

**The Hospital Service District of
West Feliciana Parish Louisiana
A Component Unit of the
West Feliciana Parish Government
St. Francisville, Louisiana
October 31, 2022**

Table of Contents

Management’s Discussion and Analysis	Page	3
Independent Auditor's Report	Page	7
Basic Financial Statements		
Statements of Net Position	Page	10
Statements of Revenue, Expenses, and Changes in Net Position	Page	11
Statements of Cash Flows	Page	12
Notes to Financial Statements	Page	14
Supplementary Information		
Independent Auditor's Report on Supplementary Information	Page	35
Schedules of Net Patient Service Revenue	Page	36
Schedules of Operating Expenses		
Salaries, Wages, and Benefits	Page	37
Professional Services	Page	38
Supplies and Other Expenses	Page	39
Other Operating Expenses	Page	40
Schedule of Compensation, Benefits, and Other		
Payments to Agency Head or Chief Executive Officer	Page	41
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	Page	42
Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	Page	44
Schedule of Expenditures of Federal Awards	Page	47
Notes to Schedule of Expenditures of Federal Awards	Page	48
Schedule of Findings and Questioned Costs	Page	49
Summary Schedule of Prior Year Findings and Questioned Costs	Page	51

The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2022

This portion of the Hospital's annual financial reporting presents background information and management's review of the Hospital's financial performance during the fiscal year ended October 31, 2022. This Section should be interpreted within the context of financial statements as displayed in this report.

FINANCIAL HIGHLIGHTS

Year 2022 will be categorized as the year the Hospital started its ascent out of the COVID pandemic. There is no question that enduring the effects of the pandemic has had an impact on our organization. Beside the direct effect of caring for patients throughout COVID there were other challenges the pandemic brought that affected operations. For example, the availability of healthcare workers became an issue and presented a real challenge to West Feliciana Hospital. To keep our workforce in place, we had to address pay rates for key positions and implemented a temporary incentive plan. Both had a major impact on our salary cost rising \$1.9M over the previous year. However, by keeping our workforce intact it enabled the organization to continue to progress in providing other services and implementing our strategic objectives. This in turn provided the basis for the Hospital to increase net patient service revenue by nearly \$2.9M, which contributed to a healthy change in net position of \$2.7M. While the change in net position was less than the prior year, much of FY 2021's positive change in net position was driven by one-time COVID grant money. With the trend of significant increases in net patient service revenue continuing and strong cash reserves goes well to put the hospital in a firm financial position for the future.

REQUIRED FINANCIAL STATEMENTS

The basic financial statements of the Hospital report information regarding the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Hospital.

All of the current year's revenue and expenses are accounted for in the Statement of Revenue, Expenses, and Changes in Net Position. This statement measures improvements in the Hospital's operations over the past year, and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service and other revenue sources. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Hospital's cash flows from operations and financial activities, as well as define the sources of cash, its use, and cash balance changes during the reporting period. Additional statistical information and notes are offered as support, explanation and information.

FINANCIAL ANALYSIS OF THE HOSPITAL SERVICE DISTRICT

The Statements of Net Position and Statements of Revenue, Expenses, and Changes in Net Position report data about the Hospital's activities. These two (2) statements report the net position of the Hospital and changes in it. Increases or decreases in net position are one indicator regarding the financial integrity of the Hospital. Other non-financial indicators include changes in state and local economic conditions, as well as regulatory changes regarding Medicare and Medicaid, especially as these may impact Critical Access Hospital status, and related cost-based reimbursements.

**The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2022**

FINANCIAL ANALYSIS OF THE HOSPITAL SERVICE DISTRICT (Continued)

Net Position

Condensed statements of net position as of October 31, 2022, 2021, and 2020 are displayed in the following table:

Condensed Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current assets	\$ 29,458,923	\$ 27,861,529	\$ 26,655,429
Assets limited as to use	11,504,661	8,980,952	8,831,039
Capital assets, net	<u>24,640,148</u>	<u>26,387,438</u>	<u>27,154,347</u>
Total assets	<u>\$ 65,603,732</u>	<u>\$ 63,229,919</u>	<u>\$ 62,640,815</u>
Current liabilities	\$ 2,550,150	\$ 2,218,681	\$ 5,515,275
Long-term liabilities	23,026,628	23,731,281	24,865,022
Net position	<u>40,026,954</u>	<u>37,279,957</u>	<u>32,260,518</u>
Total liabilities and net position	<u>\$ 65,603,732</u>	<u>\$ 63,229,919</u>	<u>\$ 62,640,815</u>

The following table presents the components of the Hospital's net position as of October 31, 2022, 2021, and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net investment in capital assets	\$ 1,071,883	\$ 2,036,360	\$ 2,470,449
Restricted for debt service	11,504,661	8,980,952	8,795,909
Unrestricted - reserved for capital projects	-	-	35,130
Unrestricted	<u>27,450,410</u>	<u>26,262,645</u>	<u>20,959,030</u>
Total net position	<u>\$ 40,026,954</u>	<u>\$ 37,279,957</u>	<u>\$ 32,260,518</u>

Capital Assets

The following table presents the components of capital assets at October 31, 2022, 2021, and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 2,863,473	\$ 2,849,839	\$ 2,667,889
Buildings and leasehold improvements	29,855,642	29,750,594	29,721,413
Equipment	12,925,375	12,599,905	11,403,812
Construction in progress	<u>1,622,160</u>	<u>922,697</u>	<u>-</u>
	47,266,650	46,123,035	43,793,114
Less: accumulated depreciation	<u>22,626,502</u>	<u>19,735,597</u>	<u>16,638,767</u>
Capital assets, net	<u>\$ 24,640,148</u>	<u>\$ 26,387,438</u>	<u>\$ 27,154,347</u>

**The Hospital Service District of West Feliciana Parish Louisiana
Management's Discussion and Analysis
October 31, 2022**

FINANCIAL ANALYSIS OF THE HOSPITAL SERVICE DISTRICT (Continued)

Summary of Revenue, Expenses, and Changes in Net Position

The following table presents a summary of the Hospital's revenue and expenses for the latest three fiscal years:

**Condensed Statements of Revenue,
Expenses, and Changes in Net Position**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net patient service revenue	\$ 24,732,836	\$ 21,859,883	\$ 20,649,793
Other operating revenue	<u>3,489,518</u>	<u>4,412,640</u>	<u>4,521,015</u>
Operating revenue	<u>28,222,354</u>	<u>26,272,523</u>	<u>25,170,808</u>
Salaries, wages, and benefits	13,759,128	11,831,079	11,211,115
Other operating expenses	12,410,923	11,752,731	11,195,386
Depreciation	<u>3,205,292</u>	<u>3,044,020</u>	<u>2,909,763</u>
Operating expenses	<u>29,375,343</u>	<u>26,627,830</u>	<u>25,316,264</u>
Tax revenue	2,134,648	2,078,597	1,678,003
Interest income	129,863	74,147	145,739
Other non-operating revenue	2,580,681	4,191,718	2,402,237
Non-operating expenses	<u>(945,206)</u>	<u>(969,716)</u>	<u>(1,058,307)</u>
Non-operating revenue, net	<u>3,899,986</u>	<u>5,374,746</u>	<u>3,167,672</u>
Change in Net Position	2,746,997	5,019,439	3,022,216
Net Position , beginning of year	<u>37,279,957</u>	<u>32,260,518</u>	<u>29,238,302</u>
Net Position , end of year	<u>\$ 40,026,954</u>	<u>\$ 37,279,957</u>	<u>\$ 32,260,518</u>

SOURCES OF REVENUE

The Hospital derives the majority of its total revenue from patient service operations. The following table displays payor mix percentages as a function of total billed charges during 2022, 2021, and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Medicare	17%	15%	19%
Medicaid	30%	30%	30%
Commercial and other	48%	49%	45%
Self-Pay	5%	6%	6%

The Hospital derives additional revenue from ad valorem taxes, grants, and donations.

**The Hospital Service District of West Feliciana Parish Louisiana
Management’s Discussion and Analysis
October 31, 2022**

OPERATING AND FINANCIAL PERFORMANCE (Continued)

The Hospital’s primary source of revenue is derived from patient services and is driven by admissions. The practical end of patient revenue involves converting admissions and treatment into cash collections. The industry standard regarding management of receivables is the measure of outstanding days in accounts receivable. The following table displays both inpatient days, along with days in accounts receivable from 2022, 2021, and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Inpatient Days	483	863	1,151
Net Outstanding Days in A/R	50	47	35

BUDGET AND STRATEGY FOR FISCAL YEAR 2023

The Board of Commissioners has approved the budget for the fiscal year ending October 31, 2023 with an increase in change in net position of \$4.5M. In order to do that, the Hospital plans on continuing its strategy of adding specialty physicians and expanding the services in the Rural Health Clinic (RHC). In 2022, the Hospital embarked on a construction project to increase the capacity of the RHC. Expanded capacity will allow the Hospital to bring in new services. The healthcare workforce seems to be stabilizing; therefore, the Hospital has ended the pay incentive plans and thus far the Hospital remains appropriately staffed. That is the reason the salary increases for this coming year are only projected at \$78,000.

A new major project that the Hospital will begin this fiscal year is to build a new building to house a new Urgent Care Clinic and be a new location for its specialty physicians. This project will allow the Hospital to continue the addition of specialists and add a service that does not exist currently in the community. The Hospital is looking forward to another successful year.

CONTACTING THE HOSPITAL’S CHIEF FINANCIAL OFFICER

This financial report is intended to provide our community, patients, and creditors with a general overview of the Hospital’s financial position and demonstrate accountability regarding all revenue received. If further information is required, requests should be submitted in writing to:

Chief Financial Officer
West Feliciana Hospital
5266 Commerce Street
St. Francisville, LA 70775



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
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Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

Independent Auditor's Report

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Change in Accounting Principle

As described in Note 1W to the financial statements, effective November 1, 2021, The Hospital Service District of West Feliciana Parish Louisiana adopted new accounting guidance, GASB 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 Hospital Service District of West Feliciana Parish Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Hospital Service District of West Feliciana Parish Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Hospital Service District of West Feliciana Parish Louisiana'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 3 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, on our consideration of The Hospital Service District of West Feliciana Parish Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Hospital Service District of West Feliciana Parish Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Hospital Service District of West Feliciana Parish Louisiana's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

April 28, 2023

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Net Position
October 31, 2022 and 2021

Assets	2022	2021
	<u> </u>	<u> </u>
Current Assets		
Cash and cash equivalents	\$ 8,310,724	\$ 13,276,174
Certificates of deposit	2,074,864	3,629,769
Investments	8,741,134	3,123,436
Accounts receivable - patients, net	3,412,406	2,670,907
Due from third party payors	3,564,539	3,073,270
Accounts receivable - other	2,315,550	1,161,634
Inventory	659,081	557,906
Prepaid expenses	<u>380,625</u>	<u>368,433</u>
Total current assets	29,458,923	27,861,529
Assets Limited As to Use	11,504,661	8,980,952
Capital Assets, net	<u>24,640,148</u>	<u>26,387,438</u>
Total assets	<u>\$ 65,603,732</u>	<u>\$ 63,229,919</u>
Liabilities and Net Position		
Current Liabilities		
Current maturities of bonds payable	\$ 607,507	\$ 533,284
Current maturities of notes payable	30,000	30,000
Current maturities of lease liability	59,686	56,513
Accounts payable	528,131	457,625
Accrued expenses	<u>1,324,826</u>	<u>1,141,259</u>
Total current liabilities	<u>2,550,150</u>	<u>2,218,681</u>
Long-Term Liabilities		
Bonds payable, less current maturities	22,875,758	23,490,726
Notes payable, less current maturities	55,000	85,000
Lease liability, less current maturities	<u>95,870</u>	<u>155,555</u>
Total long-term liabilities	<u>23,026,628</u>	<u>23,731,281</u>
Net Position		
Net investment in capital assets	1,071,883	2,036,360
Restricted for debt service	11,504,661	8,980,952
Unrestricted	<u>27,450,410</u>	<u>26,262,645</u>
Total net position	<u>40,026,954</u>	<u>37,279,957</u>
Total liabilities and net position	<u>\$ 65,603,732</u>	<u>\$ 63,229,919</u>

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Revenue, Expenses, and Changes in Net Position
Years Ended October 31, 2022 and 2021

	2022	2021
Operating Revenue		
Net patient service revenue	\$ 24,732,836	\$ 21,859,883
Other operating revenue	3,489,518	4,412,640
Operating revenue	28,222,354	26,272,523
 Operating Expenses		
Salaries, wages, and benefits	13,759,128	11,831,079
Professional services	7,682,552	6,876,213
Supplies and other expenses	1,161,841	1,349,666
Other operating expenses	3,566,530	3,526,852
Depreciation and amortization	3,205,292	3,044,020
Total operating expenses	29,375,343	26,627,830
Operating loss	(1,152,989)	(355,307)
 Non-Operating Revenue (Expenses)		
Federal grant revenue	2,409,506	2,146,588
Gain on forgiveness of debt	-	1,871,702
Interest income	129,863	74,147
Interest expense	(945,206)	(969,716)
Tax revenue	2,134,648	2,078,597
Gain on disposal of assets	4,606	3,654
Other non-operating revenue	166,569	169,774
Non-operating revenue, net	3,899,986	5,374,746
 Change in Net Position	2,746,997	5,019,439
 Net Position, beginning of year	37,279,957	32,260,518
 Net Position, end of year	\$ 40,026,954	\$ 37,279,957

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Cash Flows
Years Ended October 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	\$ 27,658,756	\$ 28,066,243
Payments for goods and services	(12,440,079)	(12,037,322)
Payments to employees for services	(13,599,500)	(11,784,238)
Net cash provided by operating activities	1,619,177	4,244,683
 Cash Flows from Non-Capital Financing Activities		
Tax receipts	2,195,605	1,985,586
Receipt of Provider Relief Funds	524,503	149,462
Other income	165,670	170,012
Net cash provided by non-capital financing activities	2,885,778	2,305,060
 Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(1,458,001)	(2,011,533)
Principal payments on bonds payable	(540,745)	(514,888)
Principal payments on note payable	(30,000)	(30,000)
Principal payments on lease liability	(56,512)	(53,509)
Interest paid	(945,130)	(970,069)
Net cash used in capital and related financing activities	(3,030,388)	(3,579,999)
 Cash Flows from Investing Activities		
Purchases of certificates of deposit	(400,000)	-
Sales and maturities of certificates of deposit	1,966,206	139,144
Purchase of investments	(8,556,000)	-
Interest income	129,863	84,713
Net cash provided by (used in) investing activities	(6,859,931)	223,857
 Net Increase (Decrease) in Cash and Cash Equivalents	(5,385,364)	3,193,601
 Cash and Cash Equivalents, beginning of year		
Including \$8,980,952 and \$8,795,909 limited as to use for 2022 and 2021, respectively	22,257,126	19,063,525
 Cash and Cash Equivalents, end of year		
Including \$8,561,038 and \$8,980,952 limited as to use for 2022 and 2021, respectively	\$ 16,871,762	\$ 22,257,126

(Continued)

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

The Hospital Service District of West Feliciana Parish Louisiana
Statements of Cash Flows
Years Ended October 31, 2022 and 2021

(Continued)

	2022	2021
Reconciliation of Operating Loss to Net Cash Provided		
by (Used in) Operating Activities:		
Operating loss	\$ (1,152,989)	\$ (355,307)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,205,292	3,044,020
Provision for doubtful accounts	1,650,944	1,476,322
(Increase) Decrease in assets:		
Patient accounts receivable	(906,640)	(2,215,724)
Due from third party payors	(491,269)	962,068
Other receivables	(826,867)	1,625,615
Inventory	(101,175)	17,996
Prepaid expenses	(12,192)	(60,822)
Increase (Decrease) in liabilities:		
Accounts payable	70,506	(224,237)
Accrued expenses	183,567	(25,248)
Net cash provided by operating activities	\$ 1,619,177	\$ 4,244,683

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

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 1-Summary of Significant Accounting Policies

A. Legal Organization

On February 21, 1968, the West Feliciana Parish Police Jury passed a resolution creating the West Feliciana Parish Hospital Service District No. 1 (“the Hospital”) under the authority of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, as amended. The Hospital is a political subdivision of the West Feliciana Parish Government, whose jurors are elected officials. The Hospital’s seven (7) commissioners are appointed by the West Feliciana Parish Government. The Hospital’s legal name is now The Hospital Service District of West Feliciana Parish Louisiana and its DBA name is West Feliciana Hospital.

B. Nature of Business

The Hospital primarily earns revenue by providing inpatient, outpatient, and emergency care services to patients in the West Feliciana Parish area.

C. Basis of Accounting and Presentation

The Hospital utilizes the proprietary fund method of accounting, using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

As a proprietary fund, the Hospital distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing patient services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the Hospital’s proprietary fund are charges to customers related to patient services. Operating expenses for the Hospital’s proprietary fund include patient care expenses, general and administrative expenses, and depreciation and amortization on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The Hospital follows private-sector standards of accounting and financial reporting issued prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Hospital has elected not to follow subsequent private-sector guidance.

The Hospital follows GASB standards for state and local governments which require that resources be classified for accounting and reporting purposes into the following three net position components:

- The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted net position results when external constraints are placed on asset use by creditors, grantors, contributors, or laws through constitutional provisions or enabling legislation. At October 31, 2022 and 2021, the Hospital had \$11,504,661 and \$8,980,952, respectively, of net position restricted for debt service.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting and Presentation (Continued)

- The *unrestricted* component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position is often designated to indicate that management does not consider it to be available for general operations; however, these designations can be removed or modified. At October 31, 2022 and 2021, the Hospital had no unrestricted net position that was reserved for capital projects.

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to first use restricted resources then unrestricted resources as they are needed.

D. Reporting Entity

As the governing authority of the parish, for reporting purposes, the West Feliciana Parish Government ("parish government") is the financial reporting entity for West Feliciana Parish. The financial reporting entity consists of (a) the primary government, (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.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* establishes criteria for determining which component units should be considered part of the West Feliciana Parish Government for financial reporting purposes. 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.

This criterion, as it relates to the Hospital, includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish government 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 parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government appoints all members to the Hospital's Board of Commissioners, the Hospital was determined to be a component unit of the West Feliciana Parish Government, the financial reporting entity. The accompanying financial statements present information only of the funds maintained by the Hospital and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 1-Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant item on the Statements of Net Position that involves a greater degree of accounting estimates subject to changes in the near future is the assessment of the allowance for doubtful accounts. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results of the period they are determined.

F. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Hospital considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

G. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable from patients, insurance companies, and third-party reimbursement contractual agencies are recorded at established charge rates. Certain third-party insured accounts (Medicare and Medicaid) are based on cost reimbursement agreements, which generally result in the Hospital collecting more or less than the established charge rates with the difference recorded as “contractual adjustments.” Final determination of settlement is subject to review by appropriate authorities.

The Hospital provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. Management estimates the losses based on historical collection experience coupled with a review of the current status of existing receivables. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

H. Inventory

Inventory is valued at the lower of cost or net realizable value (first-in, first-out method). Inventory is comprised of departmental supplies and pharmaceutical items.

I. Investments

Investments are carried at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating income when earned.

J. Capital Assets

Capital assets are stated at cost, except for assets donated to the Hospital. Donated assets are recorded at the appraised value at the date of donation. Depreciation is recorded on a straight-line basis over the useful lives of the assets. Capital assets under lease obligations are amortized on a straight-line basis over the shorter period of the lease term or the estimated useful life. Interest expense related to construction projects is capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures in excess of \$5,000 for major renewals and betterments that extend the useful lives of capital assets are capitalized.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 1-Summary of Significant Accounting Policies (Continued)

J. Capital Assets (Continued)

The estimated useful lives of capital assets are as follows:

Buildings and leasehold improvements	5 - 40 years
Equipment	3 - 20 years

Gifts of long-lived assets such as land, buildings, or equipment with no donor stipulations are reported as unrestricted support, while those with explicit donor stipulations are reported as restricted support.

K. Leases

Leases are recorded in accordance with GASB No. 87, *Leases*. At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term. Key estimates related to leases include the discount rate used to discount the expected lease payments to present value, lease term and lease payments.

L. Operating Revenue and Expenses

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

M. Net Patient Service Revenue

The Hospital is a "Critical Access Hospital" (CAH), which allows it to receive cost-based reimbursements from Medicare and Medicaid.

The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. Inpatient acute care services, swing bed services and outpatient services rendered to Medicare program beneficiaries are reimbursed at cost plus one percent (subject to limits, rules and regulations), while other outpatient laboratory services are reimbursed on a fee schedule. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through October 31, 2018.

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services to Medicaid program beneficiaries are reimbursed at cost plus ten percent, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through October 31, 2015.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 1-Summary of Significant Accounting Policies (Continued)

M. Net Patient Service Revenue (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. These adjustments will be recorded in the year they are realized.

The Hospital has entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates. To the extent management's estimate differs from actual results, the differences will be recorded in the year such differences arise.

N. Sliding Fee Discount Program

The Hospital's Sliding Fee Discount Program is used to provide free or discounted care to patients who are financially unable to pay for their medical services. Those with incomes at or below 100% of the Federal Poverty Guidelines will receive a full 100% discount. Those with income above 100% of the Federal Poverty Guidelines, but at or below 300% of the Federal Poverty Guidelines, will be discounted according to the Hospital's sliding fee schedule. Because the Hospital does not pursue collection of amounts determined to qualify for this program, they are not reported as revenue. Records of charges foregone for services and supplies furnished under the Sliding Fee Discount Program are maintained to identify and monitor the level of discounted care provided.

O. Grants and Donations

Grants and donations (including capital contributions of assets) are recognized as revenue when all eligibility requirements, including time requirements, imposed by the provider have been met.

P. Property Taxes

The Hospital receives property taxes, which are levied on or about October 1st for the current year. Property taxes are invoiced and collected by the West Feliciana Parish Sheriff. Taxes are due by December 31st following the levy date. The Hospital records the expected revenue to be received based on factors such as previous years' collections of assessments and the estimated taxable assessed value for the current year. Adjustments are made upon final receipt. The Hospital currently receives a 0.50 mill property tax, which is in effect through 2026.

Q. Income Taxes

The Hospital is exempt from income taxes under Internal Revenue Code Section 115. Accordingly, the accompanying financial statements do not include any provision for income taxes.

R. Advertising

Advertising costs are expensed as incurred. Advertising costs of \$211,431 and \$184,206 were expensed in 2022 and 2021, respectively.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 1-Summary of Significant Accounting Policies (Continued)

S. Environmental Matters

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

T. Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental, and accident benefits. The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self-insurance of 1) Hospital professional liability and comprehensive general liability and 2) statutory workers' compensation. The Hospital continues to carry commercial insurance for all other risks of loss. As of October 31, 2022 and 2021, the Hospital has no known claims exceeding its coverage.

U. Fair Value Measurements

The Hospital follows GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. This topic establishes a hierarchal framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

The Hospital utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Hospital determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1: Quoted prices (unadjusted) in active markets accessible at the measurement date.
- Level 2: Prices based on observable inputs corroborated by market data, but no quoted active markets.
- Level 3: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investments.

V. Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation. These reclassifications had no effect on net position or the change in net position of the prior year.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 1-Summary of Significant Accounting Policies (Continued)

W. Recently Adopted Accounting Pronouncement

The Hospital adopted GASB Statement No. 87, *Leases* (“GASB 87”). The objective of GASB 87 is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Hospital adopted this statement effective November 1, 2021. GASB 87 requires that changes adopted to conform to provisions of this statement be applied retrospectively by restating financial statements for all periods presented. While GASB 87 resulted in the recording of assets and liabilities that were not previously recognized, and changes to the accounting for lease payments, there were no effects to beginning net position as a result of this statement’s implementation. Additional disclosures required by this standard are included in Note 8.

X. Accounting Pronouncement Pending Adoption

GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in subscription assets – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITAs. To the extent relevant, the standards for SBITAs are based on the standards established in GASB 87, as amended. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Hospital is currently evaluating the effect this standard will have on its financial statements.

Note 2-Deposits and Investments

The Hospital has various deposits and investments. The amounts reflected on the accompanying Statements of Net Position are as follows:

	<u>2022</u>	<u>2021</u>
Operations		
Cash and cash equivalents	\$ 8,310,724	\$ 13,276,174
Certificates of deposit	2,074,864	3,629,769
Investments	8,741,134	3,123,436
Assets Limited As to Use		
Cash and cash equivalents	8,561,038	8,980,952
Investments	<u>2,943,623</u>	<u>-</u>
Total	<u>\$ 30,631,383</u>	<u>\$ 29,010,331</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 2-Deposits and Investments (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name as of October 31, 2022 and 2021.

The Hospital's account balances according to banks' records at October 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Cash in banks	\$ 19,303,424	\$ 26,303,485
Insured by FDIC	\$ 1,917,601	\$ 2,275,524
Collateralization by fair market value of securities held by the pledging institution	\$ 17,385,823	\$ 24,027,961

B. Investments

The Hospital's investment policies comply with state statutes. Funds may be invested in time deposits, money market investment accounts, or certificates of deposit with financial institutions insured by the FDIC; direct obligations of the United States Government and its agencies; investment grade commercial paper of domestic United States corporations; one of the two highest short-term rating categories of either Standards & Poor's Corporation or Moody's Investors Service; and government backed mutual trust funds.

At October 31, 2022 and 2021, investments held by the Hospital consisted of \$8,741,134 and \$3,123,436, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB, LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a governmental external investment pool that reports at fair value. The following facts are relevant for an investment pool:

Credit Risk: LAMP is rated AAAM by Standard & Poor's.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 2-Deposits and Investments (Continued)

B. Investments (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Hospital's policy with respect to custodial risk is based on Louisiana statutes. LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of Credit Risk: The Hospital's investment policy does not limit the amount the Hospital may invest in any one issuer. Pooled investments are excluded from the five percent (5%) disclosure requirement.

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from rising interest rates, the Hospital limits investments to highly liquid investments or marketable U.S. Treasury and U.S. agency obligations. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. To provide for this liquidity, all investments at the time of purchase have a maximum remaining maturity of 397 days or 762 days for U.S. Government floating/variable rate investments, and the WAM of LAMP is restricted to not more than 60 days. At October 31, 2022 and 2021, the WAM for LAMP's total investments was 44 days and 52 days, respectively.

Foreign Currency Risk: Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the Louisiana state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, LA 70130.

As of October 31, 2022, the Hospital had the following debt investment securities and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		<1 Yr	1-5 Yrs	6-10 Yrs	10+ Yrs
U.S. Treasury Securities	\$ 1,766,844	\$ 394,666	\$ 1,372,178	\$ -	\$ -
U.S. Government Agency Bonds	1,176,686	-	1,176,686	-	-
Money Market Funds	93	93	-	-	-
Total	<u>\$ 2,943,623</u>	<u>\$ 394,759</u>	<u>\$ 2,548,864</u>	<u>\$ -</u>	<u>\$ -</u>

The Hospital held no debt investment securities as of October 31, 2021.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 2-Deposits and Investments (Continued)

B. Investments (Continued)

As of October 31, 2022, the Hospital held investments with the following ratings:

	Ratings		Fair Value
	Moody's Investor	Standard & Poor's	
U.S. Treasury Note	Aaa	Not Rated	\$ 1,074,994
U.S. Treasury Bill/Note	Not Rated	Not Rated	691,850
Federal Home Loan Bank	Aaa	AA+	1,176,686
Money Market Funds	Not Rated	Not Rated	93
Total			\$ 2,943,623

C. Fair Value Measurements

The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described in Note 1(U).

The following table sets forth, by level, the investments reported at fair value as of October 31, 2022:

	Fair Value	October 31, 2022		
		Level 1	Level 2	Level 3
Investment Type				
Money Market Funds	\$ 93	\$ 93	\$ -	\$ -
Government Securities:				
U.S Treasury Securities	1,766,844	1,766,844	-	-
U.S. Government Agency Bonds	1,176,686	-	1,176,686	-
External investment pool*	8,741,134	-	8,741,134	-
Total Investments	\$ 11,684,757	\$ 1,766,937	\$ 9,917,820	\$ -

The following table sets forth, by level, the investments reported at fair value as of October 31, 2021:

	Fair Value	October 31, 2021		
		Level 1	Level 2	Level 3
Investment Type				
External investment pool*	\$ 3,123,436	\$ -	\$ 3,123,436	\$ -
Total Investments	\$ 3,123,436	\$ -	\$ 3,123,436	\$ -

*The Hospital's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 3-Assets Limited As To Use

Assets whose use is limited under Board designations for the replacement of depreciable capital assets and as security interest for the Hospital Revenue Bonds are summarized as follows:

	<u>2022</u>	<u>2021</u>
Cash – Held as Security Interest for the Hospital Revenue Bonds		
Investar Bank - Money Market account yielding .91%	\$ 6,340,791	\$ 6,913,162
Investar Bank - Reserve Fund yielding .68%	1,494,158	1,491,607
Investar Bank - Contingency Fund yielding .70%	726,089	576,183
Total cash limited as to use	<u>\$ 8,561,038</u>	<u>\$ 8,980,952</u>
Investments – Board designated		
Cetera Investment Services	\$ 2,943,623	\$ -
Total investments limited as to use	<u>\$ 2,943,623</u>	<u>\$ -</u>
Total assets limited as to use	<u>\$ 11,504,661</u>	<u>\$ 8,980,952</u>

Board designated investments are designated for the purpose of setting up a funded depreciation account.

Note 4-Certificates of Deposit

The Hospital has certificates of deposit with various federally insured financial institutions. The certificates of deposit bear interest at rates ranging from 0.30% to 1.69% per annum and have terms ranging from one year to three years.

Note 5-Accounts Receivable – Patients

Patient accounts receivable consisted of the following at October 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Total patient accounts receivable	\$ 6,494,737	\$ 5,949,904
Less: allowance for uncollectible accounts	(3,082,331)	(3,278,997)
Accounts receivable - patients, net	<u>\$ 3,412,406</u>	<u>\$ 2,670,907</u>

Note 6-Accounts Receivable – Other

Accounts receivable - other consisted of the following at October 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Accrued uncompensated care	\$ 1,081,635	\$ 679,648
Uncollected sales tax revenue	163,405	218,111
Uncollected ad valorem tax revenue	194,313	200,564
Grant funds receivable	802,371	17,460
All other	73,826	45,851
Total accounts receivable - other	<u>\$ 2,315,550</u>	<u>\$ 1,161,634</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 7-Capital Assets

A summary of capital assets additions, deductions, and balances for the year ended October 31, 2022 follows:

	Balance October 31, 2021	Additions	Deductions	Balance October 31, 2022
Land and land improvements	\$ 2,849,839	\$ 13,634	\$ -	\$ 2,863,473
Buildings and leasehold improvements	29,750,594	105,048	-	29,855,642
Equipment	12,599,905	554,856	(229,386)	12,925,375
Construction in progress	<u>922,697</u>	<u>784,463</u>	<u>(85,000)</u>	<u>1,622,160</u>
Total capital assets	46,123,035	1,458,001	(314,386)	47,266,650
Accumulated depreciation and amortization	<u>(19,735,597)</u>	<u>(3,205,292)</u>	<u>314,386</u>	<u>(22,626,502)</u>
Capital assets, net	<u>\$ 26,387,438</u>	<u>\$ (1,747,291)</u>	<u>\$ -</u>	<u>\$ 24,640,148</u>

A summary of capital assets additions, deductions, and balances for the year ended October 31, 2021 follows:

	Balance October 31, 2020	Additions	Deductions	Balance October 31, 2021
Land and land improvements	\$ 2,667,889	\$ 181,950	\$ -	\$ 2,849,839
Buildings and leasehold improvements	29,721,413	29,181	-	29,750,594
Equipment	11,756,275	877,705	(34,075)	12,599,905
Construction in progress	<u>-</u>	<u>922,697</u>	<u>-</u>	<u>922,697</u>
Total capital assets	44,145,577	2,011,533	(34,075)	46,123,035
Accumulated depreciation and amortization	<u>(16,725,652)</u>	<u>(3,044,020)</u>	<u>34,075</u>	<u>(19,735,597)</u>
Capital assets, net	<u>\$ 27,419,925</u>	<u>\$ (1,032,487)</u>	<u>\$ -</u>	<u>\$ 26,387,438</u>

Note 8-Lease Liability

The Hospital entered into a six-year lease agreement for financing the acquisition of equipment. The asset under lease at October 31, 2022 and 2021, totaled \$155,556 and \$212,068, respectively, net of accumulated amortization of \$201,347 and \$140,395, respectively. These amounts are included in capital assets, net on the statements of net position.

In accordance with the lease agreement, the Hospital is required to make quarterly principal and interest payments of \$16,756, through March 2025. Interest rates on capitalized leases are imputed based on the lower of the Hospital's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return. The lease agreement did not specify the lessor's implicit rate of return; therefore, the incremental borrowing rate of 5.5% was used to determine the lease liability.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 8-Lease Liability (Continued)

A schedule of changes in the Hospital's lease liability during the year ended October 31, 2022 is as follows:

	Balance October 31, 2021	Additions	Reductions	Balance October 31, 2022	Amount Due within One Year
Lease Liability					
Eye equipment	\$ 212,068	\$ -	\$ (56,512)	\$ 155,556	\$ 59,686

A schedule of changes in the Hospital's lease liability during the year ended October 31, 2021 is as follows:

	Balance October 31, 2020	Additions	Reductions	Balance October 31, 2021	Amount Due within One Year
Lease Liability					
Eye equipment	\$ 265,577	\$ -	\$ (53,509)	\$ 212,068	\$ 56,513

Principal and interest payments due on the lease liability over the next three years ending October 31, are as follows:

	Principal	Interest	Total
2023	\$ 59,686	\$ 7,339	\$ 67,025
2024	63,036	3,988	67,024
2025	32,834	679	33,513
	<u>\$ 155,556</u>	<u>\$ 12,006</u>	<u>\$ 167,562</u>

Note 9-Bonds Payable

The schedule of changes in the Hospital's bonds payable for the year ended October 31, 2022 is as follows:

	Balance October 31, 2021	Additions	Reductions	Balance October 31, 2022	Amount Due Within One Year
Bonds Payable					
Hospital Revenue Bonds					
20 Year	\$ 6,908,662	\$ -	\$ (298,586)	\$ 6,610,076	\$ 356,735
40 Year	17,115,348	-	(242,159)	16,873,189	250,772
Total bonds payable	<u>\$ 24,024,010</u>	<u>\$ -</u>	<u>\$ (540,745)</u>	<u>\$ 23,483,265</u>	<u>\$ 607,507</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 9-Bonds Payable (Continued)

The schedule of changes in the Hospital's bonds payable for the year ended October 31, 2021 is as follows:

	Balance October 31, 2020	Additions	Reductions	Balance October 31, 2021	Amount Due Within One Year
Bonds Payable					
Hospital Revenue Bonds					
20 Year	\$ 7,189,709	\$ -	\$ (281,047)	\$ 6,908,662	\$ 291,125
40 Year	17,349,189	-	(233,841)	17,115,348	242,159
Total bonds payable	<u>\$ 24,538,898</u>	<u>\$ -</u>	<u>\$ (514,888)</u>	<u>\$ 24,024,010</u>	<u>\$ 533,284</u>

Hospital Revenue Bonds - 20 Year

Hospital Revenue Bonds (Series 2018B) of \$8,000,000, issued on October 19, 2017, due in monthly installments of \$53,908 (principal and interest) beginning November 2017 for 20 years at an interest rate of 4.77% for year 1, 4.92% for year 2, 5.08% for year 3, and a fixed rate of 5.25% for years 4 through 10. The interest rate will be reset on the tenth (10th) anniversary date (October 19, 2027) based on the Wall Street Prime as of such date, plus one percent (1%) per annum (not to exceed 7% per annum) and the amortized monthly payments shall continue thereafter through October 19, 2037. Bonds are secured by a pledge of net revenue from the operations of the Hospital, a mortgage lien on the property, and all Hospital equipment and appurtenances.

Hospital Revenue Bonds - 40 Year

Hospital Revenue Bonds (Series 2018A) of \$17,575,000, issued on October 19, 2018, bearing interest at 3.50% per annum. Bond proceeds totaling \$16,165,000 were disbursed to the Hospital during the year ended October 31, 2017, and the remaining \$1,410,000 of the bond proceeds were disbursed during the year ended October 31, 2018. Principal and interest are payable over a forty (40) year period. The first two annual payments were interest only. Thereafter, the bonds are due in monthly installments of \$69,773 (principal and interest), commencing November 19, 2019 and continuing through October 19, 2057. Bonds are secured by a pledge of net revenue from the operations of the Hospital, a mortgage lien on the property, and all Hospital equipment and appurtenances.

As required by the bond agreement, the Hospital is required to maintain three separate accounts: Sinking Fund, Reserve Fund, and Contingency Fund. The Sinking Fund is required to have an amount sufficient to pay promptly and fully the monthly principal and interest on the bonds due on the next payment date. The Reserve Fund must have an amount equal to the highest combined principal and interest falling due in any fiscal year on all bonds. The Reserve Fund was fully funded as of October 31, 2022 and 2021. The Contingency Fund shall have deposited a sum equal to five percent (5%) of the amount being paid monthly into the Sinking Fund to cover depreciation, extensions, additions, improvements and replacements necessary to properly operate the Hospital. The monthly payments into the Contingency Fund are increased to ten percent (10%) of the amount being paid monthly into the Sinking Fund when a sum equal to the Reserve Fund Requirement has been accumulated in the Reserve Fund.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 9-Bonds Payable (Continued)

Hospital Revenue Bonds - 40 Year (Continued)

In a resolution adopted by the Board, four additional requirements for security of the bond required by Investar Bank are as follows. 1) A separate and identifiable fund in the amount of \$9,500,000 was required as additional security for the Bonds, which sum will decrease by one-third on each anniversary date of the Bond delivery (commencing in the year 2019). 2) The “Hospital Reserve Fund” was fully funded upon closing. 3) The Hospital set aside in a separate fund the sum of \$1,250,000, which was applied to the Phase I renovations of the old hospital building and the Cypress Building. 4) The Hospital shall be required to hold sufficient operating cash and investments (operating reserve) in an amount equal to at least 120 days operating cash (calculated as the difference of annual operating expenses of the Issuer for the succeeding budget period less non-cash depreciation and amortization, divided by 365). This operating reserve requirement is in addition to other required debt service funds provided that the amount of such operating reserve shall not exceed 25% of the then outstanding principal balance of the Bonds. The operating reserve amount shall be determined at the delivery of the Bonds and, thereafter annually at the end of each fiscal year. These accounts have been classified as assets limited as to use.

Bond maturities for each of the next five years and thereafter, ending October 31, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 607,507	\$ 876,719	\$ 1,484,226
2024	632,814	851,412	1,484,226
2025	659,191	825,035	1,484,226
2026	686,685	797,541	1,484,226
2027	714,768	769,458	1,484,226
Thereafter	<u>20,182,300</u>	<u>10,537,950</u>	<u>30,720,250</u>
	<u>\$ 23,483,265</u>	<u>\$ 14,658,115</u>	<u>\$ 38,141,380</u>

Note 10-Notes Payable

Note Payable – Fire Protection District No. 1

The Hospital has a note payable to the Fire Protection District No. 1 of West Feliciana Parish for a portion of the cost to construct a Fire and EMS Station that the Fire Protection District and the Hospital both utilize. The original balance of the note payable was \$265,000. The note bears no interest and is to be paid in annual installments of \$30,000 with one final payment of \$25,000 due on December 1, 2024. The note is secured by the Hospital’s portion of the Bluff’s Fire Station.

Note Payable – Paycheck Protection Program (PPP) Loan

Small Business Administration Paycheck Protection Program (PPP) Loan payable to Bank of St. Francisville with interest at 1.00%. The note is payable in monthly installments of principal and interest over 18 months, and is unsecured. As disclosed in Note 14, the loan has been fully forgiven.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 10-Notes Payable (Continued)

The schedule of changes in the Hospital's notes payable for the year ended October 31, 2022 is as follows:

	Balance October 31, 2021	Additions	Reductions	Balance October 31, 2022	Amount Due Within One Year
Fire Protection District No. 1 note	\$ 115,000	\$ -	\$ (30,000)	\$ 85,000	\$ 30,000

The schedule of changes in the Hospital's notes payable for the year ended October 31, 2021 is as follows:

	Balance October 31, 2020	Additions	Reductions	Balance October 31, 2021	Amount Due Within One Year
Fire Protection District No. 1 note	\$ 145,000	\$ -	\$ (30,000)	\$ 115,000	\$ 30,000
Paycheck Protection Program loan	1,871,702	-	(1,871,702)	-	-
	<u>\$ 2,016,702</u>	<u>\$ -</u>	<u>\$ (1,901,702)</u>	<u>\$ 115,000</u>	<u>\$ 30,000</u>

Future maturities of the notes payable for each of the next three years ending October 31, are as follows:

2023	\$ 30,000
2024	30,000
2025	<u>25,000</u>
	<u>\$ 85,000</u>

Note 11-Charity Care

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of the charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines based on a 200% scale. Accordingly, the Hospital does not report the amount it expects not to collect in net patient service revenue or in the allowance for uncollectible accounts. Total charity care provided through the Hospital's Sliding Fee Discount Program for the years ended October 31, 2022 and 2021 was \$73,904 and \$36,012, respectively. These amounts are included in the provision for bad debts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. Management estimates that approximately \$69,000 and \$33,500 of costs were related to discounted services provided through the Sliding Fee Discount Program for the years ended October 31, 2022 and 2021, respectively.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 12-Other Operating Revenue

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor), whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income for the years ended October 31, 2022 and 2021 was \$2,295,549 and \$4,290,249, respectively, which is included in other operating revenue in the accompanying statements of revenue, expenses, and changes in net position.

Effective July 1, 2022, the Louisiana Department of Health transitioned to a Directed Payment Program (DPP), which was approved by the Centers for Medicare and Medicaid (CMS), to reimburse hospitals for uncompensated care. For the fiscal year ended October 31, 2022, revenue earned under the DPP totaled \$1,318,446, which is included in other operating revenue in the accompanying statement of revenue, expenses, and changes in net position.

Note 13-Tax Revenue

The Hospital receives tax revenue from sales tax and property tax collected on purchases and property assessments in West Feliciana Parish, Louisiana. The sales tax is used for the operation of the Hospital, and the property tax is used for the operation and maintenance of the Hospital.

Tax revenue was as follows for the years ended October 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Sales tax	\$ 1,929,568	\$ 1,869,228
Ad valorem tax	198,918	209,369
State revenue sharing	<u>6,162</u>	<u>-</u>
Total tax revenue	<u>\$ 2,134,648</u>	<u>\$ 2,078,597</u>

Note 14-Coronavirus Aid, Relief, and Economic Security (CARES) Act

In response to the economic impact of COVID-19, the CARES Act was enacted by Congress and was subsequently signed into law on March 27, 2020. The CARES Act included a variety of economic assistance, including providing loan programs for small businesses, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. As a result of the CARES Act, the Hospital received assistance in the amount of \$524,503 and \$158,566 during the fiscal years ended October 31, 2022 and 2021, respectively.

Funds received through the various CARES Act programs are recognized based on the terms and conditions set forth by the related program. A brief description of the programs the Hospital received funding from during the years ended October 31, 2022 and 2021 are included below.

Provider Relief Funds

Provider Relief Funds were issued by the U.S. Department of Health & Human Services (DHHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to COVID-19. These funds are not subject to repayment, provided the Hospital is able to attest and comply with the terms and conditions of the funding, including demonstrating that the funds received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by DHHS.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 14-Coronavirus Aid, Relief, and Economic Security (CARES) Act (Continued)

Provider Relief Funds (Continued)

Utilizing the guidelines for reporting the use of those funds as provided in the Consolidated Appropriations Act, 2021, the Hospital is accounting for such payments as conditional contributions. These payments are recognized as non-operating revenue once the applicable terms and conditions required to retain the funds have been met. No funds were received in excess of the reported expenses and lost revenues.

For the fiscal year ended October 31, 2022 and 2021, Provider Relief Funds were recognized as follows:

	<u>2022</u>	<u>2021</u>
Unearned COVID-19 Provider Relief Funds, beginning balance	\$ -	\$ 1,976,328
Provider Relief Funds received	524,503	158,566
Funds recognized as non-operating revenue due to:		
Lost revenues	(524,503)	(2,017,219)
COVID-19 related expenses	<u>-</u>	<u>(117,675)</u>
Unearned COVID-19 Provider Relief Funds, ending balance	<u>\$ -</u>	<u>\$ -</u>

Funds expended under the Provider Relief Fund program were subject to single audit requirements for the fiscal years ended October 31, 2022 and 2021.

Paycheck Protection Program

On April 27, 2020, the Hospital entered into a promissory note through the U.S. Small Business Administration’s Paycheck Protection Program (PPP). The purpose of the program was to provide funding for employee salaries and certain limited nonpayroll expenses. The Hospital applied for and was notified on April 28, 2021 that \$1,871,702 in eligible expenditures for payroll and other expenses described in the CARES Act were forgiven. Upon forgiveness, the Hospital accounted for derecognition of the liability. A gain was recorded on forgiveness of debt as non-operating revenue during the year ended October 31, 2021.

Note 15-Lease Revenue

The Hospital (“lessor”) leases office space on its campus to various medical service providers with terms ranging from month-to-month to one year. The Hospital also leases its lab, certain hospital equipment, and its lab interface system to an independently owned clinical laboratory under a lease with a term of five years. Revenue from these leases totaled \$123,678 and \$120,512 for the years ended October 31, 2022 and 2021, respectively. The Hospital did not recognize any lessor leases in accordance with GASB 87, as they were deemed immaterial to the financial statements. This revenue is included in other non-operating revenue in the statements of revenue, expenses, and changes in net position.

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 16-Cash Flows Supplemental Information

Total cash and cash equivalents for October 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 8,310,724	\$ 13,276,174
Cash assets limited as to use	<u>8,561,038</u>	<u>8,980,952</u>
Total cash and cash equivalents	<u>\$ 16,871,762</u>	<u>\$ 22,257,126</u>

Note 17-Compensated Absences

Accumulated unpaid vacation is accrued when earned. Full-time employees can earn and vest in vacation leave according to years of service as shown below:

<u>Years of Service</u>	<u>Vacation Time Earned</u>
Less than 5 years	6.67 hours per month
After 5 years	10.00 hours per month
After 10 years	13.33 hours per month

Sick pay is not vested and therefore not accrued. Employees only vest in vacation leave after six months of employment. The Hospital's policy is to recognize the cost of sick pay when actually paid to employees. Accrued compensated absences at October 31, 2022 and 2021 were \$626,427 and \$499,016, respectively. These amounts are included in accrued expenses on the statements of net position.

Note 18-Retirement Plan

The Hospital has executed the Variable Annuity Life Insurance Company (VALIC) prototype Profit Sharing Plan with Cash or Deferred Arrangement Option Non-Standardized Adoption Agreement No. 3. The defined contribution plan (457) provides benefits to substantially all employees. The Hospital matches contributions made by an employee up to six percent of the employee's compensation. Total payroll for the fiscal years ended October 31, 2022 and 2021 was \$11,132,610 and \$9,410,243, respectively. Covered payroll for 2022 and 2021 was \$10,997,970 and \$9,372,924, respectively. Total pension expense was \$387,101 and \$371,483 for 2022 and 2021, respectively.

Note 19-Concentration of Credit Risk

The Hospital is located in St. Francisville, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables (net of allowances) from patients and third-party payors at October 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Medicare	37.5%	38.4%
Medicaid	32.1%	14.0%
Commercial and other third-party payors	28.5%	43.7%
Self-pay	<u>1.9%</u>	<u>3.9%</u>
	<u>100.0%</u>	<u>100.0%</u>

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Financial Statements
October 31, 2022

Note 20-Commitments

Commitments related to the architecture contract for the Willow Building renovation totaled \$18,960 and \$45,504 at October 31, 2022 and 2021, respectively.

Commitments related to the construction contract for renovations to the hospital and rural health clinic totaled \$1,202,575 at October 31, 2022. The Hospital did not have any commitments related to the construction contract for renovations to the hospital and rural health clinic at October 31, 2021.

Note 21-Payments to Board Members

The following schedule shows the amount of board per diems paid during the years ended October 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Melvin Harvey	\$ 520	\$ 360
Olton Scott	<u>520</u>	<u>400</u>
	<u>\$ 1,040</u>	<u>\$ 760</u>

Note 22-Subsequent Events

Management evaluated all subsequent events through April 28, 2023, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

**Independent Auditor's Report
on Supplementary Information**

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

We have audited the basic financial statements of The Hospital Service District of West Feliciana Parish Louisiana, a component unit of the West Feliciana Parish Government, as of and for the years ended October 31, 2022 and 2021, and our report thereon dated April 28, 2023, which expressed an unmodified opinion on those basic financial statements, appears on pages 7 through 9. Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information, identified in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hawthorn, Waymouth & Carroll, L.L.P.

April 28, 2023

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Net Patient Service Revenue
Years Ended October 31, 2022 and 2021

	2022	2021
Patient Service Revenue		
Ambulance service	\$ 2,352,049	\$ 1,370,440
Anesthesiology	162,382	196,414
Blood bank	19,166	8,595
Bone density	33,236	29,378
Central services	74,326	82,427
CT scan	2,377,091	2,799,016
Diabetes clinic	100	100
Echocardiogram	30,646	74,040
Electrocardiology	216,385	199,284
Emergency services	5,168,981	4,285,704
Intensive outpatient psychiatry	887,718	486,780
Laboratory	4,870,363	5,848,940
Mammography	199,850	182,880
MRI scan	931,860	793,650
Nursing services	784,487	1,129,563
Occupational therapy	352,831	283,973
Pharmacy	817,687	801,221
Physical therapy	3,063,307	2,075,249
Physician's fees	1,246,354	1,062,320
Radiology	1,579,873	1,523,111
Respiratory therapy	189,626	327,104
Sleep studies	-	8,265
Speech therapy	345,287	239,892
St. Francis Cypress Rural Health Clinic	3,571,637	3,116,985
St. Francis Gastro Clinic	119,519	41,413
St. Francis Ophthalmology Clinic	11,735	-
St. Francis Pain Clinic	56,505	19,394
Surgery	1,168,996	1,005,777
Ultrasound	444,824	429,852
Wound care	324,968	189,011
Gross patient service revenue	31,401,789	28,610,778
Less: contractual adjustments and discounts	5,018,009	5,274,573
Less: provision for bad debts	1,650,944	1,476,322
Net patient service revenue	\$ 24,732,836	\$ 21,859,883

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Salaries, Wages, and Benefits
Years Ended October 31, 2022 and 2021

	2022	2021
Salaries, Wages, and Benefits		
Administrative	\$ 942,505	\$ 466,373
Ambulance	563,471	310,927
Business office	563,995	800,135
Central supply	177,738	175,248
CT scan	62,980	54,839
Dietary management	223,139	189,177
Echocardiogram	90,683	78,328
Emergency room	1,837,866	1,651,082
Housekeeping	381,643	287,864
Information technology	289,488	255,098
Intensive outpatient psychiatry	522,765	415,149
Medical records	257,476	236,510
MRI scan	69,647	56,905
Nursing services	1,544,012	1,258,728
Pharmacy	164,483	77,536
Plant operations	274,554	251,558
Purchasing	91,480	74,839
Radiology	544,047	461,778
Respiratory therapy	461,594	402,813
Social services	3,743	10,650
St. Francis Cypress Rural Health Clinic	1,763,412	1,615,867
Surgery	55,064	40,669
Ultrasound	157,202	134,685
Utilization review	71,518	87,071
All other	18,105	16,414
Total salaries and wages	11,132,610	9,410,243
Total benefits	2,626,518	2,420,836
Total salaries, wages, and benefits	\$ 13,759,128	\$ 11,831,079

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Professional Services
Years Ended October 31, 2022 and 2021

	2022	2021
Professional Services		
Administrative	\$ 482,039	\$ 405,725
Ambulance	69,757	17,831
Anesthesia	97,680	77,240
Dietary	17,416	15,064
EKG	11,799	9,809
Emergency room physician fees	1,557,529	1,539,944
Information technology	196,954	76,087
Intensive outpatient psychiatry	291,530	273,887
Laboratory	1,824,212	2,132,543
Laundry/linen	32,498	19,026
Mammography	106,764	52,645
Medical records	24,307	20,509
MRI	30,199	5,963
Nursing services	28,391	24,276
Occupational therapy	165,790	155,788
Pharmacy	38,083	146,446
Physical therapy	1,047,653	951,036
Physician IP/OP fees	360,850	58,075
Physician medical director fee	29,700	29,700
Plant operations	290,755	292,763
Radiology	31,057	28,763
Respiratory therapy	3,355	3,261
Sleep studies	-	570
Speech therapy	116,446	94,946
St. Francis Cypress Rural Health Clinic	327,829	37,559
St. Francis Gastro Clinic	52,000	100,038
St. Francis Pain Clinic	29,624	35,625
Surgery	252,743	158,751
Ultrasound	7,699	-
Wound care	133,496	102,875
All other	24,397	9,468
	<u>\$ 7,682,552</u>	<u>\$ 6,876,213</u>
Total professional services	<u>\$ 7,682,552</u>	<u>\$ 6,876,213</u>

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Supplies and Other Expenses
Years Ended October 31, 2022 and 2021

	2022	2021
Supplies and Other Expenses		
Administrative	\$ 59,733	\$ 50,925
Ambulance	93,912	70,563
Business office	16,074	15,538
Central services	78,934	(2,781)
CT scan	8,745	37,791
Dietary	138,129	102,086
Emergency room	31,999	32,383
Housekeeping	45,874	45,921
Information technology	17,486	31,848
Intensive outpatient psychiatry	14,628	32,626
Laboratory	4,931	3,835
Medical records	5,594	4,259
Nursing services	86,988	113,250
Pharmacy	229,435	387,748
Physical therapy	21,823	16,000
Plant operations	66,055	60,303
Radiology	14,410	12,840
Respiratory therapy	43,439	54,799
St. Francis Cypress Rural Health Clinic	124,021	209,718
St. Francis Gastro Clinic	5,138	3,582
St. Francis Pain Clinic	349	876
Surgery	29,746	38,516
All other	24,398	27,040
Total supplies and other expenses	\$ 1,161,841	\$ 1,349,666

The Hospital Service District of West Feliciana Parish Louisiana
Schedules of Operating Expenses
Other Operating Expenses
Years Ended October 31, 2022 and 2021

	2022	2021
Other Operating Expenses		
Administrative	\$ 151,031	\$ 58,900
Audit and legal fees	240,888	260,101
Collection fees	1,236,771	1,018,832
CT scan	78,085	52,688
Dues and subscriptions	108,567	109,234
Education	124,379	46,122
Insurance	471,043	440,693
Intensive outpatient psychiatry	48,522	13,702
Laboratory	-	28,083
Mammography	2,400	70,740
Nursing services	27,789	36,051
Physical therapy	929	19,654
Plant operations and utilities	658,214	498,395
Postage	13,880	14,246
Public relations	145,739	172,121
Radiology	77,102	92,741
St. Francis Cypress Rural Health Clinic	2,457	131,491
Telephone, internet, and cable	104,340	101,778
Ultrasound	31,079	14,932
All other	43,315	346,348
Total other operating expenses	\$ 3,566,530	\$ 3,526,852

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended October 31, 2022**

Agency Head Name: Ledoux Chastant, III, CEO

Purpose	Amount
Salary	\$ 217,007
Benefits - insurance	16,387
Benefits - retirement	6,500
Benefits - other	-
Car allowance	4,804
Vehicle provided by agency	-
Per diem	-
Reimbursements	1,825
Travel	-
Registration fees	250
Conference travel	4,383
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Hospital Service District of West Feliciana Parish Louisiana, a component unit of the West Feliciana Parish Government, as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise The Hospital Service District of West Feliciana Parish Louisiana's basic financial statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hawthorn, Waymouth & Carroll, LLP.

April 28, 2023



**HAWTHORN
WAYMOUTH
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**Independent Auditor's Report on Compliance
for the Major Federal Program and on Internal Control
over Compliance Required by the Uniform Guidance**

Board of Commissioners
The Hospital Service District of West Feliciana Parish Louisiana
d/b/a West Feliciana Hospital
St. Francisville, Louisiana

Report on Compliance for Major Federal Program

Opinion on the Major Federal Program

We have audited The Hospital Service District of West Feliciana Parish Louisiana's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on The Hospital Service District of West Feliciana Parish Louisiana's major federal program for the year ended October 31, 2022. The Hospital Service District of West Feliciana Parish Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Hospital Service District of West Feliciana Parish Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended October 31, 2022.

Basis for Opinion on the Major Federal Program

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Hospital Service District of West Feliciana Parish Louisiana 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 the major federal program. Our audit does not provide a legal determination of The Hospital Service District of West Feliciana Parish Louisiana's compliance with the compliance requirements referred to above.

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 Hospital Service District of West Feliciana Parish Louisiana's federal programs.

Auditor's 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 The Hospital Service District of West Feliciana Parish Louisiana'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 The Hospital Service District of West Feliciana Parish Louisiana'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 The Hospital Service District of West Feliciana Parish Louisiana'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 The Hospital Service District of West Feliciana Parish Louisiana'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 The Hospital Service District of West Feliciana Parish Louisiana'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.

Report on Internal Control over Compliance

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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Hawthorn, Waymouth & Carroll, L.L.P.

April 28, 2023

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Expenditures of Federal Awards
Year Ended October 31, 2022**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security:		
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)* <i>Passed through Louisiana Governor's Office of Homeland Security and Emergency Management</i>	97.036	\$ 1,609,806
Total expenditures for U.S. Department of Homeland Security		<u>1,609,806</u>
U.S. Department of Health and Human Services:		
COVID-19 - Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution	93.498	524,503
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697	255,197
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	<u>20,000</u>
Total expenditures for U.S. Department of Health and Human Services		<u>799,700</u>
Total expenditures of federal awards		<u>\$ 2,409,506</u>

*Denotes a major program

The Hospital Service District of West Feliciana Parish Louisiana
Notes to Schedule of Expenditures of Federal Awards
October 31, 2022

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of The Hospital Service District of West Feliciana Parish Louisiana under programs of the federal government for the year ended October 31, 2022. 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 operations of The Hospital Service District of West Feliciana Parish Louisiana, it is not intended to and does not present the net position, change in net position, or cash flows of The Hospital Service District of West Feliciana Parish Louisiana.

Note 2-Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3-Indirect Cost Rate

The Hospital Service District of West Feliciana Parish Louisiana has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4-Subrecipients

The Hospital Service District of West Feliciana Parish Louisiana did not pass-through any of its federal awards to a subrecipient during the year ended October 31, 2022.

Note 5-Reconciliation of Expenses and Grant Revenue

Prior year expenses of \$142,531 and \$414,029 from the years ended October 31, 2022 and 2021, respectively, were used to recognize current year grant revenue for the COVID-19 - Disaster Grants – Public Assistance program.

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Findings and Questioned Costs
Year Ended October 31, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

*Material weakness(es) identified?

_____ Yes X No

*Significant deficiency(ies) identified?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

*Material weakness(es) identified?

_____ Yes X No

*Significant deficiency(ies) identified?

_____ Yes X No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Number

97.036

Assistance Listing Program Title

COVID-19 - Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee:

_____ Yes X No

**The Hospital Service District of West Feliciana Parish Louisiana
Schedule of Findings and Questioned Costs
Year Ended October 31, 2022**

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

**The Hospital Service District of West Feliciana Parish Louisiana
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended October 31, 2022**

Section II – Financial Statement Findings

Significant Deficiency

2021-001: Untimely Recordation of Service Charges

Summary of Prior Year Finding:

Certain charges for patient services provided by the Rural Health Clinic were not recorded in the proper fiscal year for the year ended October 31, 2021.

Status:

This finding has been resolved.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

**The Hospital Service District of
West Feliciana Parish Louisiana
Statewide Agreed-Upon Procedures Report
October 31, 2022**



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

To the Board of The Hospital Service District of West Feliciana Parish Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below 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 November 1, 2021 through October 31, 2022. The Hospital Service District of West Feliciana Parish Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Hospital Service District of West Feliciana Parish Louisiana 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 November 1, 2021 through October 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 and associated findings are as follows.

Written Policies and Procedures

1. Obtained and inspected the entity's written policies and procedures and observed whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

No exceptions were found as a result of this procedure.

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

The entity's policies and procedures for Payroll/Personnel do not specifically address (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Board or Finance Committee

- 2. Obtained and inspected 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) Observed 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 exceptions were found as a result of this procedure.

- b) For those entities reporting on the governmental accounting model, observed 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.

No exceptions were found as a result of this procedure.

- c) For governmental entities, obtained the prior year audit report and observed 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, observed 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.

Not applicable; prior year unassigned fund balance was not negative.

Bank Reconciliations

- 3. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected four additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

- a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

One of the bank reconciliations was not prepared within 2 months of the related statement's closing date.

- b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation;

The bank reconciliations selected did not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.

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

For one of the accounts, there was no evidence that the items outstanding for more than 12 months from the statement closing date had been researched.

Collections (excluding electronic funds transfers)

- 4. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).

No exceptions were found as a result of this procedure.

5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
Employees responsible for collecting cash may share cash drawers/registers at times.
 - 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 to the deposit.
No exceptions were found as a result of this procedure.
 - 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 exceptions were found as a result of this procedure.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
No exceptions were found as a result of this procedure.
6. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.
No exceptions were found as a result of this procedure.
7. Randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtained supporting documentation for each of the deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
No exceptions were found as a result of this procedure.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions were found as a result of this procedure.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
No exceptions were found as a result of this procedure.
 - d) Observed 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).

One of the deposits selected, which exceeded \$100, was not made within one business day of receipt at the collection location.

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

- 9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties, and observed that job duties were properly segregated such that:

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

- b) Observed whether the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

No exceptions were found as a result of this procedure.

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

11. Obtained 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. Obtained management's representation that the listing is complete.

No exceptions were found as a result of this procedure.

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

- a) Observed whether there is evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing (or electronically approved), by someone other than the authorized cardholder.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed it is supported by (1) an original itemized receipt that identified 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).

No exceptions were found as a result of this procedure.

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

14. Obtained 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 selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Contracts

- 15. Obtained 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. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observed whether the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

No exceptions were found as a result of this procedure.

- b) Observed whether the contract was approved by the governing body/board, if required by policy or law.

No exceptions were found as a result of this procedure.

- c) If the contract was amended, observed the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

No exceptions were found as a result of this procedure.

- d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

Payroll and Personnel

- 16. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions were found as a result of this procedure.

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

- a) Observed all selected employees or officials documented their daily attendance and leave.

No exceptions were found as a result of this procedure.

- b) Observed whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- 18. Obtained 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 selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to entity policy.

No exceptions were found as a result of this procedure.

- 19. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of this procedure.

Ethics

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

- a) Observed whether the documentation demonstrated each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Debt Service

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

No exceptions were found as a result of this procedure.

- 22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

No exceptions were found as a result of this procedure.

Fraud Notice

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

Not applicable; there were no misappropriations of public funds identified during the fiscal period.

24. Observed 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 exceptions were found as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Performed the following procedures:

- a) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium, observed evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

- c) Obtained a listing of the entity's computers currently in used and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated 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.

Sexual Harassment

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No sexual harassment complaints were received by the entity during the fiscal period; therefore, this procedure is not applicable.

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

We are required to be independent of The Hospital Service District of West Feliciana Parish Louisiana 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.

Hawthorn, Waymouth & Carroll, LLP.

April 5, 2023



April 24, 2023

Hawthorn, Waymouth & Carroll, L.L.P.
Certified Public Accountants
8545 United Plaza Boulevard, Suite 200
Baton Rouge, Louisiana 70809

The following is Management's response to the October 31, 2022 Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures exceptions:

Written Policies and Procedures

- 1.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.

The entity's policies and procedures for Payroll/Personnel do not specifically address (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Management's Response: We are in the process of hiring a new HR Director who will update the Payroll/Personnel policy and procedure to specifically address the approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Bank Reconciliations

- 3.a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

One of the bank reconciliations was not prepared within 2 months of the related statement's closing date.

Management's Response: The Compliance Officer will be monitoring for evidence of the 2 month preparation when they review the bank reconciliations.

- 3.b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation;

The bank reconciliations selected did not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.

Management's Response: The Compliance Officer will be reviewing and signing off on the bank reconciliations.

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

For one of the accounts, there was no evidence that the items outstanding for more than 12 months from the statement closing date had been researched.

Management's Response: Outstanding amounts more than 12 months from the statement closing date will be researched and monitored by the Controller.

Collections

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

Individuals responsible for collecting cash may share the same cash register or drawer with another employee.

Management's Response: Management establishes separate cash drawers for those responsible for cash collections whenever feasible. Some cashiers do share the same cash drawer, however when on duty each cashier has a unique log in for the accounting system.

7. d) d) Observed 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).

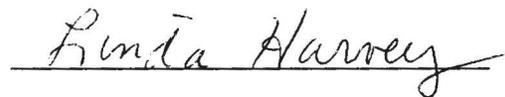
One of the deposits selected, which exceeded \$100, was not made within one business day of receipt at the collection location.

Management's Response: All deposits will be made within one business day of receipt at the collection location. Staff will be educated on this procedure.



Ledoux Chastant III

CEO



Linda Harvey

CFO