease in other current assets	11,582	(40,683)
Increase (decrease) in accounts payable	(190,351)	7,204
Increase (decrease) in accrued expenses	806,118	(29,918)
Total adjustments	<u>579,904</u>	<u>(1,236,429)</u>
Net cash used in operating activities	<u>\$ (680,252)</u>	<u>\$ (1,591,288)</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

Basis of Presentation

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

Reporting Entity

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

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
2. Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Council appoints all members to the District's Board of Commissioners and has the ability to impose its will on the District, the District was determined to be a component unit of the Ascension Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting

Proprietary Fund Financial Statements. The proprietary fund is used to account for the District's ongoing operations. The proprietary fund financial statements are reported using the economic resources measurement focus. The proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Cash and Cash Equivalents

The District considers all cash accounts, money market funds, and certificates of deposits with a maturity of three months or less when purchased to be cash and cash equivalents. Cash includes petty cash and demand deposit accounts. Under state law, the District may deposit funds and invest in certificates of deposit with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States.

Patient Accounts Receivable

The District provides credit in the normal course of operations to patients located primarily in Ascension Parish and surrounding areas and to insurance companies conducting operations in this area.

The District maintains allowances for contractual adjustments and doubtful accounts based on management's assessment of collectability, current economic conditions, and prior experience. The District determines if patient accounts receivable are past-due based on the discharge date; however, the District does not charge interest on past-due accounts. The District charges off patient accounts receivable if management considers the collection of the outstanding balances to be doubtful.

Allowance for Doubtful Accounts and Contractual Adjustments

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings. Losses are charged against the allowance when management believes the uncollectability of an account is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the accounts in light of historical experience, and the nature and volume of the accounts.

The allowance for contractual discounts on accounts receivable from third-party payors (Medicare, Medicaid and private medical benefit insurers) is based primarily on the latest discount percentages experienced with each third-party payor.

While management uses available information in estimating the District's allowance for doubtful accounts, changes in the reimbursable contract rates and the composition of the patient treatments could result in further reductions in the carrying amount of patient receivables. As such it is reasonably possible that the estimated net patient receivables may change materially in the near term. The amount of the change that is reasonably possible, however, cannot be estimated.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Inventory

Inventory is valued at the lower of cost (using the first-in, first-out method) or market.

Investments

The District may invest in bonds, debentures, and other indebtedness which are fully guaranteed by the United States, issued or guaranteed by federal agencies backed by full faith and credit of the United States, issued or guaranteed by United States government instrumentalities which are federally sponsored, and others allowable by state law. Investments are stated at fair value, which are the amounts on the statements of net position, and are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income includes interest earned, realized gains and losses, and unrealized gains and losses (changes in fair value).

Capital Assets (Property and Equipment)

Property and equipment acquisitions are recorded at cost. Property and equipment donated for District operations are recorded as additions at fair value at the date of receipt. Maintenance and repairs are charged to expense, and betterments are capitalized.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Buildings and improvements are being depreciated over 25 to 40 years, land improvements over 20 years, and equipment over 5 to 20 years. Gains and losses from sales or retirements are recognized in the period of disposition.

Unearned Revenues

The District's unearned revenues include Provider Relief Funds received and other grant revenues whereby the District has not yet met the grant requirements necessary to be eligible for the grant.

Lessor Leases

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

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NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Lessor Leases (continued)

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

Deferred Outflows/Inflows of Resources

The statement of financial position will at times report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have any deferred outflows of resources at August 31, 2022 or 2021. The District has deferred inflows of resources totaling \$531,679 and \$632,951 at August 31, 2022 and 2021, respectively. These deferred inflows are related to a lease agreement.

Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed cost, discounted charges, and per diem payments.

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 adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Operating Revenues and Expenses

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as non-operating revenues.

Net position

The net position of the District is classified in components. Net investment in capital assets net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings used to finance the purchase, improvements, or construction of those assets, if any. Because the District does not have related debt, net position related to capital assets is presented as investment in capital assets. Restricted net position is when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments. The District had no restricted net position at August 31, 2022 or 2021. Unrestricted net position is the remaining net position that does not meet the definition of investment in capital assets or restricted.

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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Records of charges foregone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self-insurance for workers' compensation and liability insurance. The management of the trust funds has complete control over the rate setting process. The District is insured for all other risks of loss.

Accounting Changes and Standards Implemented

The District has implemented GASB Statement No. 87, *Leases*. Under this Statement, lease contracts, as defined, are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease liability and intangible right-to-use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Lease receivables as well as lease liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised. Additional information on changes to the financial statements related to the implementation of this statement can be found in Notes 14 and 15.

2. Sales Tax

In a general election held on November 5, 1980, the voters of the District approved a one-half percent sales tax. The net proceeds from this tax are to be used for the expansion and/or operation of the District.

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DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Cash

At August 31, the District had cash and demand deposit accounts totaling \$11,463,409 and \$13,871,166, respectively as follows:

	<u>2022</u>	<u>2021</u>
Petty cash	\$ 51	\$ 51
Demand deposit accounts	<u>11,463,358</u>	<u>13,871,115</u>
Total cash	<u>\$11,463,409</u>	<u>\$ 13,871,166</u>

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

4. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk at August 31, 2022. As of August 31, 2022, the District's bank balance was \$11,439,670. Of this amount, \$290,363 was insured by federal deposit insurance and \$11,149,307 was collateralized by pledged securities. The District's bank balances were not exposed to custodial credit risk at August 31, 2022. As of August 31, 2021, the District's bank balance was \$13,889,938. Of this amount, \$398,429 was insured by federal deposit insurance and \$13,491,509 was collateralized by pledged securities. The District's bank balances were not exposed to custodial credit risk at August 31, 2021.

5. Net Patient Service Revenues

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Contractual adjustments represent the differences between the District's billings at established rates for services and amounts reimbursed by third-party payors. Bad debts represent the differences between the District's billings at established rates for services and amounts reimbursed by self-pay payors and patient responsible portions.

While management uses available information in estimating the District's contractual adjustments and allowances for doubtful accounts, changes in the reimbursable contract rates and the composition of the patient treatments could result in further changes in the carrying amount of patient receivables. As such, it is reasonably possible that the estimated net patient accounts receivable may change materially in the near term. The amount of the change that is reasonably possible, however, cannot be estimated.

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NOTES TO FINANCIAL STATEMENTS

5. Net Patient Service Revenues (continued)

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. Inpatient non-acute services, other outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are also paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been filed with the Medicare fiscal intermediary through August 31, 2022. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 2017.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been filed with the fiscal intermediary through August 31, 2022. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through August 31, 2017.

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

6. Investments

The District's investments generally are reported at fair value, as discussed in Note 1. At August 31, 2022 and 2021, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
August 31, 2022					
U.S. Agencies	\$ 14,836,886	\$ 1,428,104	\$ 9,915,250	\$ 2,806,882	\$ 686,650
Total investments	\$ 14,836,886	\$ 1,428,104	\$ 9,915,250	\$ 2,806,882	\$ 686,650
August 31, 2021					
U.S. Agencies	\$ 12,257,826	\$ 3,151,892	\$ 4,506,202	\$ 2,277,549	\$ 2,322,183
Total investments	\$ 12,257,826	\$ 3,151,892	\$ 4,506,202	\$ 2,277,549	\$ 2,322,183

The District categorizes its fair value measurements within the fair values hierarchy established by generally accepted accounting principles. The hierarchy is described in Note 7.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Investments (continued)

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

Credit Risk- Under Louisiana R.S. 33:2955, as amended, the District may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, and other investments as provided in the statute. The District's investment policy does not limit its investment choices. As of August 31, 2022 and 2021, the District's investments in U.S. Agencies were rated AAA by Moody's Investors Service and AAA by Standard & Poor's.

Concentration of Credit Risk- The District's investment policy does not limit the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in securities issued by Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae, and the Tennessee Valley Authority. These investments are 39%, 15%, 38%, and 5%, respectively, of total investments at August 31, 2022. These investments were 37%, 22%, 26%, and 14%, respectively, of total investments at August 31, 2021.

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

7. Fair Value of Financial Instruments

Determination of Fair Value

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

Fair Value Hierarchy

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

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

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NOTES TO FINANCIAL STATEMENTS

7. **Fair Value of Financial Instruments** (continued)

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

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

Government Securities: Where quoted prices are available in an active market, the District classifies the securities within level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds and exchange-traded equities.

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

Fair Value of Assets Measured on a Recurring Basis

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

The following tables present for each of the fair-value hierarchy level the District’s financial assets and liabilities that are measured at fair value on a recurring basis at August 31, 2022:

<i>August 31, 2022</i>	<u><i>Level 2</i></u>
U.S. Agency securities	<u>\$ 14,836,886</u>
Total	<u>\$ 14,836,886</u>

<i>August 31, 2021</i>	<u><i>Level 2</i></u>
U.S. Agency securities	<u>\$ 12,257,826</u>
	<u>\$ 12,257,826</u>

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NOTES TO FINANCIAL STATEMENTS

8. Capital Assets

Capital Assets and depreciation activity as of and for the year ended August 31, 2022, are as follows:

	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets, 8/31/21	\$ 335,520	\$ 403,194	\$ 5,719,620	\$ 5,170,905	\$ 11,629,239
Additions	-	7,894	-	11,341	19,235
Deletions	-	-	(27,825)	(333,750)	(361,575)
Transfers	-	(112,569)	112,569	-	-
Cost of Capital Assets, 8/31/22	<u>335,520</u>	<u>298,519</u>	<u>5,804,364</u>	<u>4,848,496</u>	<u>11,286,899</u>
Accumulated Depreciation, 8/31/21	-	-	2,343,538	3,877,531	6,221,069
Additions	-	-	111,758	247,094	358,852
Deletions	-	-	(27,825)	(292,410)	(320,235)
Accumulated Depreciation, 8/31/22	<u>-</u>	<u>-</u>	<u>2,427,471</u>	<u>3,832,215</u>	<u>6,259,686</u>
Capital Assets, Net of Accumulated Depreciation at 8/31/22	<u>\$ 335,520</u>	<u>\$ 298,519</u>	<u>\$ 3,376,893</u>	<u>\$ 1,016,281</u>	<u>\$ 5,027,213</u>

Capital Assets and depreciation activity as of and for the year ended August 31, 2021, are as follows:

	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets, 8/31/20	\$ 260,520	\$ 928,587	\$ 4,270,987	\$ 5,023,343	\$ 10,483,437
Additions	75,000	16,246	906,994	147,562	1,145,802
Deletions	-	-	-	-	-
Transfers	-	(541,639)	541,639	-	-
Cost of Capital Assets, 8/31/21	<u>335,520</u>	<u>403,194</u>	<u>5,719,620</u>	<u>5,170,905</u>	<u>11,629,239</u>
Accumulated Depreciation, 8/31/20	-	-	2,247,218	3,588,670	5,835,888
Additions	-	-	96,320	288,861	385,181
Deletions	-	-	-	-	-
Accumulated Depreciation, 8/31/21	<u>-</u>	<u>-</u>	<u>2,343,538</u>	<u>3,877,531</u>	<u>6,221,069</u>
Capital Assets, Net of Accumulated Depreciation at 8/31/21	<u>\$ 335,520</u>	<u>\$ 403,194</u>	<u>\$ 3,376,082</u>	<u>\$ 1,293,374</u>	<u>\$ 5,408,170</u>

For the years ended August 31, 2022 and 2021, depreciation expense was \$358,852 and \$385,181, respectively.

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NOTES TO FINANCIAL STATEMENTS

9. Concentrations of Credit Risk

The District is located in Donaldsonville, Louisiana. The District grants credit without collateral to its patients, most of whom are local residents. Revenue from patients and third-party payors were as follows:

	2022	2021
Medicare and Medicaid	70.6 %	70.4 %
Blue Cross	10.0 %	10.4 %
Commercial	12.8 %	12.1 %
Private Pay	6.6 %	7.1 %
	100.0 %	100.0 %

Patient accounts receivable consist of the following:

	2022	2021
Receivable from patients and their insurance carriers	\$ 623,483	\$ 644,976
Receivable from private pay patients	1,250,103	1,183,520
Receivable from Medicare	823,312	883,221
Receivable from Medicaid	363,701	322,185
Total patient accounts receivable	3,060,599	3,033,902
Less allowances for doubtful accounts and contractual adjustments	(2,372,737)	(2,339,734)
Patient accounts receivable, net	\$ 687,862	\$ 694,168

10. Charity Care (unaudited)

The District is an active and caring member of the community. Its mission of providing and improving medical care in the area as well as its participation in community activities is a long standing tradition of service provided to benefit the community. Total charity care for the indigent during the years ended August 31, 2022 and 2021 was \$31,522 and \$43,881, respectively.

The amount reported as care for the indigent represents billings for services provided based on the District's charge rates to persons who cannot afford health care because of unavailable resources or who are uninsured. Total cost of charity care for the years ended August 31, 2022 and 2021 was \$35,655 and \$45,568, respectively.

11. Rural Hospital Grant

Since the District serves a disproportionate share of low-income patients, it qualifies for additional reimbursements from the State of Louisiana Department of Health and Hospitals rural hospital grant program. The rural hospital grant program was developed by the Rural Hospital Coalition, Inc., to assist rural hospitals in receiving adequate reimbursement for uninsured and indigent patients under the State of Louisiana Rural Hospital Preservation Act. The grant funds totaled \$1,712,902 and \$1,602,676 for the years ended August 31, 2022 and 2021, respectively.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
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NOTES TO FINANCIAL STATEMENTS

12. Commitments and Contingent Liabilities

The healthcare industry is subject to numerous laws and regulations which include, among other things, matters such as government healthcare participation requirements, various licensure and accreditations, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government action has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse and false claims statutes and/or regulations by healthcare providers. Providers that are found to have violated these laws and regulations might be excluded from participating in government healthcare programs, subjected to fines or penalties, or required to repay amounts received from the government for previously billed patient services. While management of the District believes that its policies, procedures, and practices comply with governmental regulations, no assurance can be given that the District will not be subjected to governmental inquiries or actions. Like other healthcare providers, in the ordinary course of business, the District is also subject to claims made by employees and other disputes and litigation arising from the conduct of its business.

13. COVID-19 Pandemic and CARES Act Funding

In 2020, the COVID-19 pandemic impacted the District as well as its patients, community and employees. The spread of COVID-19 and the ensuing response of federal, state and local authorities beginning in March 2020 resulted in a reduction in patient volumes and also adversely affected the District's net operating revenues for the years ended August 31, 2021 and 2020. Federal, state and local authorities have taken several actions designed to assist healthcare providers in providing care to COVID-19 and other patients and to mitigate the adverse economic impact of the COVID-19 pandemic.

Legislative actions taken by the federal government include the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020, the Paycheck Protection Program and Health Care Enhancement Act (the "PPP Act"), which was signed into law on April 24, 2020, the Continuing Appropriations Act, 2021 and Other Extensions Act (the "Continuing Appropriations Act"), which was signed into law October 1, 2020, and the Consolidated Appropriations Act, 2021 (the "Consolidated Appropriations Act (CAA)" and, collectively, with the CARES Act, the PPP Act, and the Continuing Appropriations Act, the "COVID Acts"), which was signed into law on December 27, 2020. Through the COVID Acts, the federal government has authorized \$178 billion in payments to be distributed through the Public Health and Social Services Emergency Fund ("Provider Relief Fund" or "PRF").

During the year ended August 31, 2020, the District received \$3,786,619 in cash payments from the Provider Relief Fund. These payments are not loans and, therefore, they are not subject to repayment. However, as a condition to receiving distributions, the District had to agree to certain terms and conditions, including, among other things, that the funds are being used for lost revenues and unreimbursed COVID-related costs as defined by the U.S. Department of Health and Human Services ("HHS"), and that it will not seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider. On December 13, 2021, the District returned \$464,535 in unused Provider Relief Funds to the United States Department of Health and Human Services/Health Resources and Services Administration in accordance with the terms of the award. The District anticipates returning additional unused Provider Relief Funds.

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NOTES TO FINANCIAL STATEMENTS

13. COVID-19 Pandemic and CARES Act Funding (continued)

The District is required to comply with the reporting requirements described in the terms and conditions and as determined by HHS. The District recognizes grant payments as income when there is reasonable assurance that it has complied with the conditions associated with the grant. Initial estimates could change materially in the future based on our operating performance or COVID-19 activities, as well as the government’s evolving grant compliance guidance. During the years ended August 31, 2022 and 2021, the District recognized Provider Relief Fund revenues of \$354,432 and \$1,656,767, respectively.

14. Lease Agreement

The District is a lessor for a noncancellable lease of a medical office building to a physician group. The term of this lease is 87 months at equal monthly installments of \$9,073. In accordance with GASB Statement No. 87, *Leases*, a receivable has been recorded for the present value of lease payments to be received over the lease term of the agreement. As of August 31, 2022, the value of the lease receivable was \$543,089. Also, deferred inflows associated with this lease has been recorded and will be recognized as revenue over the lease term. The balance of the deferred inflows at August 31, 2022 was \$531,679. Inflows recognized during the year ended August 31, 2022 consisted of lease revenue of \$101,273 and interest income of \$11,898. Since the lease agreement includes scheduled payments over multiple years, the receivable balances include amounts not expected to be collected within the next year. Future minimum payments to be received under this lease are:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 98,936
2024	100,932
2025	102,970
2026	105,048
2027	107,169
Thereafter	27,129
	<u>\$ 542,184</u>

15. Restatement of Net Position

In fiscal year 2022, the District implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires restatement of the August 31, 2021 net position to record the cumulative effect of recording the original basis of the lease receivables and related deferred inflows of resources as of August 31, 2021.

The net effect to the Statement of Net Position for the restatement of prior year balances is as follows:

Net Position, August 31, 2021, as previously reported	\$ 33,223,757
Lease receivable, August 31, 2021	639,163
Deferred inflows of resources, August 31, 2021	(632,951)
Net Position, August 31, 2021, as restated	<u>\$ 33,229,969</u>

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NOTES TO FINANCIAL STATEMENTS

16. Recent Reporting and Disclosure Developments

As of August 31, 2022, the Governmental Accounting Standards Board issued several statements not yet implemented by the District. The statements which might impact the District are as follows, but the effect of these statements to the District are unknown at this time.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement related to the enhancement in comparability in accounting and financial reporting are effective for periods beginning after June 15, 2022.

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SUPPLEMENTAL INFORMATION

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
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SCHEDULES OF NET PATIENT SERVICE REVENUES
YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Patient services:		
Emergency room	\$ 3,534,762	\$ 3,478,737
Therapy	15,699	20,969
Central services and supply	1,812	1,073
Laboratory	1,437,106	1,577,205
Pharmacy	9,044	25,411
Radiology	178,498	188,800
Medical transcription fees	22,349	-
EKG	27,215	35,625
Wound Care	923,965	1,086,978
Ultrasound	79,740	90,630
Mammography	214,350	200,925
Gross patient service revenues	<u>6,444,540</u>	<u>6,706,353</u>
Contractual adjustments	(1,037,503)	(577,505)
Provision for bad debts	<u>(605,468)</u>	<u>(638,105)</u>
	<u>(1,642,971)</u>	<u>(1,215,610)</u>
Net patient service revenue	<u>\$ 4,801,569</u>	<u>\$ 5,490,743</u>

See the accompanying notes and independent auditors' report.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED AUGUST 31, 2022

Agency Head Name/Title: Vince Cataldo, Administrator

Purpose	Amount
Salary	\$ 155,556
Benefits - Health Insurance	9,875
Reimbursements	233
Travel	263
	<u>\$ 165,927</u>

See the accompanying notes and independent auditors' report.

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

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

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The District's Response to Finding

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

Purpose of this Report

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
February 27, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited West Ascension Parish Hospital Service District’s (the District), a component unit of Ascension Parish Government, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended August 31, 2022. The District’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Provider Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Provider Relief Fund (its major program) for the year ended August 31, 2022.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Assistance Listing No. 93.498 Provider Relief Fund as described in finding number 2022-002 related to reporting.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an other instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the the District’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors’ Responsibilities of the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

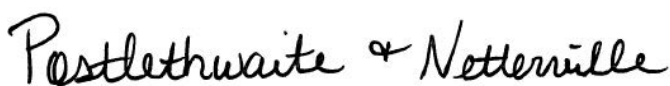
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Donaldsonville, Louisiana
February 27, 2023

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
• Material weakness(es) identified:	<u>Yes</u>
• Significant deficiency(ies) identified that are not considered to be material weaknesses:	<u>None reported</u>
Noncompliance material to the financial statements:	<u>No</u>

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	<u>Yes</u>
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>Yes</u>
Type of auditor's report issued on compliance for major programs:	<u>Qualified</u>
Any audit findings which are required to be reported in accordance with Uniform Guidance?	<u>Yes</u>
Identification of major program:	
Provider Relief Fund	<u>93,498</u>
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as a low-risk auditee?	<u>No</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2022-001 Internal Control over Financial Reporting

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

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

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

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

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

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

View of Responsible

Official: The District continues to make efforts in improving financial reporting. Additionally, Management continues to work with Athena to improve the billing process, and reconciliation of the suspense liability accounts.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-002 Establishment of Internal Controls over Calculations and Data Submitted Through HRSA Portal for PRF Funds

DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)

Reporting

Provider Relief Fund – Federal Assistance Listing Number 93.498

Criteria: The terms and conditions of the Provider Relief Fund (PRF) award require that recipients be able to demonstrate that lost revenues or expenses attributable to coronavirus, excluding expenses and losses that have been reimbursed from other sources or that other sources are obligated to reimburse, meet, or exceed total payments from Provider Relief Fund. Specific reporting requirements exist based on the timing of the receipt of the funds. Data entered into the reporting portal administered by the Health Resources and Services Administration (HRSA) must be done within the timeline established by regulation.

Questioned Costs: \$310,568

Condition: The District reported certain Provider Relief Fund expenses of \$310,568 as an expense in both Period 1 and Period 2; therefore, the data input into the reporting portal was not accurate.

Repeat Finding: No.

Cause: The District did not establish internal controls to review and approve the expenses reported.

Effect: Failure by a provider to comply with any of the terms and conditions of the award can result in action by HHS to recover some or all of the payment.

Recommendation: The District should immediately establish the proper internal controls to ensure the data input into the reporting portal is accurate. The District should also contact HHS regarding possible repayment of funds.

View of Responsible Official:

The District will establish proper internal controls to ensure the data input into the reporting portal is accurate and eligible expenses are tracked appropriately. The District will contact HHS regarding possible repayment of funds.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

2022-003 Enhancement of Policies and Procedures for Federal Awards

- Criteria:*** The Uniform Guidance administrative requirements and cost principles apply to federal funding awarded on or after December 25, 2014, 2 CFR 200, Subpart D – Post Federal Award Requirements and Subpart E – Cost Principles of the Uniform Guidance require specific written policies relative to federal awards.
- Questioned Costs:*** None.
- Condition:*** During our audit procedures we identified that the written policies and procedures of the District do not directly address all required compliance areas with the Uniform Guidance for federal programs. Additionally, documentation could be improved to track and identify time spent directly on COVID-19 initiatives.
- Repeat Finding:*** No.
- Cause:*** The District has not developed the policies and procedures required by the Uniform Guidance.
- Effect:*** The District is susceptible to an increase risk of noncompliance with federal awarding requirements as they relate to allowable costs.
- Recommendation:*** The written policies and procedures of the District should be enhanced to ensure compliance with the Uniform Guidance as it relates to allowable costs. The District should implement a way of tracking the time and effort spent by employees on COVID-19 initiatives.
- View of Responsible Official:*** The District will create policies and procedures specific to the compliance requirements as stated by the Uniform Guidance. Additionally, the District will meet to determine the most effective way to document time and effort on COVID-19 initiatives.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's ID Number</u>	<u>Federal Expenditures</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program			
COVID-19 Provider Relief Fund	93.498	N/A	\$ 750,000
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>750,000</u>
TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 750,000</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B - RECONCILIATION OF FEDERAL EXPENDITURES

Federal assistance expended as reported on Schedule of Expenditures of Federal Awards	\$ 750,000
Less: revenues recognized in prior year not reportable on SEFA in prior year	
Provider Relief Fund	(85,000)
Less: amounts reported as unearned in the current year	
Provider Relief Fund	(310,568)
Total Provider Relief Fund revenues recognized in the current year financial statements	<u>\$ 354,432</u>

NOTE C - INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2022

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001 Internal Control over Financial Reporting

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

Current Status: Similar conditions still exist. See similar finding 2022-001.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

2021-002 Enhancement of Policies and Procedures for Federal Awards

Condition: During our audit procedures, we identified that the written policies and procedures of the District do not directly address all required compliance areas with the Uniform Guidance for federal programs. Additionally, documentation could be improved to track and identify time spend on COVID-19 initiatives.

Current Status: Similar conditions still exist. See similar finding 2022-003.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES ON COMPLIANCE
AND CONTROL AREAS

FOR THE YEAR ENDED AUGUST 31, 2022

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES ON COMPLIANCE
AND CONTROL AREAS

FOR THE YEAR ENDED AUGUST 31, 2022

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Schedule A 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 September 01, 2021 through August 31, 2022. West Ascension Parish Hospital Service District's management is responsible for those C/C areas identified in the SAUPs.

West Ascension Parish Hospital Service District (the District) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period September 01, 2021 through August 31, 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the District 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 District 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.

Postlethwaite & Netterville

Donaldsonville, LA
February 27, 2023

**WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
AUGUST 31, 2022**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management.*” If not, then a description of the exception ensues.

A - Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that 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.

This step is not applicable to the District.

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; (5) documentation required to be maintained for all bids and price quotes.

No exception noted.

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

No exception noted.

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).

No exception noted.

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.

No exception noted.

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.

No exception noted.

**WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
AUGUST 31, 2022**

Schedule A

- 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).

No exception noted.

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

The District's travel and expense reimbursement policy does not address attributes (1) allowable expenses, (2) dollar thresholds by category of expense, and (4) required approvers.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The District's ethics policy does not address (3) a system to monitor possible ethics violations.

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

The District does not have a debt service policy. This district did not have debt outstanding during the fiscal period.

- 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.

The District's disaster recovery plan does not address attributes (2) storage of backups in a separate physical location isolated from the network, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel and tools needed to recover operations after a critical event.

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

The District's sexual harassment policy does not address attributes (2) annual employee training and (3) annual reporting.

**WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
AUGUST 31, 2022**

Schedule A

B - Board or Finance Committee

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

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

No exception 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. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

No exception 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.

This step is not applicable to the District.

C - Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of four bank accounts. Management identified the District's main operating account. No exceptions were noted as a result of performing this procedure. From the listing provided, we selected all bank accounts and obtained the bank reconciliations for the month ending February 28, 2022, resulting in four bank reconciliations obtained and subjected to the below procedures.

- 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);

No exception noted.

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- 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

No exception 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.

No exception noted.

D - 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).

A listing of deposit sites was provided and included a total of one deposit site. No exceptions were noted as a result of performing this procedure. We selected the single deposit site and performed the procedures below.

- 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 listing of collection locations for the deposit site selected in procedure #4 was provided and included one collection location. No exceptions were noted as a result of performing this procedure. We selected the single collection location for the deposit site. Review of the District's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exception 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.

No exception 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.

No exception noted.

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- 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.

No exception 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.

No exception 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We haphazardly selected two deposit dates for each of the four bank accounts selected in procedure #3; however, not all bank accounts had deposits during the period. We obtained supporting documentation for each of the two resulting deposits and performed the procedures below.

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

No exception noted.

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

No exception noted.

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

No exception noted.

- 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).

No exception noted.

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

No exception noted.

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E - 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).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure. We selected the single location and performed the procedures below.

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:

The listing of employees involved with non-payroll purchasing and payment functions for the single payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure. Review of the District's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exception noted.

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

No exception 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.

No exception 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.

No exception 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 listing of non-payroll disbursements for the single payment processing location selected in procedure #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected five disbursements and performed the procedures below.

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

No exception noted.

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

No exception noted.

F - 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.

A listing of cards was provided, including a total of two cards. No exceptions were noted as a result of performing this procedure.

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:

From the listing provided, we selected the two cards used in the fiscal period. We haphazardly selected one monthly statement for each of the two cards and performed the procedures noted below.

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

For one of the two cards tested, the monthly statement provided did not contain evidence of review by someone other than the card holder. We observed supporting purchase orders for each transaction, issued after each purchase was made, evidencing subsequent approval by someone other than the card holder.

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

No exception noted.

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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 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.

We selected all transactions for the two cards selected in procedure #12 and performed the specified procedures, resulting in ten transactions tested. Of the ten transactions tested, seven of the transactions tested did not contain (2) written documentation of the business/public purpose.

G - 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:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure. From the listing provided, we selected all four reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

This procedure is not applicable. None of the reimbursements used per diem.

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

For one of the four reimbursements selected, there was no original itemized receipt identifying precisely what was purchased.

- 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).

No exception noted.

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

No exception noted.

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H - 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:

An active vendor list of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected five contracts and performed the procedures below.

- 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.

This procedure is not applicable. The Louisiana Public Bid Law did not apply to the contracts selected for testing.

- 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).

No exception noted.

- 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).

No exception noted.

- 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.

No exception noted.

I - Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected five employees/officials and performed the specified procedures. No exceptions noted.

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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:

We haphazardly selected one pay period during the fiscal period and performed the procedures below for the five employees/officials selected in procedure #16.

- a) Observe that all selected employees/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 elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception 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 official's authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we selected the two employees/officials and performed the specified procedures. No exception 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.

No exception noted.

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J - 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 that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exception 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.

No exception noted.

K - Debt Service

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

This step is not applicable to the District. There was no bonds/notes issued during the fiscal period.

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).

This step is not applicable to the District. There were no bonds/notes outstanding at the end of the fiscal period.

L - 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.

Management representation that there were no misappropriations of public funds and assets during the fiscal period.

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

No exception noted.

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M - 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.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

N - 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.

Of the five employees selected, one employee did not complete at least one hour of sexual harassment training during the calendar year.

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).

The District’s sexual harassment policy and complaint procedure is not posted on its website.

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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:

The District could not provide the annual sexual harassment report for the current fiscal period. Thus, the below procedures could not be performed.

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

The District could not provide the annual sexual harassment report for the current fiscal period. Thus, this procedure could not be performed.

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

The District could not provide the annual sexual harassment report for the current fiscal period. Thus, this procedure could not be performed.

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

The District could not provide the annual sexual harassment report for the current fiscal period. Thus, this procedure could not be performed.

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

The District could not provide the annual sexual harassment report for the current fiscal period. Thus, this procedure could not be performed.

- e) Amount of time it took to resolve each complaint.

The District could not provide the annual sexual harassment report for the current fiscal period. Thus, this procedure could not be performed.



Prevoist Memorial Hospital

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Donaldsonville, LA 70346
Ph# 225-473-7931

Board of Commissioners:
Michel Hirsch, M.D., Chairman
Glenn Schexnayder, M.D., Vice-Chairman
Glenn Robert, Treasurer
Michael Medine, Recording Secretary
A.J. Gomez, Commissioner

Vince A. Cataldo
Administrator
Joint Commission Approved

Management's Response to Agreed-Upon Procedures Report

February 27, 2023

Louisiana Legislative Auditor

The West Ascension Parish Hospital Service District respectfully submits the following response for the year ended August 31, 2022.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: September 1, 2021 – August 31, 2022

Exceptions:

Written Policies and Procedures

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

The District's travel and expense reimbursement policy does not address attributes (1) allowable expenses, (2) dollar thresholds by category of expense, and (4) required approvers.

1. *Allowable expenses will be added to our Travel and Expense Reimbursement Policy*
2. *Dollar thresholds by category of expense will be added to our Travel and Expense Reimbursement Policy*
3. *Required approvers will be added to our Travel and Expense Reimbursement Policy*

1-i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The District's ethics policy does not address (3) a system to monitor possible ethics violations.

1. *A system to monitor possible ethics violations will be devised and put in writing.*

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

The District does not have a debt service policy. This district did not have debt outstanding during the fiscal period.

1. *The District has drafted a debt service policy to be approved at the next Board meeting.*

1-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.

The District's disaster recovery plan does not address attributes (2) storage of backups in a separate physical location isolated from the network, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel and tools needed to recover operations after a critical event.

1. *The District will add written documentation of the processes noted above to the disaster recovery plan*

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

The District's sexual harassment policy does not address attributes (2) annual employee training and (3) annual reporting.

1. *The District will add annual employee training requirements to its sexual harassment policy.*
2. *The District will add the annual reporting requirements and who is responsible for these requirements to the sexual harassment policy.*

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

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 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.

We selected all transactions for the two cards selected in procedure #12 and performed the specified procedures, resulting in ten transactions tested. Of the ten transactions tested, seven of the transactions tested did not contain (2) written documentation of the business/public purpose.

1. *Specific documentation relating to the business/public purpose of the transactions will be added to receipts prior to being sent for approval.*

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

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

For one of the four reimbursements selected, there was no original itemized receipt identifying precisely what was purchased.

1. *All itemized receipts will be collected and filed prior to making payment for the reimbursement.*

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.

Of the five employees selected, one employee did not complete at least one hour of sexual harassment training during the calendar year.

1. *Management will take an inventory of current trainings performed, and determine which employees need to complete their training for the calendar year.*

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).

The District's policy and complaint procedures are not posted on its website.

1. *Management will immediately post the required documents to its website.*

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:

The District did not complete the annual sexual harassment report for the current fiscal period.

1. *The District has completed its annual sexual harassment report that was due February 1, 2023.*

If the Louisiana Legislative Auditor has questions regarding this plan, please call Vince Cataldo at (225) 473-7931.

Sincerely,



Vince Cataldo
Hospital Administrator