

**MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED MAY 31, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
TABLE OF CONTENTS
YEARS ENDED MAY 31, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	4
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
SCHEDULE OF BOARD OF COMMISSIONERS AND COMPENSATION	31
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO CEO	32
SCHEDULE OF INSURANCE COVERAGES	33
COMPLIANCE SECTION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	35
SCHEDULE OF FINDINGS	37



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Morehouse Parish Hospital Service District No. 1
dba: Morehouse General Hospital
Bastrop, Louisiana

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Morehouse Parish Hospital Service District No. 1 dba: Morehouse General Hospital (the Hospital) which comprise the balance sheet as of May 31, 2024, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of May 31, 2024, and the changes in net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for one year after the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 31-34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter

The May 31, 2023 financial statements of the Hospital were audited by other auditors whose report dated November 30, 2023, expresses an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Dallas, Texas
November 25, 2024

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
STATEMENTS OF NET POSITION
MAY 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 14,040,782	\$ 13,894,405
Patient Accounts Receivable, Less Allowance for Uncollectible le Accounts of \$4,582,497 in 2024 and \$2,510,104 in 2023	4,228,537	2,940,032
Supplies	752,694	698,679
Estimated Amounts Due from Third-Party Payors	887,679	2,900,664
Restricted Cash and Cash Equivalents	455,756	404,980
Prepaid Expenses and Other Current Assets	2,407,282	2,662,299
Total Current Assets	22,772,730	23,501,059
 NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	948,547	914,209
 CAPITAL ASSETS		
Land	341,296	341,296
Construction in Progress	452,280	148,226
Right-of-Use Assets, Net	463,165	922,800
Depreciable Capital Assets, Net	8,680,742	9,300,922
Total Capital Assets, Net	9,937,483	10,713,244
 Total Assets	 \$ 33,658,760	 \$ 35,128,512

See accompanying Notes to Financial Statements.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
STATEMENTS OF NET POSITION (CONTINUED)
MAY 31, 2024 AND 2023

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2024	2023
CURRENT LIABILITIES		
Lease Liability	\$ 257,063	\$ 395,068
Bonds Payable	565,000	540,000
Notes Payable	28,196	14,147
Accounts Payable	2,564,734	2,426,254
Accrued Compensation and Payroll Taxes	1,145,263	1,004,991
Unearned Revenue	-	255,197
Other Accrued Liabilities	407,227	437,311
Estimated Claims Liability	306,902	306,902
Total Current Liabilities	5,274,385	5,379,870
LONG-TERM LIABILITIES		
Lease Liability, Net of Current Portion	258,875	579,996
Notes Payable, Net of Current Maturities	23,455	66,270
Bonds Payable, Net of Current Maturities	6,310,000	6,863,334
Total Long-Term Liabilities	6,592,330	7,509,600
Total Liabilities	11,866,715	12,889,470
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows on Refunding	176,934	215,186
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	2,476,495	2,204,804
Restricted	1,404,303	1,319,189
Unrestricted	17,734,313	18,499,863
Total Net Position (Deficit)	21,615,111	22,023,856
Total Liabilities, Deferred Inflows, and Net Position	\$ 33,658,760	\$ 35,128,512

See accompanying Notes to Financial Statements.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED MAY 31, 2024 AND 2023

	2024	2023
OPERATING REVENUE		
Net Patient Service Revenue Before Provision for Uncollectible Accounts	\$ 30,558,178	\$ 30,356,590
Provision for Uncollectible Accounts	(2,988,791)	(1,390,832)
Net Patient Service Revenue Less Provision for Uncollectible Accounts	27,569,387	28,965,758
Intergovernmental Transfer/Other Income (Note 16)	4,147,736	4,039,567
Other Operating Revenue	1,751,057	3,446,843
Total Operating Revenues	33,468,180	36,452,168
OPERATING EXPENSES		
Salaries and Benefits	18,360,286	17,900,479
Outside Services	10,198,078	10,576,563
Medical Supplies and Drugs	2,733,709	3,423,581
Depreciation and Amortization	1,493,055	1,574,932
Insurance	744,604	766,638
Other Supplies	1,224,108	1,200,865
Utilities	690,826	766,758
Other Operating Expenses	761,219	807,729
Rents and Leases	266,876	195,849
Total Operating Expenses	36,472,761	37,213,394
OPERATING LOSS	(3,004,581)	(761,226)
NONOPERATING REVENUE (EXPENSES)		
Investment Income	348,177	75,460
Ad Valorem Tax Revenue	2,191,239	2,048,983
Cares Act Provider Relief Funds	255,197	1,986,765
Contributions	62,084	79,701
Gain on Sale of Assets	-	2,000
Interest Expense	(260,861)	(398,171)
Total Nonoperating Revenues (Expenses)	2,595,836	3,794,738
CHANGE IN NET POSITION	(408,745)	3,033,512
Net Position - Beginning of Year	22,023,856	18,990,344
NET POSITION - END OF YEAR	\$ 21,615,111	\$ 22,023,856

See accompanying Notes to Financial Statements.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients	\$ 29,394,389	\$ 30,329,540
Payments to Suppliers and Contractors	(17,071,836)	(18,353,278)
Payments to and on Behalf of Employees	(18,220,014)	(17,760,879)
Receipts from Intergovernmental Transfers	3,670,346	4,810,937
Other Receipts	1,832,991	3,624,136
Net Cash Provided (Used) by Operating Activities	(394,124)	2,650,456
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad Valorem Taxes Received	2,197,428	2,093,832
Payments on Settlement Payable	-	(19,243)
Principal Paid on Short-Term Debt	-	(171,149)
Principal Paid on Hospital Revenue Bonds	(528,334)	(531,666)
Contributions Received	62,084	79,701
Interest Received	-	7,839
Net Cash Provided by Noncapital Financing Activities	1,731,178	1,459,314
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(698,895)	(1,343,415)
Gain on the Sale of Capital Assets	-	2,000
Principal Paid on Note Payable	(28,766)	(22,943)
Principal Paid on Lease Liability	(459,126)	(532,610)
Interest Paid on Long-Term Debt	(299,113)	(393,420)
Net Cash Used by Capital and Related Financing Activities	(1,485,900)	(2,290,388)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Practices Note Receivable	32,160	10,374
Investment Income Received	348,177	75,460
Net Cash Provided by Investing Activities	380,337	85,834
NET INCREASE IN CASH AND CASH EQUIVALENTS	231,491	1,905,216
Cash and Cash Equivalents - Beginning of Year	15,213,594	13,308,378
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 15,445,085	\$ 15,213,594
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in Capital Additions Included in Accounts Payable	\$ 18,399	\$ 49,625
Capital Additions Under Lease Liability	\$ -	\$ 189,797
RECONCILIATION OF CASH TO STATEMENTS OF NET POSITION		
Current Assets (Unrestricted)	\$ 14,040,782	\$ 13,894,405
Restricted Assets	1,404,303	1,319,189
Cash and Cash Equivalents - End of Year	\$ 15,445,085	\$ 15,213,594

See accompanying Notes to Financial Statements.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED MAY 31, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (3,004,581)	\$ (761,226)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,493,055	1,574,932
Provision for Uncollectible Accounts	2,988,791	1,390,832
Changes in Operating Assets and Liabilities:		
Patient Accounts Receivable	(4,277,296)	(1,772,972)
Inventory and Supplies	(54,015)	30,222
Prepaid Expenses and Other Current Assets	216,668	2,261,876
Accounts Payable	120,081	555,883
Employee Compensation and Payroll Tax Liabilities	140,272	139,600
Other Accrued Liabilities	(30,084)	(1,321,313)
Estimated Amounts Due from Third-Party Payors	2,012,985	552,622
Net Cash Provided (Used) by Operating Activities	\$ (394,124)	\$ 2,650,456

See accompanying Notes to Financial Statements.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 1 DESCRIPTION OF REPORTING ENTITY

Morehouse Parish Hospital Service District No. 1 dba: Morehouse General Hospital (the Hospital) was organized on December 17, 1982, under powers granted to parish police juries by the state of Louisiana. The geographical boundaries of the Hospital coincide with those of Morehouse Parish. All corporate powers are vested in a Board of Commissioners appointed by the Morehouse Parish Police Jury. The Hospital is exempt from income taxes as a political subdivision of the state of Louisiana under Section 115 of the Internal Revenue Code. The Hospital is also exempt from federal income tax under Section 501(a) as a hospital organization described in Section 501(c)(3). The federal income tax exemptions also extend to state income taxes.

The financial statements also include the accounts of the Morehouse Healthcare Foundation (the Foundation). The Foundation is a nonprofit organization created in 2017 exclusively for charitable, religious, educational, and scientific purpose for the primary benefit of the Hospital. All significant inter-entity accounts and transactions have been eliminated. The Foundation is included in the financial statements as a blended component unit pursuant to Governmental Accounting Standards Board (GASB) Statement No. 39, (*Determining Whether Certain Organizations Are Component Units*, an Amendment of GASB Statement No. 14) which requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The Board of Commissioners ratify any appointments to the Foundation's board of directors. The Foundation does not issue separate financial statements. The Foundation is a non-stock, nonprofit Louisiana corporation considered to be and operated as if it is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. See Note 12 for further details.

The Hospital purchases medical malpractice under claims-made policies. Under these policies, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased, and which are not designated as noncurrent cash and investments and are recorded at cost which is approximate fair value.

Investments and Investment Income

Investments in nonnegotiable certificates of deposit are carried at amortized cost. Money market funds (such as short-term, highly liquid debt instruments including bankers' acceptances and securities notes, bills, and bonds of the U.S. government and its agencies) are carried at amortized cost. Any other investments are carried at fair value. Investment income includes interest income from certificates of deposit and is included in nonoperating revenue on the statements of revenues, expenses and changes in net position.

Investments in debt and equity securities, when present, are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned. Unrealized gains (losses) reflected in investment income were not significant in 2024 and 2023.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets are limited to cash, cash equivalents, and investments. These assets are designated as such in the accompanying statements of net position as they are held by bond trustees under related indenture agreements or designated as such by the Board of Commissioners.

Amounts classified as current assets represent amounts to be used to meet certain debt service requirements and other obligations classified as current liabilities.

Patient Accounts Receivable, Net

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payer sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Hospital has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2024 and did not have significant write-offs from third-party payers related to collectability in fiscal years 2024 and 2023.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supplies

Supply inventories are stated at the lower of cost or net realizable value, determined using the first-in, first-out method. When evidence exists that the net realizable value of inventories is lower than its cost, the difference is recognized as a loss in the statements of revenues, expenses, and changes in net position in the period in which it occurs.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Capital Assets

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

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in the statement of revenues, expenses, and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives of the respective assets are capitalized. Routine maintenance and repairs and costs associated with capital asset acquisitions under \$1,000 are charged to expense when incurred.

Impairment of Long-Lived Assets

The Hospital evaluates, on an ongoing basis, the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. Based on management's evaluations, no long-lived assets impairments were recognized during the years ended May 31, 2024 and 2023.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Hospital policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The Hospital's estimated accrual for accumulated vacation leave is recorded as a current liability on the accompanying statements of net position.

Net Position

Net position of the Hospital is classified in three components, as follows:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted net position – made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings, discussed in Note 8.

Unrestricted net position – the remaining net position that does not meet the definitions of net investment in capital assets or restricted net position described above.

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

Operating Revenues and Expenses

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

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payers.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Patient Service Revenue (Continued)

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor (RAC) and Medicaid Integrity Contractor (MIC) programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness.

The RAC's have authority to pursue 'improper' (in their judgment) payments with a three year look back from the date the claim was paid.

Charity Care

The Hospital provides care without charge, or at a reduced charge, to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify pursuant to this policy, these charges are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy was approximately \$737,548 and \$544,320 for the years ended May 31, 2024 and 2023, respectively, and estimated costs and expenses incurred to provide charity care totaled approximately \$245,299 and \$170,403, respectively. The estimated costs and expenses incurred to provide charity care were determined by applying the Hospital's cost to charge ratio from its latest filed Medicare cost report to its charges foregone for charity care, at established rates.

Grants and Contributions

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

**MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended May 31, 2024 and 2023 were not significant.

Income Taxes

As an essential government function of Morehouse Parish, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No.96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The Hospital adopted this standard for fiscal year 2024 and the adoption of the standard had no impact on its financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 25, 2024 and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

NOTE 3 DEPOSITS AND INVESTMENTS

As of May 31, 2024 and 2023, the deposits and investments of the Hospital consisted of the following:

	<u>2024</u>	<u>2023</u>
Petty Cash and Undeposited Cash	\$ 1,529	\$ 2,450
Cash Deposits With Financial Institutions	14,934,062	14,714,975
Certificates of Deposits	509,494	496,169
Total Deposits	<u>\$ 15,445,085</u>	<u>\$ 15,213,594</u>

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits are included in the following statement of net position captions:

	2024	2023
Cash and Cash Equivalents	\$ 14,040,782	\$ 13,894,405
Restricted Cash and Cash Equivalents, Current	455,756	404,980
Restricted Cash and Cash Equivalents, Noncurrent	948,547	914,209
Total	\$ 15,445,085	\$ 15,213,594

Deposits

GASB No. 40, *Deposits and Investment Risk Disclosures*, requires certain disclosures regarding policies and practices with respect to deposits and the custodial risk, credit risk, interest rate sensitivity and foreign investments associated with them.

Custodial risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Credit risk is the probability of a financial loss resulting from a borrower's failure to repay a loan. Essentially, credit risk refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Lenders can mitigate credit risk by analyzing factors about a borrower's creditworthiness, such as their current debt load and income. Concentration of credit risk refers to disproportionately large risk exposure to specific credits risks as opposed to a diversified risk profile.

The Hospital has various deposits. The amounts reflected on the accompanying statements of net position at May 31, 2024 and 2023 is \$15,445,085 and \$15,213,594, respectively, held in depository and money market accounts.

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

At May 31, 2024, the Hospital had \$14,696,368 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, \$14,018,277 was over the federal deposit insurance limit, all of which were secured by collateral owned by the fiscal agent bank in the name of the Hospital. At May 31, 2023, the Hospital had \$14,714,975 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of this amount, \$14,181,738 was over the federal deposit insurance limit, all of which were secured by collateral owned by the fiscal agent bank in the name of the Hospital.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

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

Investments

The Hospital is authorized by statute to invest public funds in the Local Government Surplus Funds Trust Fund; direct obligations of the United States government, its agencies and instrumentalities; Securities and Exchange Commission registered money market funds with the highest quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories; commercial paper; and certain registered open-end or closed-end management investment companies. The Hospital places no limit on the amount that may be invested in any one issuer.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from changing interest rates. However, interest rate risk has been effectively limited by only investing in securities with maturities of less than five years.

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 possession of an outside party. All of the underlying securities for the Hospital's investments at May 31, 2024 and 2023 are held by the counterparties in other than the Hospital's name.

The Hospital categorizes its fair value measurements, if any, within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the following valuation inputs and techniques used to measure the fair value of the asset.

Level 1 – Inputs are quoted prices in active markets for identical assets. Quoted price data is generally obtained from exchange or dealer markets.

Level 2 – Inputs are significant other observable inputs. Inputs are obtained from various sources, including market participants, dealers, and brokers.

Level 3 – Inputs are significant unobservable inputs as they trade infrequently or not at all.

The Hospital did not have any significant assets measured at fair value on a recurring basis requiring disclosure of fair value inputs at either May 31, 2024 or 2023.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 4 PATIENT ACCOUNTS RECEIVABLE

The Hospital is located in Bastrop, Louisiana. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at May 31, 2024 and 2023 was:

	2024	2023
Medicare	\$ 5,561,691	\$ 3,872,567
Medicaid	5,965,727	4,556,534
Other Third-Party Payers	6,446,017	3,215,192
Patients	604,126	922,164
Subtotal	18,577,561	12,566,457
Less: Allowance for Contractual	(10,016,527)	(7,116,321)
Less: Allowance for Uncollectible Accounts	(4,332,497)	(2,510,104)
Patient Accounts Receivable, Net	\$ 4,228,537	\$ 2,940,032

NOTE 5 CAPITAL ASSETS

Capital asset activity and balances for the year ended May 31, 2024, were as follows:

	2024				
	Estimated Useful Lives in Years	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land		\$ 341,296	\$ -	\$ -	\$ 341,296
Construction in Progress		148,226	540,860	(236,806)	452,280
Total Capital Assets Not Being Depreciated		489,522	540,860	(236,806)	793,576
Capital Assets Being Depreciated:					
Land Improvements	15	591,235	-	-	591,235
Building and Improvements	15-40	27,943,713	-	-	27,943,713
Machinery and Equipment	3-15	12,686,453	148,360	236,806	13,071,619
Right-of-Used Assets - Buildings	5	186,992	-	(8,919)	178,073
Right-of-Used Assets - Equipment	3-5	1,677,478	-	(388,363)	1,289,115
Total Capital Assets Being Depreciated		43,085,871	148,360	(160,476)	43,073,755
Less: Accumulated Depreciation:					
Land Improvements		(525,099)	(6,872)	-	(531,971)
Building and Improvements		(20,593,436)	(551,995)	-	(21,145,431)
Machinery and Equipment		(10,801,944)	(532,642)	-	(11,334,586)
Right-of-Used Assets - Buildings		(124,661)	(48,466)	75,783	(97,344)
Right-of-Used Assets - Equipment		(817,009)	(353,080)	349,573	(820,516)
Total Accumulated Depreciation		(32,862,149)	(1,493,055)	425,356	(33,929,848)
Total Capital Assets Being Depreciated, Net		10,223,722	(1,344,695)	264,880	9,143,907
Total Capital Assets, Net		\$ 10,713,244	\$ (803,835)	\$ 28,074	\$ 9,937,483

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 5 CAPITAL ASSETS (CONTINUED)

Capital asset activity and balances for the year ended May 31, 2023, were as follows:

	2023				
	Estimated Useful Lives in Years	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land		\$ 341,296	\$ -	\$ -	\$ 341,296
Construction in Progress		103,976	44,250	-	148,226
Total Capital Assets Not Being Depreciated		445,272	44,250	-	489,522
Capital Assets Being Depreciated:					
Land Improvements	15	591,235	-	-	591,235
Building and Improvements	15-40	27,943,713	-	-	27,943,713
Machinery and Equipment	3-15	11,341,698	1,344,755	-	12,686,453
Right-of-Used Assets - Buildings	5	186,992	-	-	186,992
Right-of-Used Assets - Equipment	3-5	1,487,681	189,797	-	1,677,478
Total Capital Assets Being Depreciated		41,551,319	1,534,552	-	43,085,871
Less: Accumulated Depreciation:					
Land Improvements		(518,221)	(6,878)	-	(525,099)
Building and Improvements		(19,972,528)	(620,908)	-	(20,593,436)
Machinery and Equipment		(10,407,034)	(394,910)	-	(10,801,944)
Right-of-Used Assets - Buildings		(62,331)	(62,330)	-	(124,661)
Right-of-Used Assets - Equipment		(327,103)	(489,906)	-	(817,009)
Total Accumulated Depreciation		(31,287,217)	(1,574,932)	-	(32,862,149)
Total Capital Assets Being Depreciated, Net		10,264,102	(40,380)	-	10,223,722
Total Capital Assets, Net		\$ 10,709,374	\$ 3,870	\$ -	\$ 10,713,244

Depreciation and amortization expense for the years ended May 31, 2024 and 2023 totaled \$1,493,055 and \$1,574,932, respectively.

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities included in current liabilities consisted of the following:

	2024	2023
Payable to Suppliers and Contractors	\$ 2,498,954	\$ 2,642,194
Payable to Employees (Including Payroll Taxes and Benefits)	1,145,263	1,004,991
Due to Patients and Their Insurers	473,007	221,371
Total	\$ 4,117,224	\$ 3,868,556

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 7 SHORT-TERM DEBT

In October 2021, the Hospital financed \$241,484 related to insurance premiums for its professional and general liability, automobile, directors and officers, and crime and cyber policies. Under the financing agreement, which bears interest at 3.25%, principal and interest payments are due in 10 consecutive monthly installments of \$24,510 beginning December 2021. The balance of this financial agreement was \$96,750 at May 31, 2022. There was no amount due at May 31, 2023.

In January 2022, the Hospital financed \$123,336 related to its workers' compensation insurance premiums. Under the financing agreement, which bears interest at 3.25%, principal and interest payments are due in 10 consecutive monthly installments of \$12,518 beginning February 2022. The balance of this financial agreement was \$74,399 at May 31, 2022. There was no amount due at May 31, 2023.

A summary of changes in the Hospital's short-term debt for the year ended May 31, 2023 was as follows:

	2023			Ending Balance
	Beginning Balance	Additions	Reductions	
Insurance Premium Financing:				
Professional, General Liability, Crime, Cyber	\$ 96,750	\$ -	\$ (96,750)	\$ -
Workers' Compensation	74,399	-	(74,399)	-
Total Short-Term Debt	<u>\$ 171,149</u>	<u>\$ -</u>	<u>\$ (171,149)</u>	<u>\$ -</u>

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 8 LONG-TERM DEBT

The Hospital's long-term debt consisted of the following obligations:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Hospital Revenue Bonds Series 2021, original principal amount of \$8,135,000, bearing an interest rate of 2.99%. Principal and interest payments range in the amount of \$250,841 to \$773,616 and are due semiannually beginning on October 2021 through October 2037. Proceeds from the bonds were used for the refunding of Hospital Revenue Bonds Series 2008A and Series 2010.	\$ 6,875,000	\$ 7,403,334
Note payable, original principal amount of \$183,368, bearing an interest rate of 5.99%. Principal and interest payments are due in monthly installments beginning November 2018 and matures on October 2025. Proceeds from the note were used for the purchase of a building and equipment. The note is collateralized by a certificate of deposit.	<u>51,651</u>	<u>80,417</u>
Total	6,926,651	7,483,751
Less: Current Portion	<u>(593,196)</u>	<u>(554,147)</u>
Total	<u>\$ 6,333,455</u>	<u>\$ 6,929,604</u>

The Hospital is subject to certain financial and nonfinancial covenants and restrictions related to its revenue bonds payable, which require, among other things, a minimum long-term debt service coverage ratio, a minimum days of cash on hand, and minimum debt service, sinking and interest fund balances. There are also limits to the amount of additional indebtedness that can be incurred.

As of May 31, 2024, the Hospital's management believes it was not in compliance with all of its consequential bond covenants.

The Series 2021 bonds include various covenants (as discussed above) that contain provisions that in an event of default, outstanding amounts may become immediately due, at the option of the debt holder (acceleration), and/or the holder can elect to seize the mortgaged property. The Series 2021 bonds are secured with collateral comprising essentially all land and property of the Hospital, in addition to future revenues.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 8 LONG-TERM DEBT (CONTINUED)

The items in the chart below are considered direct borrowings, with the exception of the revenue bonds, which are considered direct placements.

A summary of changes in the Hospital's long-term debt for the years ended May 31, 2024 and 2023 follows:

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	\$ 80,417	\$ -	\$ (28,766)	\$ 51,651	\$ 28,196
Revenue Bonds Payable Series 2010	7,403,334	-	(528,334)	6,875,000	565,000
Total Long-Term Debt	<u>\$ 7,483,751</u>	<u>\$ -</u>	<u>\$ (557,100)</u>	<u>\$ 6,926,651</u>	<u>\$ 593,196</u>

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Settlements	\$ 19,243	\$ -	\$ (19,243)	\$ -	\$ -
Notes Payable	103,360	-	(22,943)	80,417	14,147
Revenue Bonds Payable Series 2010	7,935,000	-	(531,666)	7,403,334	540,000
Total Long-Term Debt	<u>\$ 8,057,603</u>	<u>\$ -</u>	<u>\$ (573,852)</u>	<u>\$ 7,483,751</u>	<u>\$ 554,147</u>

Scheduled principal and interest payments on revenue bonds and notes payable are as follows:

Year Ending May 31,	Revenue Bonds Payable		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 565,000	\$ 236,981	\$ 28,196	\$ 3,618	\$ 593,196	\$ 240,599
2026	585,000	213,981	23,455	1,326	608,455	215,307
2027	610,000	190,081	-	-	610,000	190,081
2028	635,000	165,181	-	-	635,000	165,181
2029	660,000	-	-	-	660,000	-
2030-2034	2,585,000	-	-	-	2,585,000	-
2035-2038	1,235,000	-	-	-	1,235,000	-
Total	<u>\$ 6,875,000</u>	<u>\$ 806,224</u>	<u>\$ 51,651</u>	<u>\$ 4,944</u>	<u>\$ 6,926,651</u>	<u>\$ 811,168</u>

NOTE 9 LEASE LIABILITIES

GASB No. 87, *Leases*, was adopted for periods beginning June 1, 2021. Under this new guidance, nearly all contracts allowing for the Hospital to use another entity's asset for a period greater than 12 months must be recorded as both a right-of-use (ROU) asset and a lease liability. The liability is measured using the present value of expected payments over the lease term, discounted for the interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. Depreciation of the ROU asset flows through depreciation expense monthly using straight-line basis over the life of the lease.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 9 LEASE LIABILITIES (CONTINUED)

The right-of-use assets and related lease liabilities largely involve the following:

Building Leases

Multiple building rental leases for off-site clinical space, with terms extending through fiscal year 2025.

Equipment

Multiple healthcare equipment leases, with terms extending through fiscal year 2027. Collateralized by leased equipment.

Lease liability activity for the years ended May 31, 2024 and 2023, was as follows:

		2024				
		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Building		\$ 56,283	\$ -	\$ (50,868)	\$ 5,415	\$ 5,415
Equipment		918,781	-	(408,258)	510,523	251,648
	Total	<u>\$ 975,064</u>	<u>\$ -</u>	<u>\$ (459,126)</u>	<u>\$ 515,938</u>	<u>\$ 257,063</u>

		2023				
		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Building		\$ 118,425	\$ -	\$ (62,142)	\$ 56,283	\$ 64,193
Equipment		1,199,453	189,796	(470,468)	918,781	330,875
	Total	<u>\$ 1,317,878</u>	<u>\$ 189,796</u>	<u>\$ (532,610)</u>	<u>\$ 975,064</u>	<u>\$ 395,068</u>

Minimum future lease payments under lease liability as of May 31, 2024 are as follows:

<u>Year Ending May 31,</u>	Lease Liabilities		
	Principal	Interest	Total
2025	\$ 257,063	\$ 16,967	\$ 274,030
2026	192,143	7,547	199,690
2027	66,732	1,387	68,119
Total	<u>\$ 515,938</u>	<u>\$ 25,901</u>	<u>\$ 541,839</u>

The Hospital has various leases that do not qualify for consideration under GASB No. 87. The annual payments on these leases, including both interest and principal, are not material to the Hospital's financial statements.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 10 NET INVESTMENT IN CAPITAL ASSETS

The Hospital's net investment in capital assets, as presented on the accompanying statements of net position is calculated as follows:

	2024	2023
Capital Assets, Net	\$ 9,937,483	\$ 10,713,244
Less: Outstanding Accounts Payable Related to Capital Assets	(18,399)	(49,625)
Less: Debt Outstanding Related to Capital Assets:		
Notes Payable	(51,651)	(80,417)
Hospital Revenue Bonds, Series 2021	(6,875,000)	(7,403,334)
Lease Liabilities	(515,938)	(975,064)
Net Investment in Capital Assets	\$ 2,476,495	\$ 2,204,804

NOTE 11 NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

Medicare

Inpatient and substantially all outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for certain services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid contractor. The inpatient rates are established by the Louisiana Department of Health (Medicaid) for which the Hospital is a provider. Outpatient services are reimbursed based on a per diem amount established by utilization on a semi-annual basis.

Other

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

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 11 NET PATIENT SERVICE REVENUE (CONTINUED)

A summary of gross revenue from patient services provided under contracts with third-party payers follows:

	<u>2024</u>	<u>2023</u>
Medicare	38 %	39 %
Medicaid	46	46
Commercial/HMO/PPO/Self-Pay	16	15

The composition of net patient service revenue was as follows:

	<u>2024</u>	<u>2023</u>
Gross Patient Service Revenue	\$ 90,177,577	\$ 86,167,091
Less: Provision for Contractual Adjustments Under Third-Party Reimbursement Programs and Other Adjustments	(59,619,399)	(55,810,501)
Provision for Bad Debts	<u>(2,988,791)</u>	<u>(1,390,832)</u>
Net Patient Service Revenue	<u>\$ 27,569,387</u>	<u>\$ 28,965,758</u>

NOTE 12 MEDICAL MALPRACTICE INSURANCE

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. See Note 14. It is reasonably possible that this estimate could change materially in the near term.

Since November 1, 2002, the Hospital has been self-insured for individual medical malpractice claims up to \$100,000. For individual malpractice claims in excess of \$100,000, the Hospital participates in the State of Louisiana Patient Compensation Fund (the Fund). The Fund provides malpractice insurance coverage on a claims-made basis for claims up to the statutory maximum exposure of \$500,000, which currently exists under Louisiana law, plus interest and future medical costs. The Hospital has purchased additional malpractice insurance providing coverage up to \$2,500,000.

The Hospital is self-insured for the general liability claims up to \$50,000. The Hospital has purchased commercial insurance that provides first-dollar coverage for workers' compensation claims and health insurance claims.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 13 EMPLOYEE RETIREMENT PLAN

In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance, if any. It is reasonably possible that this estimate could change materially in the near term.

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain pension and retirement systems making contributions from hospital service district funds. During the years ended May 31, 2024 and 2023, the Hospital sponsored a defined contribution retirement plan, the Morehouse General Hospital Tax Deferred Savings Plan. This plan, which qualifies as a tax- sheltered annuity plan under Section 403(b) of the Internal Revenue Code, covers all employees who elect to participate. The plan allows participants to defer a portion of their annual compensation. The amount of annual contributions to the plan by participants is subject to certain limitations as defined in the plan document. Plan participants vest 100% immediately in their contributions and investment earnings thereon. The plan document allows for discretionary employer contributions to be made to the plan. The Hospital did not elect to make discretionary employer contributions for the years ended May 31, 2024 and 2023 and, accordingly, no contribution expense was recognized.

NOTE 14 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in Note 2.

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023**

NOTE 14 SIGNIFICANT ESTIMATES AND CONCENTRATIONS (CONTINUED)

Litigation (Continued)

A roll forward of the Hospital's estimated liability for litigation and self-insurance claims follows:

Year Ending May 31,	Total Liability at Beginning of Year	New Claims and Changes in Estimates	Claim Payments	Converted to Settlement Payable	Accrued Interest Relieved	Total Liability at End of Year	Estimated Amount Due Within One Year
2024	\$ 306,902	\$ 62,346	\$ (62,346)	\$ -	\$ -	\$ 306,902	\$ -
2023	306,902	15,860	(15,860)	-	-	306,902	306,902

Supplemental Medicaid Reimbursements

The Hospital receives reimbursements from various programs in relation to the Medicaid uninsured and underinsured patients they serve. Funding received in excess of costs to provide these services is subject to audit and payments received in excess of costs may be required to be refunded to the state of Louisiana.

NOTE 15 PHYSICIAN'S MEDICAID UPPER PAYMENT LIMIT (UPL) AND FULL MEDICAID PRICING (FMP) AGREEMENTS

The Hospital entered into agreements with the Louisiana Department of Health (LDH) and Medicaid managed care organizations (MCOs) which were approved by CMS. Under these programs, LDH began making payments under the Physician's Supplemental Payment and Full Medicaid Pricing (FMP) programs for nonstate owned public hospitals (HSDs). The purpose of these programs under traditional and MCO based Medicaid is to enhance payments to physicians employed or contracted by the public hospitals.

The Hospital agreed to transfer funds to LDH to be used as Medicaid matching funds for the purpose of making physician supplemental payments and providing the State with additional resources to assist in the medical costs to the State. These matching funds are comprised of (1) an amount to be utilized as the "nonfederal share" of the supplemental payments for services provided by the identified physician and other healthcare professionals and (2) the "state retention amount", which is 15% of the "nonfederal share", for the State to utilize in delivering healthcare services. In turn, the Hospital receives supplemental Medicaid payments. The supplemental payments include the "nonfederal share" and the "federal funds" generated by the "nonfederal share" payments. The total amount of the supplemental payments is intended to represent the difference between the Medicaid payments otherwise made to these qualifying providers and the Average Community Rate for these services.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 15 PHYSICIAN'S MEDICAID UPPER PAYMENT LIMIT (UPL) AND FULL MEDICAID PRICING (FMP) AGREEMENTS (CONTINUED)

During fiscal 2024 and 2023, in accordance with the funding provisions of the above agreements, the Hospital recognized \$2,256,803 and \$5,092,772, respectively, of Medicaid supplemental revenues as components of net patient service revenue. Concurrent with the income recognition, the Hospital also recognized outside services expense of \$1,238,627 and \$1,699,674, respectively, for intergovernmental transfer grant (IGT) payments, funds paid or payable to the Louisiana Department of Health and Hospitals (DHH) under the terms of the Physicians' UPL and FMP agreements. As of May 31, 2024 and 2023, the Hospital reported \$855,618 and \$1,704,504, respectively, of these program receivables under the caption "prepaid expenses and other assets" on the accompanying statements of net position, and \$353,955 and \$376,234, respectively, of associated intergovernmental transfer grant (IGT) payments payable under "other accrued liabilities."

NOTE 16 INTERGOVERNMENTAL TRANSFER GRANT/NEW COOPERATIVE ENDEAVOR

In a previous year, the Hospital (grantee) entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (grantor) whereby the grantor, through its cooperation with a rural hospital trade organization, awards an IGT to be used solely to provide adequate and essential medically necessary and available healthcare services to the grantee's service population subject to the availability of such grant funds. This program was terminated and replaced (see below) in fiscal year 2023.

In fiscal year 2023, the aggregate IGT grant income received from the previously existing CEA program was \$1,518,024, of which \$1,161,028 was recorded as receivables at May 31, 2022, as discussed above, resulting in income recognized of \$356,996.

In fiscal year 2023, the Hospital voluntarily agreed to a cooperative endeavor (CEA) with other like-minded Louisiana hospitals, per Louisiana's Rural Hospital Preservation Act (RHPA). The intent of this arrangement is to pool hospital resources across the State to support access to healthcare in rural Louisiana. Under the CEA, the Hospital deposits an amount, determined annually by the Rural Hospital Coalition (RHC), into an account, from which RHC is permitted to withdraw funds and make distributions to participating hospitals using a predetermined formula. Although the payments are formulaic in nature, they are not guaranteed, nor are they directly related to Medicaid reimbursement for the provisions of goods and healthcare services to patients. Accordingly, the receipts under this program (net of required funding by the Hospital) are included in operating revenues on the accompanying statements of revenues, expenses and changes in net position.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

**NOTE 16 INTERGOVERNMENTAL TRANSFER GRANT/NEW COOPERATIVE ENDEAVOR
(CONTINUED)**

For the fiscal year ended May 31, 2023, the Hospital received \$3,108,751 in cash, net, and recorded a receivable of \$390,658, included on the statement of net position in “prepaid expenses and other current assets”, for a total revenue recognized of \$3,499,409, included on the accompanying statement of revenues, expenses, and changes in net position in “intergovernmental transfer – other income” from the new CEA program in fiscal year 2023. Additionally, the Hospital recognized \$183,162 of grant income in the same line, which was related to a grant from the new CEA in fiscal year 2022, the requirements of which were not met until fiscal year 2023. This amount was deferred (included in accrued liabilities) as of May 31, 2022.

For the fiscal year ended May 31, 2023, the Hospital received \$3,702,808 in cash, net, and recorded a receivable of \$868,048, included on the statement of net position in “prepaid expenses and other current assets”. Total revenue recognized from the CEA for the year ended May 31, 2024 was \$4,147,736, and is included on the accompanying statement of revenues, expenses, and changes in net position in “intergovernmental transfer – other income”.

NOTE 17 AD VALOREM TAX REVENUE

In October 2007, the voters of Morehouse Parish, Louisiana approved a five-year, five-millage property tax to be levied on the 2007 tax roll on all property subject to taxation by the Morehouse Parish Hospital Service District. The voters approved to increase the millage to eight mills in November 2012 for a term of 10 years. In November 2015, voters approved an additional millage of five mills for a term of 10 years, which was first levied in December 2016.

Ad valorem tax revenue is recognized each year in December when it is due and collectible. During fiscal years 2024 and 2023, the Hospital received and recorded property tax revenues in the amount of \$2,191,239 and \$2,048,983, respectively. There was no receivable for delinquent property taxes as of May 31, 2024 or 2023.

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 18 CARES ACT FUNDING

Additional funding for the Public Health and Social Services Emergency Fund (Relief Fund) was among the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020, and other accompanying legislation. In the fiscal years ended May 31, 2024 and 2023, the Hospital received cash payments of approximately \$-0- from the Relief Fund and other state and federal COVID-related grant programs. For the years ended May 31, 2024 and 2023, the Hospital recognized approximately \$255,000 and \$1,987,000, respectively, as nonoperating revenues in the statements of revenues, expenses and changes in net position. As of May 31, 2024 and 2023, approximately \$-0- and \$255,000, respectively, was included in unearned revenue on the statements of net position, representing the excess of amounts received over the amounts expended, per the guidance issued by the grantor agencies. From the beginning of the pandemic in fiscal year 2020, through the ending of the Public Health Emergency in May of 2023, a cumulative total of approximately \$11,197,000 was received by the Hospital related to pandemic relief, from the Relief Fund and various other federal and state grant programs.

Payments from the Relief Fund are not loans and, therefore, they are not subject to repayment. However, as a condition to receiving distributions, providers must agree to certain terms and conditions, including, among other things, that the funds are being used for lost operating revenues and COVID-related costs, and that the providers will not seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider. The Hospital recognizes grant payments as income when there is reasonable assurance of compliance with the conditions associated with the grant. The Hospital's estimates could change materially in the future based on the Hospital's operating performance or COVID-19 activities, as well as the evolving grant compliance guidance provided by the government.

Because of the uncertainty associated with various factors that may influence Hospital's future Medicare and Medicaid payments, including future legislative, legal or regulatory actions, or changes in volumes and case mix, there is a risk that Hospital's estimates of the impact of the aforementioned payment and policy changes will be incorrect and that actual payments received under, or the ultimate impact of, these programs may differ materially from Hospital's expectations.

**MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
SCHEDULE OF BOARD OF COMMISSIONERS AND COMPENSATION
MAY 31, 2024**

<u>Commissioner</u>	<u>Total Paid</u>
Robert Green (Chairman)	\$ 360
Nicolette Releford	360
John Yeldell	360
Susan Plonnigs	360
Kimberly Givens	<u>360</u>
Total	<u><u>\$ 1,800</u></u>

**MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO CEO
MAY 31, 2024**

	<u>CEO Salary</u>	<u>Benefits/ Allowances</u>	<u>Total</u>
June	\$ 17,596	\$ 1,102	\$ 18,698
July	24,380	5,122	29,502
August	22,537	3,808	26,344
September	22,537	2,934	25,471
October	22,537	3,891	26,427
November	22,537	3,679	26,216
December	22,537	2,639	25,176
January	22,537	2,657	25,194
February	24,897	7,846	32,743
March	24,426	18,591	43,016
April	24,448	8,098	32,545
May	19,685	21,355	41,040
Total	<u>\$ 270,650</u>	<u>\$ 81,722</u>	<u>\$ 352,372</u>

Note: For the fiscal year ended May 31, 2024, the chief executive officer of Morehouse Parish Hospital Service District No. 1 (the Hospital) was employed by an independent healthcare consulting and management company under the terms of a management agreement which includes the authority and responsibility for oversight of the day-to-day administration, management, and direction of the operations of the Hospital, subject to the Hospital's control as stipulated in the terms of the agreement.

**MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
SCHEDULE OF INSURANCE COVERAGES
MAY 31, 2024**

<u>Line of Coverage</u>	<u>Policy Data</u>	<u>Limit/Deductible</u>
Property & Equipment Breakdown	Travelers (Travelers Property Casualty Company of America)	Blanket Building Limit: \$60,825,731
	11/1/2024 to 11/1/2025 Policy No: 630-3R393895	Business Personal Property Blanket Limit: \$22,678,131 Blanket Business Income Policy Limit: \$4,727,533 (see policy for additional info)
		Deductibles: Property \$25K AOP Wind & Hail: 1% (min \$250k) BI Hour Waiting Period 75
Network Security Liability & Privacy Liability (Cyber)	Palomar Excess and Surplus Insurance Company	Limit: \$2,000,000 Each Claim; \$2,000,000 Policy Aggregate
	11/1/2024 to 11/1/2025	Retention: \$10,000 each claim;
	Policy No: PLM-CB-SQ4LPLDQD	Retro Date Unknown prior acts are covered
General, Professional, & Umbrella Liability	LHA (Louisiana Hospital Association)	<u>Professional Liability</u> \$100,000 Self-Insured Retention \$400,000 PCF
*incl. Employee Benefits Liability	11/1/2024 to 11/1/2025 Policy No: HPL-0390-2024	<u>General Liability</u> \$500,000 Each Occurrence Limit 2000000 Annual General Aggregate Limit \$50,000 Per Claim Deductible
		\$500,000 EBL Limit \$50,000 Deductible
		<u>Umbrella Liability</u> \$2,500,000 Each Claim Limit/ Aggregate

**MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
SCHEDULE OF INSURANCE COVERAGES (CONTINUED)
MAY 31, 2024**

<u>Line of Coverage</u>	<u>Policy Data</u>	<u>Limit/Deductible</u>
Employed Physicians Professional Liability	The Physicians Trust 11/1/2024 to 11/1/2025 Policy No: PPG000109	<u>Professional Liability</u> \$1,000,000 Per Medical Occurrence \$3,000,000 Aggregate
Commercial Auto	Travelers (The Travelers Indemnity Company) 11/1/2024 to 11/1/2025 Policy No: BA-3R3999802243G	\$1,000,000 Combined Single Limit* \$1,000/\$1,000 comp & collision deductibles Hired Auto Physical Damage Deductibles \$1,000/\$1,000 comp & collision *Incl. Hired/Non-Owned Auto Liability
Executive Risk Liability (D&O/EPL)	Travelers (Travelers Casualty and Surety Company of America) 11/1/2024 to 11/1/2025 Policy No. 106528889	<u>D&O:</u> \$2,000,000 Per Claim (Shared with EPL) \$25,000 Retention <u>EPL:</u> \$2,000,000 Per Claim (Shared with D&O) \$50,000 Retention \$2,000,000 Policy Aggregate
Fiduciary/Crime	Travelers (Travelers Casualty and Surety Co. of America) 11/1/2024 to 11/1/2025 Policy No: 105706915	<u>Fiduciary:</u> \$1,000,000 Aggregate Limit \$0 Retention <u>Crime:</u> \$750,000 Employee Theft Limit \$10,000 Retention <u>ERISA:</u> \$500,000 Limit \$0 Retention Kidnap for Ransom (Babies) \$1,000,000 Each event \$-0- Retention
Workers' Compensation	LHA (Louisiana Hospital Association) 1/1/2024 to 1/1/2025 Policy Number: WC-0270-2024	<u>Employer's Liability:</u> \$1M/\$1M/\$1M limits



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

Board of Commissioners
Morehouse Parish Hospital Service District No. 1
dba: Morehouse General Hospital
Bastrop, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Morehouse Parish Hospital Service District No. 1 dba: Morehouse General Hospital (the Hospital) as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated November 25, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-01, that we consider to be a material weakness.

Board of Commissioners
Morehouse Parish Hospital Service District No. 1
dba: Morehouse General Hospital

Report on Compliance and Other Matters

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

Hospital's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



CliftonLarsonAllen LLP

Dallas, Texas
November 25, 2024

MOREHOUSE PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBA: MOREHOUSE GENERAL HOSPITAL
SCHEDULE OF FINDINGS
MAY 31, 2024

2024-001 Internal Control Over Financial Reporting

Condition: There were proposed audit adjustments detected as part of the audit process.

Criteria: A properly designed system of internal control over financial reporting includes the prevention, or detection and correction of misstatements on a timely basis. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Effect: The effect of this condition is that the year-end financial statements would be materially misstated had the adjusting entries not been made.

Cause: Year-end reconciliations were not accurately completed on all significant general ledger accounts.

Recommendations: We recommend that management continue reviewing operating procedures in order to obtain the maximum internal control over financial reporting possible in order to minimize audit adjustments in the future.

Management Response: Management will continue to make improvements in the financial reporting process and procedures. Additionally, the current year adjustments were in part due to significant turnover within the finance and accounting team which management believes will correct itself moving forward with a consistent team in place.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Morehouse Parish Hospital Service District No. 1
dba: Morehouse General Hospital
Bastrop, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of Morehouse Parish Hospital Service District No. 1 dba: Morehouse General Hospital (the Hospital) for the fiscal period June 1, 2023, through May 31, 2024. The Hospital's management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period June 1, 2023, through May 31, 2024. 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:

1) Written Policies and Procedures

A. Obtain and inspect the Hospital's written policies and procedures and observe whether those written policies and procedures address each of the following financial/business functions:

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

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

- ii. **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.

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

- iii. **Disbursements**, including processing, reviewing, and approving.

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

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

- v. **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.

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

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

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

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

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

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

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

- ix. **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.

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

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

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

- xi. **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.

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

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

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

2) Board or Finance Committee

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

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

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

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

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

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

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

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

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

3) Bank Reconciliations

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

- i. Bank reconciliations include evidence that they were prepared within 1 month of the related statement closing date (e.g., initialed and dated or electronically logged);

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

- ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

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

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

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

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). Findings: No exceptions were found as a result of applying the procedure.

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

- i. Employees responsible for cash collections do not share cash drawers/registers.

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

Board of Commissioners
Morehouse Parish Hospital Service District No. 1
d/b/a: Morehouse General Hospital

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

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

- iii. 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.

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

- iv. 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.

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

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

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

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

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

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

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

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

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

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

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

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

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

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

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

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

- B. For each location selected under #SA above, obtain a listing of those employees involved with Non-Payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

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

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

- iii. 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.

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

- iv. 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.

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

- v. Only employees/officials responsible for signing checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

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

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

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

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.

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

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 Non-Payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to distribute funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

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

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

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

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). One of the selected statements should align with the date of a travel reimbursement selected in Travel and Travel-Related Expense Reimbursements procedure #IS(e). Obtain supporting documentation, and:

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

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

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

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

- C. Using the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

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

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

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

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

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

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #IA(vii).

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

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

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

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

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

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

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

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

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

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

9) Payroll and Personnel

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

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

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

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

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

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

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

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

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

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

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

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

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

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

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

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

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

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

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

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

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

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

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

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

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

12) Fraud Notice

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

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

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

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

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, verbally discuss the results with management, and report we performed the procedure and discussed the results with management.

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Findings: We performed the procedure and discussed the results with management.

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

Findings: We performed the procedure and discussed the results with management.

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

Findings: We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

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

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

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

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

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

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

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

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

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

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

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

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

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

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

v. Amount of time it took to resolve each complaint

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

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

Board of Commissioners
Morehouse Parish Hospital Service District No. 1
d/b/a: Morehouse General Hospital

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

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

This report is intended solely for the information and use of the Hospital's management, the Hospital's Board of Commissioners and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Dallas, Texas
November 25, 2024