

NATCHITOCHEs REGIONAL MEDICAL CENTER

COMBINED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

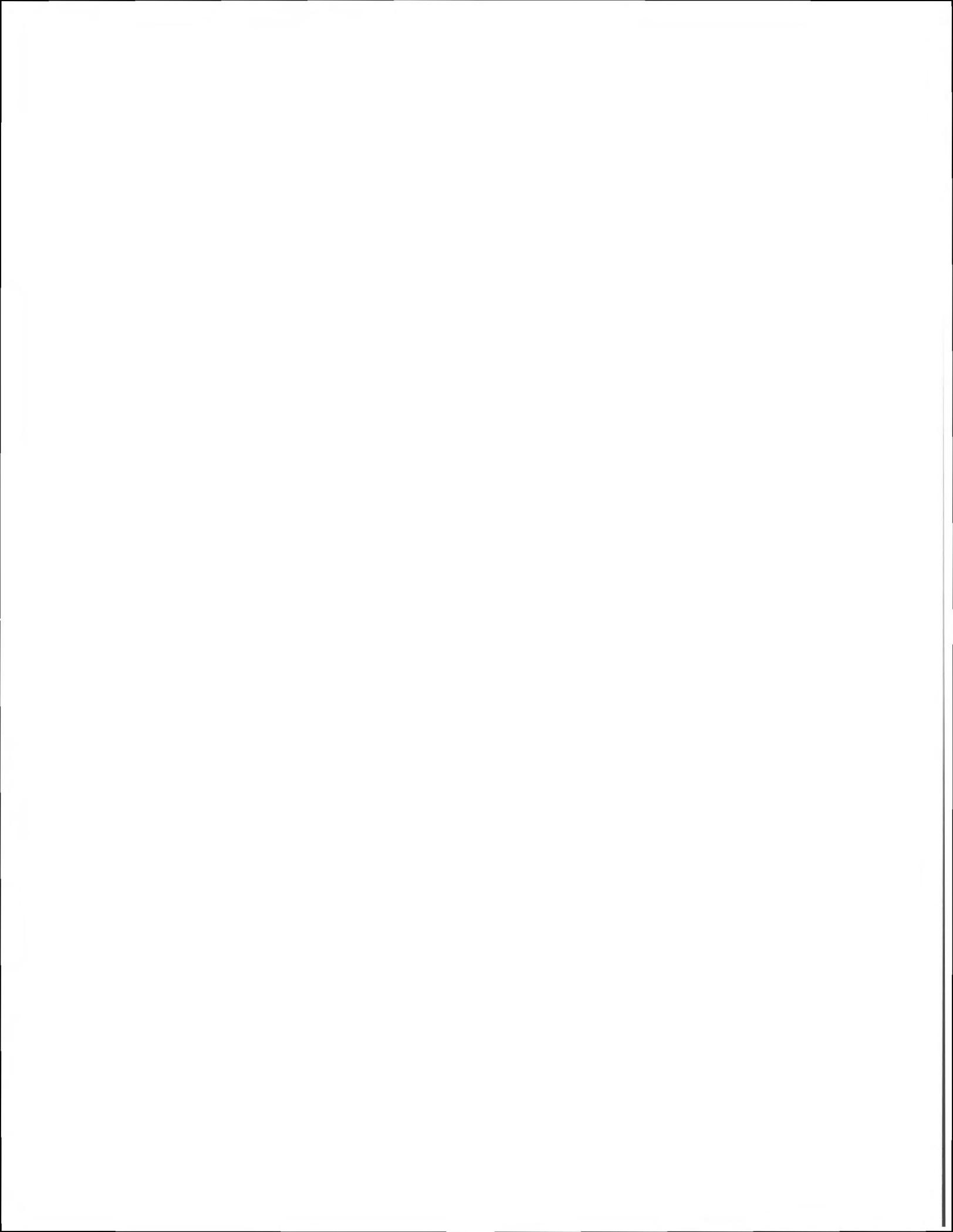


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Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis

Our discussion and analysis of Natchitoches Parish Hospital Service District's (the Hospital's) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Hospital's financial statements, which begin on page 5.

Financial Highlights

- The Hospital's total assets decreased by approximately \$8,385,826 or roughly 8.0%. The Hospital's total liabilities decreased by approximately \$876,000, or roughly 2.7%. The decrease in total assets and liabilities can be attributed to an increase in operating expenses and repayment of Medicare advanced payments. During the year, the Hospital repaid approximately \$1,265,000 of Medicare Advanced Payments.
- During the year, the Hospital's net patient service revenue rose 5.4% due to the expansion of services, such as private physician offices and the cancer center. Operating expenses increased by approximately \$14,140,000, or 15.1%. The Hospital had a net loss from operations of \$6,996,826 and an overall loss of \$5,487,080, which is approximately -5.5% of total operating revenue.
- The voters renewed a 10-year Ambulance property tax in 2023, and the Hospital received \$2,007,000 in taxes for this year. These taxes have been able to provide funds for modernization of Ambulance equipment and expansion of service to rural areas of the Parish that do not have the optimum of services.

Using This Annual Report

The Hospital's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by contributors, grantors, or enabling legislation.

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

Our analysis of the Hospital finances begins on page iv. One of the most important questions asked about the Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received and paid.

These two statements report the Hospital's net position and changes in them. You can think of the Hospital's net position – the difference between assets and liabilities – as one way to measure the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Hospital's patient base and measure of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Hospital.

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

The Statement of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

The Hospital's Net Position

The Hospital's net position is the difference between its assets and liabilities reported in the statement of net position on page 5. The Hospital's net position decreased by \$7,355,906 (10.3 percent) in 2023 and increased by \$2,077,212 (3.0 percent) and \$2,489,144 (3.7 percent) in 2022 and 2021, respectively, as you can see from Table 1.

Table 1: Assets, Liabilities and Net Position

	<u>2023</u>	June 30 <u>2022</u>	<u>2021</u>
Total Current Assets	\$ 26,260,414	\$ 27,920,989	\$ 28,288,494
Land & Depreciable Assets – Net	55,656,635	57,471,408	50,744,902
Other Assets, Including Board - Designated Investments	<u>14,625,064</u>	<u>19,535,542</u>	<u>19,495,062</u>
Total Assets	<u>\$ 96,542,113</u>	<u>\$ 104,927,939</u>	<u>\$ 98,528,458</u>
Current Liabilities	\$ 18,709,742	\$ 17,987,366	\$ 16,104,765
Long-term Debt/Liabilities	<u>12,893,634</u>	<u>14,491,546</u>	<u>12,271,820</u>
Total Liabilities	<u>31,603,376</u>	<u>32,478,912</u>	<u>28,376,585</u>
Deferred inflows of resources	<u>1,030,017</u>	<u>1,184,401</u>	<u>964,459</u>
Net Position			
Net Investment in Capital Assets	38,526,826	39,918,534	38,702,617
Restricted	423,497	356,126	460,425
Unrestricted	<u>22,894,483</u>	<u>28,748,959</u>	<u>27,989,319</u>
Total Controlling Net Position	<u>61,844,806</u>	<u>69,023,619</u>	<u>67,152,361</u>
Noncontrolling Interest in Subsidiary	<u>2,063,914</u>	<u>2,241,007</u>	<u>2,035,053</u>
Total Net Position	<u>63,908,720</u>	<u>71,264,626</u>	<u>69,187,414</u>
Total Liabilities and Net Position	<u>\$ 96,542,113</u>	<u>\$ 104,927,939</u>	<u>\$ 98,528,458</u>

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Operating Results and Changes in the Hospital's Net Position

The following table presents a summary of the Hospital's historical revenues and expenses for the fiscal years ended June 30, 2023, 2022 and 2021.

Table 2: Operating Results and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue:			
Net Patient Service Revenue	\$ 82,296,096	\$ 78,084,363	\$ 71,764,172
Medicaid supplemental payments	15,930,564	5,742,830	4,832,975
Other Revenue	<u>2,453,447</u>	<u>7,717,813</u>	<u>6,615,896</u>
Net Revenue	<u>100,680,107</u>	<u>91,545,006</u>	<u>83,213,043</u>
Expenses:			
Salaries & Benefits	50,722,195	47,056,361	41,385,455
Medical Supplies	15,243,415	10,869,397	12,001,138
Purchased Services	8,410,528	7,828,534	4,713,810
Other Operating Expense	27,049,143	21,604,371	20,930,190
Depreciation & Amortization	<u>6,251,652</u>	<u>6,178,156</u>	<u>4,551,122</u>
Total Operating Expense	<u>107,676,933</u>	<u>93,536,819</u>	<u>83,581,715</u>
Net Operating Income	<u>(6,996,826)</u>	<u>(1,991,813)</u>	<u>(368,672)</u>
Investment Income	356,377	328,039	327,390
Interest Expense	(853,224)	(581,552)	(439,701)
Other Nonoperating Revenue	<u>2,006,593</u>	<u>5,979,769</u>	<u>4,077,637</u>
Excess of Revenues over Expense	(5,487,080)	3,734,443	3,596,654
Unrealized Holding Gains (Losses)	(187,033)	(737,177)	(129,743)
Consolidated Net Income - Non Controlling Interest	<u>(1,504,700)</u>	<u>(1,130,314)</u>	<u>(1,155,737)</u>
Changes in Net Position	(7,178,813)	1,866,952	2,311,174
Net Position – Beginning of Year	69,023,619	67,152,361	64,841,187
Prior Period Adjustment	<u>-0-</u>	<u>4,306</u>	<u>-0-</u>
Net Position – End of Year	<u>\$ 61,844,806</u>	<u>\$ 69,023,619</u>	<u>\$ 67,152,361</u>

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Operating Income

The first component of the overall change in the Hospital's net position is its operating income (loss) – generally, the difference between net patient service revenue and other revenue, and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported a net operating loss. In 2023, there was a decrease of \$5,005,013 (251%) in operating income. In 2022, there was a decrease of \$1,623,141 (440%) in operating income. In 2021, there was an increase of \$4,447,984 (92%) in operating income.

Total salary and benefits expenses increased in 2023 by \$3,665,834 or 7.8%, 2022 by \$5,670,906 or 13.7%, and 2021 by \$2,792,974 or 7.2%. As a percentage of net patient service revenue, salary and benefit expenses were approximately 61.6%, 60.3%, and 57.7% for the fiscal years ended June 2023, 2022 and 2021, respectively.

Medical supplies increased by approximately \$4,374,000 and professional fees increased by approximately \$582,000 in 2023. The increase in medical supplies and drugs is driven by the expansion of oncology drugs now offered by the pharmacy. Other expenses increased by approximately \$5,455,000. The increase in other expenses is mainly related to an increase in intergovernmental transfers.

The rate of health care inflation has a direct effect on the cost of services provided by the Hospital. A component of the Hospital's costs is expenses for medical and professional services. In 2023, medical and professional services cost totaled \$8.4 million (7.8% of total expenses) and an increase of 7.4% over 2022 costs of \$7.8 million (8.4% of total expenses).

Sources of Revenue

During fiscal year 2023, the Hospital derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Hospital's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes grant revenue, donation revenue, cafeteria sales, contract meals, rental income, lease income, and other miscellaneous services.

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Sources of Revenue (continued)

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended June 30, 2023, 2022 and 2021.

Table 3: Payor Mix by Percentage

	Year-end June 30		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Medicare	23.0%	24.9%	27.7%
Medicaid	28.9%	30.3%	30.8%
Commercial Insurance	12.6%	29.2%	24.9%
Blue Cross	33.3%	13.4%	14.4%
Self-Pay and Other	<u>2.2%</u>	<u>2.2%</u>	<u>2.2%</u>
 Total Patient Revenues	 <u>100.0%</u>	 <u>100.0%</u>	 <u>100.0%</u>

Other Revenue

Other revenue includes intergovernmental transfer grant revenue, donation revenue, cafeteria sales, rental income, lease income, and other miscellaneous services. Other revenue decreased by \$5,264,366 or 68.2% for 2023.

Table 4: Other Revenue

	Year-end June 30		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Other Revenue:			
Rental Income	\$ 1,174,361	\$ 1,168,714	\$ 1,130,413
Lease Income	154,384	327,763	242,078
Dietary Sales	229,565	251,810	199,844
Donations	-0-	858,000	-0-
Drugs Sold to Employees	-0-	477,196	897,721
Vending Revenue	28,321	20,846	20,707
Grants	74,105	3,785,340	3,141,614
340B Pharmaceutical Program	23,987	594,421	796,011
Other	<u>768,724</u>	<u>233,723</u>	<u>187,508</u>
 Total Other Revenue	 <u>\$ 2,453,447</u>	 <u>\$ 7,717,813</u>	 <u>\$ 6,615,896</u>

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist of property tax revenue, interest income, interest expense, and other nonoperating revenue. Other nonoperating revenue decreased by \$3,973,176 or 66.4% in 2023. This decrease is due to timing differences of when provider relief funds received by the Hospital to prepare for and respond to the Coronavirus pandemic were recognized as revenue. Provider relief funds of \$3,705,769 and \$2,144,982 were recognized as revenue in 2022 and 2021, respectively.

	Year-end June 30		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Other Nonoperating Revenue			
Ambulance Tax and Subsidy	\$ 2,006,593	\$ 2,040,000	\$ 1,964,585
Loss on Sale of Assets	-0-	234,000	(31,930)
Provider Relief Funds	<u>-0-</u>	<u>3,705,769</u>	<u>2,144,982</u>
 Total Other Nonoperating Revenue	 <u>\$ 2,006,593</u>	 <u>\$ 5,979,769</u>	 <u>\$ 4,077,637</u>

Operating and Financial Performance

The following summarizes the Hospital's statements of revenues, expenses, and changes in net position between 2023, 2022 and 2021.

Overall, activity at the Hospital, as measured by admissions of adults, pediatrics, and geriatric psych patients, has decreased over the past few years. Inpatient admissions decreased by 10.6% in 2023 to 1,830 from 2,046 in 2022. Inpatient admissions were 2,083 in 2021. Patient days decreased 18.1% in 2023 to 8,023 from 9,792 in 2022. Patient days were 10,099 in 2021. The average length of stay for acute care patients (excluding newborns) decreased to 3.56 days in 2023 from 4.05 days in 2022. This average was 4.15 days in 2021.

Outpatient registrations increased by 4.0% in 2023 to 123,424 from 118,708 in 2022. The increase in 2022 was 24.3%. The outpatient registrations were 95,511 in 2021.

Our Long-Term Care Unit's activity increased by 5.6% in 2023 to 32,159 patient days from 30,460 in 2022. This represents 79% occupancy on the unit and an average of 88 patients per day. Patient days in 2021 were 32,516.

The Hospital operates the district ambulance service that traditionally has had operating losses. The ambulance operation was supported by a 5.53 mill property tax approved by the residents of Natchitoches Parish which was renewed in 2023 at 5.31 mill for 10 years. The amount of tax revenue recognized during 2023 was \$2,006,593, which is a decrease of 1.6% over 2022 revenues of \$2,040,000.

Natchitoches Parish Hospital Service District
 Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Operating and Financial Performance (continued)

Table 5: Patient and Hospital Statistical Data

	Year-end June 30		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Admissions:			
Adult and Pediatric	1,657	1,883	1,929
Newborn	440	521	495
Long-Term Care Unit	233	202	223
Geriatric Psych Unit	173	163	154
Patient Days:			
Adult and Pediatric	5,898	7,621	7,996
Medicare (Included in Adult & Pediatric)	1,607	2,316	2,553
Medicaid (Included in Adult & Pediatric)	2,392	3,224	2,917
Newborn	842	1,004	954
Long-Term Care Unit	32,159	30,460	32,516
Geriatric Psych Unit	2,125	2,171	2,103
Operating Room Patients	2,532	2,532	2,385
Outpatient Registrations	123,424	118,708	95,511
Emergency Room Visits	18,524	18,254	16,903
Ambulance Runs	3,245	3,517	3,995
Average Daily Census (Excluding Newborn):			
Adult and Pediatric	16.16	20.88	21.91
Long-Term Care Unit	88.11	83.45	89.08
Geriatric Psych Unit	5.82	5.95	5.76
Average Length of Stay (Excluding Newborn):			
All Acute Care Patients	3.56	4.05	4.15
Medicare Patients	3.56	4.47	4.23
Medicaid Patients	2.64	2.86	2.78
Long-Term Care Unit Patients	138.02	150.79	145.81
Geriatric Psych Unit Patients	12.28	13.32	13.66
Percentage of Acute-Care Patient Days:			
Medicare	27.25%	30.39%	31.93%
Medicaid	40.56%	42.30%	36.48%
Full-Time Equivalents (FTE's)	663	645	593

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Operating and Financial Performance (continued)

Allowances increased over prior year as described in the table below:

Table 6: Allowance Summary

	Year-end June 30		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Allowances:			
Medicare Contractual Allowances	\$ 55,331,173	\$ 58,508,976	\$ 51,428,433
Medicaid Contractual Allowances	62,415,271	59,250,090	52,667,573
Blue Cross, Louisiana State Employees, and other Contractual Allowances	89,887,538	76,465,219	59,296,999
Provision for Bad Debt	4,371,143	6,097,671	7,371,444
Other Adjustments	<u>807,745</u>	<u>410,775</u>	<u>575,933</u>
 Total Allowances	 <u>\$ 212,812,870</u>	 <u>\$ 200,732,731</u>	 <u>\$ 171,340,382</u>

Days revenue in accounts receivable decreased from 58.9 days in 2021 to 48.4 days in 2022 and then increased to 56.3 days in 2023. Excluded from net patient service revenue are charges forgone for patient services falling under the Hospital's charity care policy. Based on established rates, gross charges of \$807,391 were foregone in 2023, compared to \$388,707 in 2022 and \$436,040 in 2021. The Hospital has instituted an automated charity care system to ensure consistent application of Board policies. The Hospital assumes compliance with our charity policy results in only patients meeting specific criteria being classified as charity care.

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Land & Depreciable Assets

At the end of 2023, the Hospital had \$55.7 million invested in land, depreciable assets, right-of-use lease assets, and subscription assets, net of accumulated depreciation and amortization, as detailed in note 6 to the financial statements. In 2023, the Hospital spent \$1,462,057 in depreciable assets and construction cost compared to \$9,115,158 in 2022. Of this, \$857,524 (58.7%) was the acquisition of new buildings, equipment, and construction as can be seen in Table 8 below. In 2023, the Hospital committed to lease agreements for the right to use various equipment. The Hospital recognized approximately \$1,097,037 of right-of-use assets related to lease agreements committed to during the year, the value of which will be amortized over periods ranging from 3 to 5 years. Depreciation and amortization expense for 2023 was \$4,160,990 and \$1,306,289, respectively.

Table 7: Land & Depreciable Assets

	Year-end June 30		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,418,230	\$ 1,418,230	\$ 967,125
Construction in Progress	<u>1,141,630</u>	<u>5,221,531</u>	<u>9,163,260</u>
 Nondepreciable Capital Assets	 <u>\$ 2,559,860</u>	 <u>\$ 6,639,761</u>	 <u>\$ 10,130,385</u>
Building & Equipment	\$ 137,510,890	\$ 132,028,436	\$ 119,525,807
Less Accumulated Depr.	<u>91,961,395</u>	<u>87,833,461</u>	<u>80,583,575</u>
 Depreciable Capital Assets, Net	 <u>\$ 45,549,495</u>	 <u>\$ 44,194,975</u>	 <u>\$ 38,942,232</u>
 Right-of-Use Capital Assets			
Building	\$ 46,741	\$ 46,741	\$ 46,741
Equipment	7,311,524	6,214,487	2,119,389
Accumulated Amortization	<u>2,823,569</u>	<u>1,517,280</u>	<u>493,845</u>
 Right-of-Use Capital Assets, Net	 <u>\$ 4,534,696</u>	 <u>\$ 4,743,948</u>	 <u>\$ 1,672,285</u>
 Subscription Assets	 \$ 3,764,404	 \$ 2,610,598	 \$ -0-
Accumulated Amortization	<u>751,820</u>	<u>717,874</u>	<u>-0-</u>
 Right-of-Use Capital Assets, Net	 <u>\$ 3,012,584</u>	 <u>\$ 1,892,724</u>	 <u>\$ -0-</u>

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Land & Depreciable Assets (continued)

Table 8: Major Additions over \$100,000

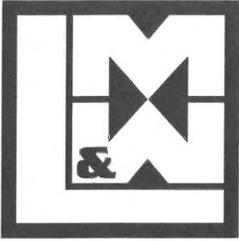
<u>Capital Investment</u>	<u>Department</u>	<u>2023 Cost</u>
Construction projects	Chiller replacement	\$ 108,152
Construction projects	HR Parking Lot	\$ 147,034
Construction projects	Cancer Center	\$ 602,338

Debt Administration

At year-end, the Hospital had \$9,582,529 in short-term and long-term debt. Long-term debt decreased by \$1,333,673 in fiscal year 2023. More detailed information about the Hospital's long-term liabilities is presented in Note 10 to the basic financial statements. Total debt outstanding represents approximately 9.9% of the Hospital's total assets as of June 30, 2023, versus prior years of 10.4% and 10.4% for 2022 and 2021, respectively.

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hospital administration.



LESTER, MILLER & WELLS

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Independent Auditors' Report

To the Board of Commissioners
Natchitoches Parish Hospital Service District No. 1
Natchitoches, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Natchitoches Parish Hospital Service District No. 1 and its affiliates (the "Hospital"), a component unit of the Natchitoches Parish Government, Natchitoches, Louisiana, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for, the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.



Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Natchitoches Parish Hospital Service District No. 1 and its affiliates and do not purport to, and do not, present fairly the financial position of the Natchitoches Parish Government as of June 30, 2023 and 2022, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages "i" through "x" be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents 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 financial statements as a whole.



Board of Commissioners
Natchitoches Parish Hospital Service District No. 1
Natchitoches, Louisiana
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Other Reporting Required by Government Auditing Standards

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

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

December 27, 2023



NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF NET POSITION
JUNE 30,

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current		
Cash and cash equivalents	\$ 5,921,005	\$ 4,686,986
Limited use assets (Note 4)	26,364	38,678
Patient accounts receivable, net (Note 3)	12,701,982	10,344,905
Estimated third-party payor settlements	1,990,774	3,260,269
Other receivables	2,191,480	5,870,695
Inventory	2,254,881	2,235,266
Prepaid expenses	847,747	659,430
Lease receivable - current (Note 5)	68,436	298,524
Notes receivable - current (Note 20)	<u>257,745</u>	<u>526,236</u>
Total Current Assets	<u>26,260,414</u>	<u>27,920,989</u>
Other		
Limited use assets (Note 4)	10,555,286	15,604,846
Lease receivable (Note 5)	1,022,678	921,115
Nondepreciable capital assets (Note 6)	2,559,860	6,639,761
Depreciable capital assets, net (Note 6)	45,549,495	44,194,975
Right-of-use capital assets, net (Note 6)	4,534,696	4,743,948
Subscription assets, net (Note 7)	3,012,584	1,892,724
Capitalized construction interest, net (Note 8)	1,786,757	1,808,507
Notes receivable (Note 20)	524,359	465,090
Other	<u>735,984</u>	<u>735,984</u>
Total Assets	<u>\$ 96,542,113</u>	<u>\$ 104,927,939</u>

See accompanying notes to financial statements.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF NET POSITION (Continued)
JUNE 30,

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND NET POSITION

	<u>2023</u>	<u>2022</u>
Current		
Accounts payable	\$ 11,258,550	\$ 10,556,989
Accrued expenses	2,435,523	2,284,184
Estimated third-party payor settlements	760,782	700,055
Unearned revenue	100,395	-0-
Medicare advance payments (Note 21)	-0-	1,265,451
Current portion of lease liabilities (Note 11)	1,900,901	1,282,718
Current portion of subscription liabilities (Note 12)	831,781	702,969
Current portion of long-term debt (Note 10)	<u>1,421,810</u>	<u>1,195,000</u>
Total Current Liabilities	<u>18,709,742</u>	<u>17,987,366</u>
Long-term Liabilities		
Lease liabilities (Note 11)	2,583,740	3,597,644
Subscription liabilities (Note 12)	2,149,175	1,172,700
Long-term debt (Note 10)	<u>8,160,719</u>	<u>9,721,202</u>
Total Liabilities	<u>31,603,376</u>	<u>32,478,912</u>
Deferred inflows of resources - lease income	<u>1,030,017</u>	<u>1,184,401</u>
Net Position		
Invested in capital assets, net of related debt	38,526,826	39,918,534
Restricted	423,497	356,126
Unrestricted	<u>22,894,483</u>	<u>28,748,959</u>
Total Controlling Net Position	<u>61,844,806</u>	<u>69,023,619</u>
Noncontrolling interest in subsidiary	<u>2,063,914</u>	<u>2,241,007</u>
Total Net Position	<u>63,908,720</u>	<u>71,264,626</u>
Total Liabilities and Net Position	\$ <u>96,542,113</u>	\$ <u>104,927,939</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Net patient service revenue	\$ 82,296,096	\$ 78,084,363
Medicaid supplemental payments	15,930,564	5,742,830
Other revenue	<u>2,453,447</u>	<u>7,717,813</u>
Total Operating Revenues	<u>100,680,107</u>	<u>91,545,006</u>
Operating Expenses		
Salaries and benefits	50,722,195	47,056,361
Medical supplies and drugs	15,243,415	10,869,397
Medical, professional and consulting	8,410,528	7,828,534
Other expenses	24,899,819	19,549,483
Insurance	2,149,324	2,054,888
Depreciation and amortization	<u>6,251,652</u>	<u>6,178,156</u>
Total Operating Expenses	<u>107,676,933</u>	<u>93,536,819</u>
Operating Income (Loss)	<u>(6,996,826)</u>	<u>(1,991,813)</u>
Nonoperating Revenues (Expenses)		
Property taxes	2,006,593	2,040,000
Covid-19 grant awards	-0-	3,705,769
Gain/loss on sale of assets	-0-	234,000
Interest income	356,377	328,039
Interest expense	<u>(853,224)</u>	<u>(581,552)</u>
Total Nonoperating Revenues (Expenses)	<u>1,509,746</u>	<u>5,726,256</u>
Excess of Revenues Over Expenses	(5,487,080)	3,734,443
Less: Consolidated net income attributable to noncontrolling interest	(1,504,700)	(1,130,314)
Other Comprehensive Income		
Unrealized holding gains (losses)	<u>(187,033)</u>	<u>(737,177)</u>
Changes in net position	(7,178,813)	1,866,952
Beginning net position	69,023,619	67,152,361
Prior period adjustment	<u>-0-</u>	<u>4,306</u>
Ending net position	<u>\$ 61,844,806</u>	<u>\$ 69,023,619</u>

See accompanying notes to financial statements.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 80,003,790	\$ 75,913,607
Other receipts from operations	22,137,762	6,977,573
Cash payments to employees and for employee-related cost	(50,570,856)	(46,684,179)
Cash payments for other operating expenses	<u>(49,894,394)</u>	<u>(35,604,488)</u>
Net cash provided (used) by operating activities	<u>1,676,302</u>	<u>602,513</u>
Cash flows from investing activities:		
Redemption of investments/principal return	4,874,841	(115,424)
Loans to physicians	(113,530)	(950,261)
Cash invested in joint venture	-0-	(226,063)
Dividends paid to joint venture owners	(1,681,793)	(1,014,510)
Cash received for noncontrolling interest in subsidiary	-0-	90,150
Investment earnings	<u>356,377</u>	<u>328,039</u>
Net cash provided (used) by investing activities	<u>3,435,895</u>	<u>(1,888,069)</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	2,006,593	2,040,000
Proceeds from COVID-19 grants	<u>-0-</u>	<u>3,705,769</u>
Net cash provided (used) by non-capital financing activities	<u>2,006,593</u>	<u>5,745,769</u>
Cash flows from capital and related financing activities:		
Interest expense	(853,224)	(581,552)
Payments of lease liability obligations	(1,492,758)	(1,133,088)
Payments of subscription liability obligations	(758,361)	(734,929)
Principal payments on long-term debt	(1,333,673)	(1,145,000)
Acquisition of capital assets	<u>(1,446,755)</u>	<u>(4,202,753)</u>
Net cash provided (used) by capital and related financing activities	\$ <u>(5,884,771)</u>	\$ <u>(7,797,322)</u>

See accompanying notes to financial statements.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,234,019	\$ (3,337,109)
Beginning cash and cash equivalents	<u>4,686,986</u>	<u>8,024,095</u>
Ending cash and cash equivalents	\$ <u>5,921,005</u>	\$ <u>4,686,986</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ <u>843,869</u>	\$ <u>506,696</u>
Subscription assets acquired under agreements	\$ <u>1,863,648</u>	\$ <u>1,163,159</u>
Right-of-use assets acquired under leases	\$ <u>1,097,037</u>	\$ <u>4,316,434</u>
Deferred inflows of resources through lease additions	\$ <u>-0-</u>	\$ <u>547,705</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (6,996,826)	\$ (1,991,813)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:		
Depreciation and amortization	6,251,652	6,178,156
Physician loan amortization	315,063	150,135
Amortization of lease income	(154,384)	(327,763)
Loss on sale of assets	-0-	234,000
Changes in current assets (increase) decrease:		
Patient accounts receivable, net	(2,357,077)	(373,042)
Estimated third-party payor settlements	1,269,495	(842,621)
Other receivables	3,679,215	(1,908,131)
Inventory	(19,615)	41,948
Prepaid expenses	(188,317)	631,584
Changes in current liabilities (increase) decrease:		
Accounts payable	701,561	3,874,147
Accrued expenses	151,339	372,182
Estimated third-party payor settlements	60,727	(570,605)
Unearned revenue	100,395	(7,492)
Medicare advance payments	(1,265,451)	(5,171,122)
Lease receivable - principal payments received	<u>128,525</u>	<u>312,950</u>
Net cash provided by operating activities	\$ <u>1,676,302</u>	\$ <u>602,513</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Legal Organizations

The Natchitoches Parish Hospital Service District (referred to as "the District" or "the Hospital") was created by an ordinance of the Natchitoches Parish Government (the "Parish Government"), formerly the Natchitoches Parish Police Jury on October 19, 1955. The governing board of the District consists of seven members appointed by the Parish Government. Because the Parish Government appoints all commissioners of the Natchitoches Parish Hospital Service District, the District is a component unit of the Natchitoches Parish Government, which is the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Government or the other governmental units that comprise the financial reporting entity.

An affiliate, Natchitoches Outpatient Services, LLC (referred to as "NOP, LLC"), was organized January 22, 2004, as a Louisiana limited liability company. NOP, LLC is a perpetual limited liability company. The District has 50.9% ownership in NOP, LLC.

An affiliate, Natchitoches Assisted Living, LLC (referred to as "NAL, LLC"), was organized July 16, 2007, as a Louisiana limited liability company. NAL, LLC is a perpetual limited liability company. The District has 100% ownership in NAL, LLC.

An affiliate, Regional Cardiology Clinic, LLC (referred to as "RCC, LLC"), was organized March 2, 2009, as a Louisiana limited liability company. RCC, LLC is a perpetual limited liability company. The District has 50.1% ownership in RCC, LLC.

An affiliate, Natchitoches Regional Medical Center Foundation (referred to as "NRMC Foundation"), was incorporated November 3, 2005, as a Louisiana nonprofit corporation. NRMC Foundation has one class of members, consisting of two members, the District and Christus Health Central Louisiana. The District appoints six of the ten-member Board for NRMC Foundation, however a two-thirds (2/3) vote is needed for certain major decisions. Therefore, the financials of NRMC Foundation are not consolidated in the District's financials.

An affiliate, NRMC Comprehensive Wound Care, LLC (referred to as "Wound Care, LLC"), was organized November 11, 2013, as a Louisiana limited liability company. Wound Care, LLC is a perpetual limited liability company. The District has 56.0% ownership in Wound Care, LLC.

An affiliate, NRMC Pain Institute Ventures, LLC (referred to as "Pain Institute, LLC"), was organized February 12, 2016, as a Louisiana limited liability company. Pain Institute, LLC is a perpetual limited liability company. The District has 55.0% ownership in Pain Institute, LLC.

An affiliate, NRMC Pharmacy Alliance, LLC (referred to as "Pharmacy, LLC"), was organized April 23, 2021, as a Louisiana limited liability company. Pharmacy, LLC is a perpetual limited liability company. The District has 70.0% ownership in Pharmacy, LLC.

An affiliate, Northwestern Louisiana Cancer Center, LLC (referred to as "Cancer Center, LLC"), was organized on August 16, 2021, as a Louisiana limited liability company. Cancer Center, LLC is a perpetual limited liability company. The District has 100% ownership in Cancer Center, LLC.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Nature of Business

The District provides outpatient, ambulance, emergency and inpatient acute services through its hospital unit. The District also provides inpatient intermediate and skilled nursing services through its long-term care unit and hospital "swing-beds". In June 1995, the District opened a unit to provide geriatric psychiatric services which was recognized as a "distinct part" unit effective July 1, 1995.

NOP, LLC provides outpatient therapy and MRI services.

NAL, LLC provides housing and limited care for elderly residents as an assisted living center.

RCC, LLC provides outpatient cardiology diagnostic and testing services.

Wound Care, LLC provides wound care and hyperbaric services.

Pain Institute, LLC provides pain management services.

Pharmacy, LLC provides retail pharmacy services.

Cancer Center, LLC provides outpatient cancer services.

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The District and its affiliates use enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus.

Cash and Cash Equivalents

Cash represents coins, currency, bank demand deposits and other negotiable instruments that are readily acceptable in lieu of currency. Cash equivalents are time deposits, certificates of deposit, treasury bills and mortgage backed securities purchased with a maturity of three months or less. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out method, or market basis.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investments

The Hospital classifies its investments as available-for-sale in response to changes in interest rates, liquidity needs and for other purposes. Available-for-sale securities are reported at fair value. Unrealized holding gains and losses are reported as other comprehensive income.

Capital Assets

Capital assets are recorded at cost and donated fixed assets, if received, at fair market value on the date of any donation. Depreciation is calculated over estimated useful lives, using the straight-line method. The land was initially donated for hospital use, and it is recorded at the fair market value at the time of donation. Additional land was purchased, and it is recorded at cost. Useful lives for the purpose of calculating depreciation by class are:

Buildings	10 - 40 years
Furniture, fixtures and equipment	3 - 15 years

Right-of-use capital assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets and Liabilities

The Hospital determines if an arrangement is a Subscription-Based Information Technology Arrangement ("SBITA") at inception. Subscription assets, net, current maturities of subscription liabilities, and subscription liabilities, net of current maturities are included in the statements of net position.

Subscription assets represent the Hospital's control of the right to use a subscription-based information technology for the arrangement term, as specified in the contract, in an exchange or exchange-like transaction. Subscription assets are recognized at the commencement date based on initial measurement of the subscription liability, adjusted for payments made to the vendor at or before the commencement of the SBITA term and certain initial direct costs. Subscription assets are amortized in a systematic and rational manner over the shorter of the arrangement term or the useful life of the underlying asset.

Subscription liabilities represent the Hospital's obligation to make payments arising from the SBITA. Subscription liabilities are initially recognized at the commencement date based on the present value of expected payments over the lease term, adjusted for SBITA incentives. Subsequently, the subscription liability is reduced by the principal portion of the payments made. Interest expense is recognized ratably over the term of the arrangement.

The Hospital has elected to recognize payments for short-term SBITAs with an arrangement term of 12 months or less as expenses as incurred, and these SBITAs are not included as subscription liabilities or right-to-use subscription assets on the statements of net position.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The individual SBITA contracts do not provide information about the discount rate implicit in the arrangement. Therefore, the District has elected to use its incremental borrowing rate to calculate the present value of expected lease payments.

Net Position

The District classifies net position into three components: invested in capital assets, net of related debt; restricted and unrestricted. Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested capital assets, net of related debt or restricted.

Revenue and Expenses

The District'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 District's principal activity. Operating revenue also includes ad valorem taxes passed to provide the District with revenue to operate and maintain the District. Non-exchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Income Taxes

The District is a political subdivision of the State of Louisiana and exempt from taxation.

NOP, LLC; NAL, LLC; RCC, LLC; Wound Care, LLC; Pain Institute, LLC; Pharmacy, LLC; and Cancer Center, LLC do not pay federal corporate income taxes on their taxable income or are not allowed a net operating loss carryover or carryback as a deduction. Instead, the members are liable for individual federal income taxes on their respective shares of these companies' taxable income or include their respective shares of these companies' net operating loss in their individual income tax returns.

Credit Risk

The Hospital provides medical care primarily to Natchitoches Parish residents and grants credit to patients, substantially all of whom are local residents. The Hospital's estimate of collectibility is based on an evaluation of historical collections compared to gross charges and an analysis of aged accounts receivable to establish an allowance for uncollectible accounts.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Grants and Contributions

From time to time, the District receives grants and contributions from the State of Louisiana, individuals or private and public 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 for either 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 acquisitions are reported after nonoperating revenues and expenses.

Significant Concentration of Economic Dependence

The District has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 13. Changes in federal or state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenue

The District has entered into agreements with third-party payors, including government programs, health insurance companies, and managed care health plans, under which the Hospital is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates, or discounts from established charges.

Revenues are recorded at estimated amounts due from patients and third-party payors for the hospital services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charge for the services provided, less an estimate for contractual adjustments or discounts provided to the third-party payors, less any payments received and less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by utilizing a historical experience applied to an aging of accounts. Patient account receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off as bad debt expenses are recorded as a reduction of bad debt expense when received.

Restricted Revenues

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

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended June 30, 2023 and 2022 totaled \$370,115 and \$492,281, respectively.

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify, with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At June 30, 2023 and 2022, management is not aware of any liability resulting from environmental matters.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classifications. In the previous years, income from property taxes was reported as operating income. The financial statements have been restated to show this as non-operating income.

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Risk Management

The District 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.

Use of Estimates

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

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of the District and its affiliates, after elimination of all significant intercompany balances and transactions. The District has recorded a minority interest for the portion of equity and income attributable to other investors in NOP, LLC; RCC, LLC; Wound Care, LLC; Pain Institute, LLC; and Pharmacy, LLC.

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The District does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows related to lease revenue qualify for reporting in this category.

Recently Adopted Accounting Pronouncements

The District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) in fiscal year 2023. The objective of this statement is to provide guidance on the accounting and financial reporting of subscription-based information technology arrangements for government end users. The statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset with a corresponding subscription liability; provides the capitalization criteria for outlays; and requires footnote disclosure regarding the SBITA. The new standard is to be applied to all applicable subscription-based information technology arrangements as of the beginning of the earliest period presented; and therefore, the June 30, 2022 financial statements have been restated, as discussed in Note 26.

NOTE 2 - DEPOSITS AND INVESTMENTS

Louisiana state statutes authorize the District to invest in direct obligations of the U.S. Treasury and other federal agencies, time deposits with state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust fund institutions. Louisiana statutes also require that all of the deposits of the District be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

Custodial Credit Risks - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured or entirely

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

collateralized by securities held by the pledging bank's trust department in the District's name at June 30, 2023 and 2022.

Concentration of Credit Risks - The District has 5.5% in Federal Farm Credit Banks, 15.7% in Federal Home Loan Bank, 25.2% in Municipal Bonds, 17.7% in Federal National Mortgage Association, and 31.2% in Money Market accounts.

Interest Rate Risks - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

The District's investments are reported at fair value. At June 30, 2023 and 2022, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District. The table below is with the assumption that the bonds are held until maturity.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 1,114,103	\$ 1,114,103	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	2,645,445	348,713	2,296,732	-0-	-0-
Federal Home Loan Bank	1,876,995	355,054	1,521,941	-0-	-0-
Federal Farm Credit Banks	1,011,949	498,950	512,999	-0-	-0-
Exchange Traded Funds	-0-	-0-	-0-	-0-	-0-
Municipal Bonds	<u>3,509,661</u>	<u>877,360</u>	<u>2,632,301</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>10,158,153</u>	\$ <u>3,194,180</u>	\$ <u>6,963,973</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 4,771,479	\$ 4,771,479	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	2,698,618	-0-	2,157,749	540,869	-0-
Federal Home Loan Bank	2,399,088	1,424,710	974,378	-0-	-0-
Federal Farm Credit Banks	841,837	-0-	841,837	-0-	-0-
Exchange Traded Funds	726,939	726,939	-0-	-0-	-0-
Municipal Bonds	<u>3,849,437</u>	<u>249,898</u>	<u>3,046,251</u>	<u>553,288</u>	<u>-0-</u>
Total	\$ <u>15,287,398</u>	\$ <u>7,173,026</u>	\$ <u>7,020,215</u>	\$ <u>1,094,157</u>	\$ <u>-0-</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risks - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2023, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investor's Service</u>	<u>Standard & Poor's</u>	<u>Fair Value</u>
Federal National Mortgage Association	AAA	AA+	\$ 2,645,445
Federal Home Loan Bank	AAA	AA+	1,876,995
Federal Farm Credit Banks	AAA	AA+	1,011,949
Municipal Bonds	AA1	AAA	235,102
Municipal Bonds	AA1	AA+	233,897
Municipal Bonds	AA1	Not Rated	477,378
Municipal Bonds	AA2	AA	94,174
Municipal Bonds	AA2	Not Rated	227,920
Municipal Bonds	A1	AA	255,285
Municipal Bonds	A1	Not Rated	137,941
Municipal Bonds	A2	AA	305,317
Municipal Bonds	Not Rated	AA	1,114,348
Municipal Bonds	Not Rated	AA-	193,234
Municipal Bonds	Not Rated	A	235,065
Money Markets	Not Rated	Not Rated	<u>1,114,103</u>
Total			\$ <u>10,158,153</u>

The District's Investments are recorded at fair value as of June 30, 2023 and 2022 in accordance with GASB Statement No. 72 which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value. Level 1 inputs are accessible quoted prices in active markets for identical assets at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly; Level 3 inputs are unobservable inputs. The District's investments for the years ended June 30, 2023 and 2022 were measured using Level 2 inputs.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Account balances according to banks' records at June 30, 2023, for the District are as follows:

	<u>City Bank & Trust</u>	<u>Hancock Whitney Bank</u>	
Cash in banks	\$ <u>157,418</u>	\$ <u>6,112,823</u>	
Insured by FDIC	\$ <u>157,418</u>	\$ <u>250,000</u>	
Collateralization by fair market value	\$ <u>-0-</u>	\$ <u>5,862,823</u>	
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>	

The carrying amounts of deposits and investments are included in the District's balance sheet as follows:

	<u>2023</u>	<u>2022</u>
Carrying amount		
Deposits	\$ 5,947,369	\$ 4,725,664
Investments	<u>10,158,153</u>	<u>15,287,398</u>
	<u>\$ 16,105,522</u>	<u>\$ 20,013,062</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 5,921,005	\$ 4,686,986
Current limited use assets	26,364	38,678
Other limited use assets	<u>10,158,153</u>	<u>15,287,398</u>
	<u>\$ 16,105,522</u>	<u>\$ 20,013,062</u>

NOTE 3 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2023</u>	<u>2022</u>
Patient accounts receivable	\$ 18,147,313	\$ 17,599,756
Less provision for uncollectibles	<u>(5,445,331)</u>	<u>(7,254,851)</u>
Net accounts receivable	<u>\$ 12,701,982</u>	<u>\$ 10,344,905</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 - ACCOUNTS RECEIVABLE (Continued)

The following is a summary of the mix of receivables from patient and third-party payors at June 30:

	<u>2023</u>	<u>2022</u>
Medicare	15%	16%
Medicaid and Medicaid managed care plans	23%	24%
Blue Cross Blue Shield	15%	13%
Commercial and other third-party payors	42%	40%
Patients	<u>5%</u>	<u>7%</u>
 Total	 <u>100%</u>	 <u>100%</u>

The Medicare, Medicaid and third-party payors are shown net of contractual allowances.

NOTE 4 - LIMITED USE ASSETS

A summary of limited use assets is presented below:

<u>By Third Parties</u>	<u>2023</u>	<u>2022</u>
Cash with paying agent - interest and principal, due 10/01 (Series 2000 Bonds)	\$ -0-	\$ 822
Patient trust funds	26,364	37,856
Bond sinking fund	397,133	317,448
 <u>By Board</u>		
Repair and replacement - investments	10,158,153	15,287,398
Less limited use assets required for current liabilities	<u>(26,364)</u>	<u>(38,678)</u>
 Non-current limited use assets	 \$ <u>10,555,286</u>	 \$ <u>15,604,846</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 - LEASE RECEIVABLE

The District has entered into multiple agreements to lease medical office space to local healthcare providers. Monthly lease payments under these agreements range from \$4,720 to \$23,301, with terms ending between October 2022 through June 2036. For the year ended June 30, 2023, the District recognized interest income and lease revenue related to the above leases in the amounts of \$56,696 and \$154,384, respectively.

NOTE 6 - DEPRECIABLE CAPITAL ASSETS, NET

The following is a summary of capital assets and related accumulated depreciation for the year ended:

	<u>2022</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers</u>		<u>2023</u>
Nondepreciable capital assets									
Land	\$ 1,418,230	\$	-0-	\$	-0-	\$	-0-	\$	1,418,230
Construction in progress	<u>5,221,531</u>		<u>950,297</u>		<u>26,448</u>		<u>(5,003,750)</u>		<u>1,141,630</u>
Total nondepreciable capital assets	<u>\$ 6,639,761</u>	\$	<u>950,297</u>	\$	<u>26,448</u>	\$	<u>(5,003,750)</u>	\$	<u>2,559,860</u>
Depreciable capital assets									
Land improvements	\$ 766,886	\$	-0-	\$	-0-	\$	-0-	\$	766,886
Buildings	83,274,265		28,323		-0-		2,040,070		85,342,658
Fixed equipment	<u>47,987,285</u>		<u>483,437</u>		<u>33,056</u>		<u>2,963,680</u>		<u>51,401,346</u>
Total depreciable capital assets	132,028,436		511,760		33,056		5,003,750		137,510,890
Accumulated depreciation	<u>87,833,461</u>		<u>4,160,990</u>		<u>33,056</u>		<u>-0-</u>		<u>91,961,395</u>
Total depreciable capital assets, net	<u>\$ 44,194,975</u>	\$	<u>(3,649,230)</u>	\$	<u>-0-</u>	\$	<u>5,003,750</u>	\$	<u>45,549,495</u>
Right-of-use capital assets									
Building	\$ 46,741	\$	-0-	\$	-0-	\$	-0-	\$	46,741
Equipment	6,214,487		1,097,037		-0-		-0-		7,311,524
Accumulated amortization	<u>1,517,280</u>		<u>1,306,289</u>		<u>-0-</u>		<u>-0-</u>		<u>2,823,569</u>
Total right-of-use capital assets, net	<u>\$ 4,743,948</u>	\$	<u>(209,252)</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>4,534,696</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 - DEPRECIABLE CAPITAL ASSETS, NET (Continued)

	<u>2021</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers</u>		<u>2022</u>
Nondepreciable capital assets									
Land	\$ 967,125	\$	451,105	\$	-0-	\$	-0-	\$	1,418,230
Construction in progress	<u>9,163,260</u>		<u>1,763,704</u>		<u>103,153</u>		<u>(5,602,280)</u>		<u>5,221,531</u>
Total nondepreciable capital assets	\$ <u>10,130,385</u>	\$	<u>2,214,809</u>	\$	<u>103,153</u>	\$	<u>(5,602,280)</u>	\$	<u>6,639,761</u>
Depreciable capital assets									
Land improvements	\$ 766,886	\$	-0-	\$	-0-	\$	-0-	\$	766,886
Buildings	72,103,557		5,957,057		-0-		5,213,651		83,274,265
Fixed equipment	<u>46,655,364</u>		<u>943,292</u>		<u>-0-</u>		<u>388,629</u>		<u>47,987,285</u>
Total depreciable capital assets	119,525,807		6,900,349		-0-		5,602,280		132,028,436
Accumulated depreciation	<u>80,583,575</u>		<u>4,136,143</u>		<u>-0-</u>		<u>3,113,743</u>		<u>87,833,461</u>
Total depreciable capital assets, net	\$ <u>38,942,232</u>	\$	<u>2,764,206</u>	\$	<u>-0-</u>	\$	<u>2,488,537</u>	\$	<u>44,194,975</u>
Right-of-use capital assets									
Building	\$ 46,741	\$	-0-	\$	-0-	\$	-0-	\$	46,741
Equipment	2,119,389		4,316,434		221,336		-0-		6,214,487
Accumulated amortization	<u>493,845</u>		<u>1,244,771</u>		<u>221,336</u>		<u>-0-</u>		<u>1,517,280</u>
Total right-of-use capital assets, net	\$ <u>1,672,285</u>	\$	<u>3,071,663</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>4,743,948</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 7 - SUBSCRIPTION ASSETS

The following is a summary of subscription-based information technology arrangement for intangible assets and related accumulated amortization for the year ended:

	<u>2022</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers</u>		<u>2023</u>
Subscription-based assets	\$ 2,610,598	\$	1,863,648	\$	709,842	\$	-0-	\$	3,764,404
Accumulated amortization	<u>717,874</u>		<u>743,788</u>		<u>709,842</u>		<u>-0-</u>		<u>751,820</u>
Total subscription-based assets, net	\$ <u>1,892,724</u>	\$	<u>1,119,860</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>3,012,584</u>
	<u>2021</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers</u>		<u>2022</u>
Subscription-based assets	\$ 1,447,439	\$	1,163,159	\$	-0-	\$	-0-	\$	2,610,598
Accumulated amortization	<u>-0-</u>		<u>717,874</u>		<u>-0-</u>		<u>-0-</u>		<u>717,874</u>
Total subscription-based assets, net	\$ <u>1,447,439</u>	\$	<u>445,285</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>1,892,724</u>

NOTE 8 - OTHER ASSETS

Capitalized interest of \$1,814,579 was accumulated as of June 30, 2006 for the 2000 Revenue Bonds and is being amortized using the straight-line method over the life of the building beginning in the fiscal year 2006.

Capitalized interest of \$428,142 was accumulated as of June 30, 2010 for the 2008 Revenue Bonds and is being amortized using the straight-line method over the life of the building beginning in the fiscal year 2010.

Capitalized interest of \$441,907 was accumulated as of June 30, 2020 for the 2018 Revenue Bonds and is being amortized using the straight-line method over the life of the underlying capital assets beginning in the fiscal year 2021.

NOTE 9 - PAID TIME OFF

Employees of the District are entitled to paid days off depending on length of service. The District accrued \$732,478 and \$815,649 of paid time off at June 30, 2023 and 2022.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 10 - LONG-TERM DEBT

A summary of long-term debt follows:

	<u>2022</u>		<u>Additions</u>		<u>Payments</u>		<u>2023</u>		<u>Due Within One Year</u>
Series 2008 Bonds Payable	\$ 1,435,000	\$	-0-	\$	700,000	\$	735,000	\$	735,000
Series 2018 Bonds Payable	7,790,000		-0-		495,000		7,295,000		520,000
City Bank Note Payable	555,100		-0-		45,722		509,378		55,331
City Bank Note Payable	<u>1,136,102</u>		<u>-0-</u>		<u>92,951</u>		<u>1,043,151</u>		<u>111,479</u>
 Total	 \$ <u>10,916,202</u>	\$	 <u>-0-</u>	\$	 <u>1,333,673</u>	\$	 <u>9,582,529</u>	\$	 <u>1,421,810</u>

	<u>2021</u>		<u>Additions</u>		<u>Payments</u>		<u>2022</u>		<u>Due Within One Year</u>
Series 2008 Bonds Payable	\$ 2,105,000	\$	-0-	\$	670,000	\$	1,435,000	\$	700,000
Series 2018 Bonds Payable	8,265,000		-0-		475,000		7,790,000		495,000
City Bank Note Payable	-0-		555,100		-0-		555,100		-0-
City Bank Note Payable	<u>-0-</u>		<u>1,136,102</u>		<u>-0-</u>		<u>1,136,102</u>		<u>-0-</u>
 Totals	 \$ <u>10,370,000</u>	\$	 <u>1,691,202</u>	\$	 <u>1,145,000</u>	\$	 <u>10,916,202</u>	\$	 <u>1,195,000</u>

The following are the terms and due dates of the Hospital's long-term debt at June 30:

- Series 2008 Hospital Revenue Bonds at 4.26% collateralized by a pledge and dedication of hospital revenue, with principal payable annually and interest semi-annually, starting October 1, 2008, through October 1, 2023. Effective October 1, 2016, the rate has been changed to 2.45%.
- Series 2018 Hospital Revenue Bonds at a fluctuating interest rate increasing from 2.75% to 4.20% over the life of the bonds, collateralized by a pledge and dedication of hospital revenue, with principal payable annually and interest semi-annually, starting April 1, 2019, through October 1, 2033.
- Note payable to City Bank and Trust, in the name of the Cancer Center at 5.5% interest payable monthly with the principal amount due on September 1, 2023, secured by building and equipment. The Cancer Center borrowed \$495,028 on November 1, 2023 at 8.25%. The new note is due in 68 monthly payments of \$9,139. The proceeds were used to pay the short-term note, and accordingly, that amount was classified as long-term debt at June 30, 2023.
- Note payable to City Bank and Trust, in the name of the Cancer Center at 5.5% interest payable monthly with the principal amount due on September 11, 2023, secured by building and equipment. The Cancer Center borrowed \$1,015,764 on November 11, 2023 at 8.25%. The new note is due in 68 monthly payments of \$18,753. The proceeds were used to pay the short-term note, and accordingly, that amount was classified as long-term debt at June 30, 2023.

The Hospital has covenanted to set rates so that revenues are sufficient to pay all reasonable and necessary expenses of operating and maintaining the Hospital, certain multiples of the largest amount of principal and interest maturing on the Bonds in any future fiscal year and on any pari passu additional bonds hereafter issued. Those multiples range from 120% to 200%.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 10 - LONG-TERM DEBT (Continued)

Other requirements under the terms of indebtedness are as follows:

- * Sale or disposition of Hospital property, plant and equipment is limited. Future debt agreements may not take priority over this series of debt.
- * Make monthly deposits equal to the pro-rata portion of the next principal and/or interest payment, which are to be maintained in fully backed or government securities investments, with market values greater than invested dollars.
- * Collect payment on all services rendered, except for an undisclosed, reasonable amount of charity care.
- * Maintain all assets in good working order.
- * Carry full insurance coverage with a responsible licensed Louisiana company.
- * Maintain complete and accurate records and have an annual audit.
- * Maintain cash on hand of not less than 60 days of operating expenses net of depreciation and amortization.
- * Provide quarterly statements to the purchaser.
- * Protect tax-exempt status and refrain from activities that would require payment of arbitrage to the IRS.

Scheduled principal and interest repayments on the long-term debt follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 1,421,810	\$ 358,045	\$ 1,779,855
2025	773,889	355,208	1,129,097
2026	818,503	316,688	1,135,191
2027	869,798	275,001	1,144,799
2028	917,814	230,174	1,147,988
2029 - 2033	3,950,715	567,472	4,518,187
2034	<u>830,000</u>	<u>17,430</u>	<u>847,430</u>
Totals	\$ <u>9,582,529</u>	\$ <u>2,120,018</u>	\$ <u>11,702,547</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 - LEASE LIABILITIES

A summary of lease liabilities follows:

	<u>2022</u>		<u>Additions</u>		<u>Payments</u>		<u>2023</u>		<u>Due Within One Year</u>
Building	\$ 21,588	\$	-0-	\$	16,049	\$	5,539	\$	5,539
Equipment	<u>4,858,774</u>		<u>1,097,037</u>		<u>1,476,709</u>		<u>4,479,102</u>		<u>1,895,362</u>
	<u>\$ 4,880,362</u>	\$	<u>1,097,037</u>	\$	<u>1,492,758</u>	\$	<u>4,484,641</u>	\$	<u>1,900,901</u>
									<u>Due Within One Year</u>
Building	\$ 36,818	\$	-0-	\$	15,230	\$	21,588	\$	16,049
Equipment	<u>1,660,198</u>		<u>4,316,434</u>		<u>1,117,858</u>		<u>4,858,774</u>		<u>1,266,669</u>
Totals	<u>\$ 1,697,016</u>	\$	<u>4,316,434</u>	\$	<u>1,133,088</u>	\$	<u>4,880,362</u>	\$	<u>1,282,718</u>

The following are the terms and due dates of the District's lease liability obligation:

- Lease liability obligation for a building at imputed interest rate of 5.25%, with a monthly payment of \$1,400, through October 15, 2023.
- Various lease liability obligations for equipment at imputed interest rates from 3.50% to 9.75%, with total monthly payments ranging from \$69 to \$28,377, through March 2027.

Scheduled principal and interest payments on the lease liability obligations are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 1,900,901	\$ 219,835	\$ 2,120,736
2025	1,513,956	114,763	1,628,719
2026	831,190	34,643	865,833
2027	238,594	5,756	244,350
2028	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Totals	<u>\$ 4,484,641</u>	<u>\$ 374,997</u>	<u>\$ 4,859,638</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12 - SUBSCRIPTION LIABILITIES

A summary of subscription liabilities follows:

	<u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>2023</u>	<u>Due Within One Year</u>
Totals	\$ <u>1,875,669</u>	\$ <u>1,863,648</u>	\$ <u>758,361</u>	\$ <u>2,980,956</u>	\$ <u>831,781</u>
	<u>2021</u>	<u>Additions</u>	<u>Payments</u>	<u>2022</u>	<u>Due Within One Year</u>
Totals	\$ <u>1,447,441</u>	\$ <u>1,163,159</u>	\$ <u>734,931</u>	\$ <u>1,875,669</u>	\$ <u>702,969</u>

The District began recognizing subscription liability obligations related to the adoption of GASB 96 during fiscal year 2023. The subscription liability obligations relate to subscription-based information technology arrangements at imputed interest rates from 5.25% to 10.25%, with maturity dates ranging from February 6, 2023 to June 5, 2027.

Scheduled principal and interest payments on the subscription liability obligations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 831,781	\$ 227,988	\$ 1,059,769
2025	739,773	162,665	902,438
2026	734,498	99,289	833,787
2027	674,904	31,763	706,667
2028	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Totals	\$ <u>2,980,956</u>	\$ <u>521,705</u>	\$ <u>3,502,661</u>

NOTE 13 - NET PATIENT SERVICE REVENUE

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010, until September 30, 2024, if not extended by Congress. The additional payment received under the Medicare low volume add-on was \$749,042 and \$869,407 for the years ended June 30, 2023 and 2022, respectively. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed and skilled nursing facility routine services are reimbursed based on a prospectively determined rate per

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 - NET PATIENT SERVICE REVENUE (Continued)

patient day. Geriatric psychiatry services are reimbursed based on a prospective method based on length of stay, diagnosis, and other factors. The District is reimbursed at a tentative rate with a final settlement determined after the submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's Medicare cost reports have been examined by the Medicare fiscal intermediary through June 30, 2020.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. Geriatric psychiatry services are reimbursed on a prospectively determined per diem rate. The District is reimbursed at a tentative rate with a final settlement determined after the submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been examined by the Medicaid fiscal intermediary through June 30, 2016.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 13% and 13% of the total gross charges for the years ended June 30, 2023 and 2022, respectively.

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. Additionally, the Hospital has filed amended cost reports which differ from the initially recorded amounts. The adjustments from the finalized and amended cost reports resulted in a decrease of \$65,889 in FY 2023 and an increase of \$2,339,836 in net patient service revenue in FY 2022.

The following is a summary of the Hospital's net patient service revenue for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Gross charges	\$ 295,108,966	\$ 278,817,094
Less charges associated with charity care	<u>807,391</u>	<u>388,707</u>
Gross patient service revenues	294,301,575	278,428,387
Less deductions from revenue:		
Medicare and Medicaid contractual adjustments	117,746,444	117,759,066
Commercial insurance contractual adjustments	89,887,538	76,465,219
Policy and other discounts	<u>354</u>	<u>22,068</u>
Patient service revenue (net of contractual adjustments and discounts)	86,667,239	84,182,034
Less provision for bad debts	<u>4,371,143</u>	<u>6,097,671</u>
 Net patient service revenue	 \$ <u>82,296,096</u>	 \$ <u>78,084,363</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 - NET PATIENT SERVICE REVENUE (Continued)

The Hospital receives a substantial portion of its revenues from the Medicare and Medicaid programs at discounted rates. The following is a summary of Medicare and Medicaid patient revenues for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Medicare and Medicaid gross patient charges	\$ 159,203,575	\$ 153,715,312
Contractual adjustments	<u>(117,746,444)</u>	<u>(117,759,066)</u>
 Program patient service revenue	 \$ <u>41,457,131</u>	 \$ <u>35,956,246</u>
 Percent of gross patient charges	 54%	 55%
Percent of total net patient revenue	50%	46%

NOTE 14 - MEDICAID SUPPLEMENTAL PAYMENTS

For state fiscal year (SFY) 2023, the Louisiana Department of Health (LDH) obtained a Medicaid State Plan Amendment (SPA) approval from the Centers for Medicare and Medicaid Services (CMS) to make quarterly supplemental payments to hospitals based upon certain assumptions under a directed payment plan (DPP). Annually thereafter, LDH must submit the assumptions to CMS for approval in future years. The basis for interim supplemental payments is the Hospital's historical paid claims and other factors. In future state fiscal years, actual paid claims and other factors will be used to reconcile interim payments to final settled DPP amounts. LDH anticipates increasing or decreasing future DPP payments by the reconciliation amounts. The Hospital has recognized approximately \$10.9 million as Medicaid supplemental income after consideration was given for future adjustments which the Hospital determined necessary. To the extent income recognized in the current period differs from actual results, Medicaid supplemental income will be adjusted.

The Hospital entered into an Intergovernmental Transfer Agreement (IGT) with the Louisiana Department of Health (LDH) as part of Louisiana Physician IPA, Inc. which is a physician supplemental program. In fiscal year 2023, the Hospital received approximately \$4.2 million in Medicaid supplemental payments of which approximately \$1.8 million was submitted to LDH as an IGT. In fiscal year 2022, the Hospital received approximately \$4.5 million in Medicaid supplemental payments of which approximately \$1.8 million was submitted to LDH as an IGT.

Effective March 2016, the Hospital entered into a Participation Agreement in order to receive Medicaid supplemental payments for qualifying nursing facilities owned or operated by non-state governmental organizations that have entered into an agreement with the Louisiana Department of Health and Hospitals (LDH). The Hospital made payments to LDH in conjunction with the agreement totaling approximately \$360,000 and \$376,000 which were reported as other expenses in 2023 and 2022, respectively. The Hospital received approximately \$899,000 and \$956,000 which were reported as other revenue in 2023 and 2022, respectively.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 15 - RETIREMENT PROGRAM

Employees may participate in a qualified defined contribution retirement plan, which is exempt under Section 401(a) of the Internal Revenue Code. The plan is administered by OneAmerica Financial Partners, Inc. which holds all plan assets. Each employee who is at least 18 years old, other than those classified as PRN, is eligible to join the plan. Employees become vested in the employer's contribution of 25% per year until 100% vested at 4 years of employment. The District can elect to contribute up to 100% of the employee's contribution.

Total payroll	\$	43,657,577
Total covered payroll		26,973,001
Employee contributions		1,497,171
Employer contributions	\$	736,554
Less forfeitures		<u>12,403</u>
Net employer contributions	\$	<u><u>724,151</u></u>

NOTE 16 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$500,000 per occurrence. Legal action in an attempt to overturn this legislation on constitutional grounds is in process.

The District's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At policy year-end, premiums are redetermined utilizing actual losses of the District. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The District has included these allocations and equity amounts assigned to the District by the Trust Fund in its financial statements.

NOTE 17 - WORKMEN'S COMPENSATION RISK

The District participates in the Louisiana Hospital Association Self Insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The District has included these allocations and equity amounts assigned to the District by the Trust Fund in its financial statements.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 18 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of the charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines based on a 150% scale. Accordingly, the Hospital does not report the amount it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. Amounts identified as charity care charges are \$807,391 and \$388,707 for the years ended June 30, 2023 and 2022, respectively. The related cost of care was approximately \$320,000 and \$141,000, for the fiscal years ended in 2023 and 2022, respectively. Funds received through grants, which pay part of the cost of charity and uninsured care, were approximately \$123,000 and \$149,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE 19 - EMPLOYEE MEDICAL BENEFIT PLAN

The District is self-insured to provide group medical/dental coverage for its employees. A third-party, IMA of Louisiana, administers the group medical coverage for the District. The District funds its losses based on actual claims. A stop-loss insurance contract was executed with an insurance carrier that provides for payment of 100% of claims in excess of \$130,000 per year up to specific individual maximums of \$1,000,000. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term. The following is a summary of changes in the Hospital's claims liability for the year ended June 30:

	<u>2023</u>	<u>2022</u>
Beginning of the year	\$ 97,000	\$ -0-
Plus: Claims incurred and changes in estimate	2,955,591	2,085,936
Less: Claims paid	<u>2,772,316</u>	<u>1,988,936</u>
End of the year	\$ <u>280,275</u>	\$ <u>97,000</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 20 - NOTES RECEIVABLE AND PHYSICIAN CONTRACT GUARANTEES

The following is a summary of notes receivable and physician contract guarantees at June 30. Management asserts no allowances for uncollectible accounts are needed.

	<u>2023</u>	<u>2022</u>
Physician notes	\$ 24,306	\$ 56,945
Physician contract guarantees	<u>757,798</u>	<u>934,381</u>
	782,104	991,326
Less current maturities	<u>(257,745)</u>	<u>(526,236)</u>
Long-term notes receivable	\$ <u>524,359</u>	\$ <u>465,090</u>

NOTE 21 - MEDICARE ADVANCE PAYMENTS

The Hospital applied for and received \$7,161,894 in Medicare Advance Payments during April 2020. The advance payments are to assist the Hospital due to the reduction in volume experienced by the restrictions placed by the Louisiana Department of Health in response to the coronavirus pandemic. These restrictions included postponement of elective procedures. Recoupment of the advance payments through Medicare claims began in April of 2021. As of June 30, 2022, a total of \$5,896,443 has been recouped with \$1,265,451 expected to be recouped within one year.

NOTE 22 - CONTINGENCIES

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

The principal contingencies are described below:

Third-Party Government-Based Revenues (Note 1) - Cost reimbursements are subject to examination by agencies administering the programs. Effective October 1, 1983, the Medicare program discontinued its cost-based reimbursement system for inpatient services. Under the program, the District receives a fixed fee for each patient, which is determined by the government. The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 22 - CONTINGENCIES (Continued)

The healthcare industry is subject to numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as privacy, licensure, accreditation, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 16) - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Workmen's Compensation Risk (Note 17) - The District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

Hill-Burton Uncompensated Service and Community Service Obligations - As a result of the District receiving a Federal Hill-Burton program grant, the District is required to provide a reasonable volume of uncompensated services to patients who are unable to pay for their medical care. The District's obligation for uncompensated services was fulfilled on July 17, 1998. Additionally, the District is obligated to provide community service.

NOTE 23 - AD VALOREM TAXES

The District levies a property tax on all property subject to taxation in the service district. A 5.53 mill tax was approved for a period of ten years, beginning with the year 2003 and ending with the year 2012, to be dedicated and used for operating, maintaining, renovating, and improving emergency medical services. Beginning in year 2023, a 5.31 mill tax was approved for a period of ten years for the same purposes. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District. Property tax notices are mailed by November 15 each year, are due by December 31, and become delinquent on January 31.

NOTE 24 - GRANTS

In 2022, the Hospital (Grantee) entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to Grantee's service population subject to the availability of such grant funds. The aggregate IGT grant income was \$3,599,787 fiscal year 2022.

Various other grants were received during the year for other uses.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 25 - COVID-19 GRANTS

The Hospital received approximately \$10.7 million in Provider Relief Funds (the funds) via the Coronavirus Aid, Relief, and Economic Security (CARES) Act during the fiscal years ending June 30, 2020, 2021 and 2022. The funds were issued by the U.S. Department of Health & Human Services (HHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. The Hospital recognized approximately \$4.9 million, \$2.1 million and \$3.7 million as nonoperating revenue in the fiscal years ending June 30, 2020, 2021 and 2022, respectively. The Hospital has submitted reports of healthcare related expenses and lost revenues attributable to coronavirus. A final report is due March 31, 2023. Funds received in excess of the reported expenses and lost revenues, if any, will be owed to HHS. As a result, the amount recorded in the financial statements compared to the Hospital's Provider Relief Fund reporting could differ. This difference could be materially different from the current estimates.

NOTE 26 - CHANGE IN METHOD OF ACCOUNTING FOR SUBSCRIPTION ASSETS

As discussed in Note 1, the Hospital adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) during fiscal year 2023. This statement is applied retroactively by restating balances in the financial statements as of June 30, 2022, as follows:

		As Previously <u>Reported</u>		<u>As Restated</u>
Subscription assets, net	\$	-0-	\$	1,892,724
Subscription liabilities	\$	-0-	\$	1,875,669

The impact of the retroactive adoption of GASB 96 on June 30, 2022 net position was an increase of \$17,055.

NOTE 27 - RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

Management has elected to restate patient accounts receivable and limited use assets by reducing the amounts by \$1,600,000 and \$430,297, respectively in fiscal year 2022. The net position was reduced by the same amount.

NOTE 28 - SUBSEQUENT EVENTS

Events have been evaluated through December 27, 2023, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION
JUNE 30, 2023

	Natchitoches			NRMC			NRMC			Northwestern	Eliminating	Consolidated
	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Louisiana Cancer Center, LLC		Entries	
ASSETS												
Current												
Cash and cash equivalents	\$ 4,126,543	\$ 725,923	\$ 13,432	\$ 327,984	\$ 334,933	\$ -0-	\$ 133,808	\$ 231,144	\$ 27,238	\$ -0-	\$ -0-	\$ 5,921,005
Limited use assets	26,364	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	26,364
Patient accounts receivable, net	12,451,497	3,405	-0-	-0-	-0-	-0-	-0-	247,080	-0-	-0-	-0-	12,701,982
Estimated third-party payor settlements	1,990,774	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,990,774
Other receivables	3,741,408	93,036	210	484,737	971,122	-0-	205,119	-0-	-0-	(3,304,152)	-0-	2,191,480
Inventory	2,203,785	-0-	-0-	-0-	-0-	-0-	-0-	51,096	-0-	-0-	-0-	2,254,881
Prepaid expenses	837,470	4,882	-0-	5,395	-0-	-0-	-0-	-0-	-0-	-0-	-0-	847,747
Lease receivable - current	68,436	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	68,436
Notes receivable - current	257,745	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	257,745
Total Current Assets	25,704,022	827,246	13,642	818,116	1,306,055	-0-	338,927	529,320	27,238	(3,304,152)	-0-	26,260,414
Other												
Limited use assets	10,555,286	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	10,555,286
Lease receivable	1,022,678	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,022,678
Nondepreciable capital assets	2,296,856	-0-	45,899	-0-	-0-	-0-	-0-	-0-	217,105	-0-	-0-	2,559,860
Depreciable capital assets, net	40,330,015	4,012	1,110,017	476,641	1,048,783	-0-	9,197	-0-	2,570,830	-0-	-0-	45,549,495
Right-of-use assets	4,534,696	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,534,696
Subscription assets, net	3,012,584	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,012,584
Capitalized construction interest	1,786,757	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,786,757
Notes receivable	524,359	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	524,359
Other	4,894,298	233,200	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(4,391,514)	-0-	735,984
Total Assets	\$ 94,661,551	\$ 1,064,458	\$ 1,169,558	\$ 1,294,757	\$ 2,354,838	\$ -0-	\$ 348,124	\$ 529,320	\$ 2,815,173	\$ (7,695,666)	\$ -0-	\$ 96,542,113

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2023

	Natchitoches			NRMC			NRMC			Northwestern	Eliminating	Consolidated
	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Northwestern Louisiana Cancer Center, LLC			
LIABILITIES AND NET POSITION												
Current												
Accounts payable	\$ 12,980,693	\$ 18,239	\$ 395	\$ 65,553	\$ 459,256	\$ -0-	\$ 63,632	\$ 649,172	\$ 325,762	\$ (3,304,152)	\$	11,258,550
Accrued expenses	2,431,323	-0-	-0-	4,200	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,435,523
Unearned revenue	105,000	(4,605)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	100,395
Estimated third-party payor settlements	760,782	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	760,782
Current portion of lease liabilities	1,900,901	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,900,901
Current portion of subscription liabilities	831,781	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	831,781
Current portion of long-term debt	1,421,810	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,421,810
Total Current Liabilities	20,432,290	13,634	395	69,753	459,256	-0-	63,632	649,172	325,762	(3,304,152)		18,709,742
Long-term Liabilities												
Lease liabilities	2,583,740	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,583,740
Subscription liabilities	2,149,175	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,149,175
Long-term debt	6,608,190	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,552,529	-0-	-0-	8,160,719
Total Liabilities	31,773,395	13,634	395	69,753	459,256	-0-	63,632	649,172	1,878,291	(3,304,152)		31,603,376
Deferred inflows of resources	1,030,017	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,030,017
Net Position												
Invested in capital assets, net of related debt	34,596,871	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,929,955	38,526,826
Restricted	423,497	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	423,497
Unrestricted	26,837,771	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(3,943,288)	22,894,483
Total Controlling Net Position	61,858,139	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(13,333)	61,844,806
Noncontrolling interest in subsidiary	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,063,914	2,063,914
Total Net Position	61,858,139	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,050,581	63,908,720
Members' Equity	-0-	1,050,824	1,169,163	1,225,004	1,895,582	-0-	284,492	(119,852)	936,882	(6,442,095)		-0-
Total Liabilities and Net Position	\$ 94,661,551	\$ 1,064,458	\$ 1,169,558	\$ 1,294,757	\$ 2,354,838	\$ -0-	\$ 348,124	\$ 529,320	\$ 2,815,173	\$ (7,695,666)		\$ 96,542,113

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Natchitoches			NRMC							Northwestern	Eliminating	Consolidated
	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Louisiana Cancer Center, LLC				
Revenues													
Net patient service revenue	\$ 76,857,432	\$ 97,893	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,340,771	\$ -0-	\$ -0-	\$ -0-	\$ 82,296,096	
Medicaid supplemental payments	15,930,564	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,930,564	
Other revenue	3,370,798	554,511	551,061	2,137,466	3,269,909	-0-	926,385	3,888	109,464	(8,470,035)		2,453,447	
Total Revenues	96,158,794	652,404	551,061	2,137,466	3,269,909	-0-	926,385	5,344,659	109,464	(8,470,035)		100,680,107	
Expenses													
Salaries and benefits	47,904,194	84,077	301,287	687,947	825,666	-0-	298,379	620,645	-0-	-0-	-0-	50,722,195	
Medical supplies and drugs	10,337,970	11,257	-0-	144,842	191,277	-0-	15,066	4,543,003	-0-	-0-	-0-	15,243,415	
Medical, professional and consulting	7,489,711	4,780	-0-	-0-	806,849	-0-	57,763	51,425	-0-	-0-	-0-	8,410,528	
Other expenses	31,131,046	114,748	108,011	201,915	79,847	-0-	19,337	142,951	35,791	(6,933,827)		24,899,819	
Insurance	2,074,576	3,508	22,294	10,277	31,711	-0-	5,654	1,304	-0-	-0-	-0-	2,149,324	
Depreciation and amortization	5,895,705	892	53,649	73,748	74,913	-0-	10,579	-0-	142,166	-0-	-0-	6,251,652	
Total Expenses	104,833,202	219,262	485,241	1,118,729	2,010,263	-0-	406,778	5,359,328	177,957	(6,933,827)		107,676,933	
Operating Income (Loss)	(8,674,408)	433,142	65,820	1,018,737	1,259,646	-0-	519,607	(14,669)	(68,493)	(1,536,208)		(6,996,826)	
Nonoperating Revenues (Expenses)													
Property taxes	2,006,593	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,006,593	
Covid-19 grant awards	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Interest income	356,005	20	-0-	-0-	-0-	-0-	-0-	-0-	352	-0-	-0-	356,377	
Gain on sale of equipment	0	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Interest expense	(679,969)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(173,255)	-0-	-0-	(853,224)	
Total Nonoperating Rev (Exp)	1,682,629	20	-0-	-0-	-0-	-0-	-0-	-0-	(172,903)	-0-		1,509,746	
Excess of Revenue over Expenses	\$ (6,991,779)	\$ 433,162	\$ 65,820	\$ 1,018,737	\$ 1,259,646	\$ -0-	\$ 519,607	\$ (14,669)	\$ (241,396)	\$ (1,536,208)		\$ (5,487,080)	

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
YEAR ENDED JUNE 30, 2023

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Northwestern Louisiana Cancer Center, LLC	Eliminating Entries	Consolidated
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(1,504,700)	\$ (1,504,700)
Other comprehensive income											
Unrealized holding gains (losses)	(187,033)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(187,033)
Changes in net position	(7,178,812)	433,162	65,820	1,018,737	1,259,646	-0-	519,607	(14,669)	(241,396)	(3,040,908)	(7,178,813)
Beginning net position	69,036,952	1,183,662	1,103,343	967,823	2,108,896	-0-	599,885	(315,533)	1,178,278	(6,839,687)	69,023,619
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	210,350	-0-	(210,350)	-0-
Distribution paid	-0-	(566,000)	-0-	(761,556)	(1,472,960)	-0-	(835,000)	-0-	-0-	3,635,516	-0-
Ending net position	\$ 61,858,140	\$ 1,050,824	\$ 1,169,163	\$ 1,225,004	\$ 1,895,582	\$ -0-	\$ 284,492	\$ (119,852)	\$ 936,882	\$ (6,455,429)	\$ 61,844,806

**NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION
JUNE 30, 2022**

ASSETS	Natchitoches			NRMCM			NRMCM			Northwestern	Eliminating Entries	Consolidated
	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMCM Comprehensive Wound Care, LLC	NRMCM Walk-In Clinic Ventures, LLC	NRMCM Pain Institute Ventures, LLC	NRMCM Pharmacy Alliance, LLC	Louisiana Cancer Center, LLC			
Current												
Cash and cash equivalents	\$ 2,509,440	\$ 936,268	\$ 11,290	\$ 485,636	\$ 108,340	\$ -0-	\$ 353,687	\$ 36,601	\$ 245,724	\$ -0-	\$ -0-	\$ 4,686,986
Limited use assets	38,678	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	38,678
Patient accounts receivable, net	9,944,066	(106,553)	1,695	-0-	-0-	-0-	-0-	505,697	-0-	-0-	-0-	10,344,905
Estimated third-party payor settlements	3,260,269	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,260,269
Other receivables	7,285,162	139,050	(790)	290,052	1,120,164	-0-	252,674	-0-	15,458	(3,231,075)	-0-	5,870,695
Inventory	2,235,266	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,235,266
Prepaid expenses	646,612	7,050	-0-	5,768	-0-	-0-	-0-	-0-	-0-	-0-	-0-	659,430
Lease receivable - current	298,524	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	298,524
Notes receivable - current	526,236	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	526,236
Total Current Assets	26,744,253	975,815	12,195	781,456	1,228,504	-0-	606,361	542,298	261,182	(3,231,075)	-0-	27,920,989
Other												
Limited use assets	15,604,846	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,604,846
Lease receivable	921,115	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	921,115
Nondepreciable capital assets	6,376,757	-0-	45,899	-0-	-0-	-0-	-0-	-0-	217,105	-0-	-0-	6,639,761
Depreciable capital assets, net	38,923,095	4,903	1,163,667	246,843	1,123,696	-0-	19,776	-0-	2,712,995	-0-	-0-	44,194,975
Right-of-use capital assets, net	4,743,948	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,743,948
Subscription assets, net	1,892,724	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,892,724
Capitalized construction interest	1,808,507	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,808,507
Notes receivable	465,090	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	465,090
Other	5,101,464	233,200	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(4,598,680)	735,984
Total Assets	\$ 102,581,799	\$ 1,213,918	\$ 1,221,761	\$ 1,028,299	\$ 2,352,200	\$ -0-	\$ 626,137	\$ 542,298	\$ 3,191,282	\$ (7,829,755)	\$ -0-	\$ 104,927,939

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2022

<u>LIABILITIES AND NET POSITION</u>	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMCC Comprehensive Wound Care, LLC	NRMCC Walk-In Clinic Ventures, LLC	NRMCC Pain Institute Ventures, LLC	NRMCC Pharmacy Alliance, LLC	Northwestern Louisiana Cancer Center, LLC	Eliminating Entries	Consolidated
Current											
Accounts payable	\$ 11,889,234	\$ 23,577	\$ 118,418	\$ 60,476	\$ 243,304	\$ -0-	\$ 26,252	\$ 857,831	\$ 321,802	\$ (2,983,905)	\$ 10,556,989
Accrued expenses	2,284,184	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,284,184
Unearned revenue	247,170	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(247,170)	-0-
Estimated third-party payor settlements	700,055	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	700,055
Medicare advance payments	1,258,772	6,679	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,265,451
Current portion of lease liability	1,282,718	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,282,718
Current portion of subscription liabilities	702,969	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	702,969
Current portion of long-term debt	1,195,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,195,000
Total Current Liabilities	19,560,102	30,256	118,418	60,476	243,304	-0-	26,252	857,831	321,802	(3,231,075)	17,987,366
Long-term Liabilities											
Lease liability	3,597,644	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,597,644
Subscription liabilities	1,172,700	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,172,700
Long-term debt	8,030,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,691,202	-0-	9,721,202
Total Liabilities	32,360,446	30,256	118,418	60,476	243,304	-0-	26,252	857,831	2,013,004	(3,231,075)	32,478,912
Deferred inflows of resources	1,184,401	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,184,401
Net Position											
Invested in capital assets, net of related debt	36,074,852	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,843,682	39,918,534
Restricted	356,126	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	356,126
Unrestricted	32,605,974	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(3,857,015)	28,748,959
Total Controlling Net Position	69,036,952	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(13,333)	69,023,619
Noncontrolling interest in subsidiary	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,241,007	2,241,007
Total Net Position	69,036,952	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,227,674	71,264,626
Members' Equity	-0-	1,183,662	1,103,343	967,823	2,108,896	-0-	599,885	(315,533)	1,178,278	(6,826,354)	-0-
Total Liabilities and Net Position	\$ 102,581,799	\$ 1,213,918	\$ 1,221,761	\$ 1,028,299	\$ 2,352,200	\$ -0-	\$ 626,137	\$ 542,298	\$ 3,191,282	\$ (7,829,755)	\$ 104,927,939

**NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	Natchitoches			NRMC			NRMC		NRMC	Northwestern	Eliminating	Consolidated
	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	Comprehensive Wound Care, LLC	NRMC Walk-in Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Louisiana Cancer Center, LLC			
Revenues												
Net patient service revenue	\$ 77,178,863	\$ 71,127	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 834,373	\$ -0-	\$ -0-	\$ -0-	\$ 78,084,363
Medicaid supplemental payments	5,742,830	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,742,830
Other revenue	<u>8,260,416</u>	<u>389,627</u>	<u>373,784</u>	<u>2,066,775</u>	<u>3,620,056</u>	<u>-0-</u>	<u>441,804</u>	<u>318</u>	<u>38,644</u>	<u>(7,473,611)</u>	<u>-</u>	<u>7,717,813</u>
Total Revenues	<u>91,182,109</u>	<u>460,754</u>	<u>373,784</u>	<u>2,066,775</u>	<u>3,620,056</u>	<u>-0-</u>	<u>441,804</u>	<u>834,691</u>	<u>38,644</u>	<u>(7,473,611)</u>	<u>-</u>	<u>91,545,006</u>
Expenses												
Salaries and benefits	44,510,628	81,039	321,527	630,566	939,831	-0-	279,705	293,065	-0-	-0-	-0-	47,056,361
Medical supplies and drugs	9,668,897	10,457	-0-	132,820	253,752	-0-	9,628	793,843	-0-	-0-	-0-	10,869,397
Medical, professional and consulting	6,920,623	65,124	-0-	-0-	808,130	-0-	34,657	-0-	-0-	-0-	-0-	7,828,534
Other expenses	25,396,069	114,539	141,968	218,811	98,637	-0-	16,220	153,225	18,591	(6,608,577)	-0-	19,549,483
Insurance	1,947,893	7,846	30,675	14,878	39,405	-0-	13,950	241	-0-	-0-	-0-	2,054,888
Depreciation and amortization	<u>5,826,153</u>	<u>891</u>	<u>87,029</u>	<u>39,642</u>	<u>80,264</u>	<u>-0-</u>	<u>13,858</u>	<u>-0-</u>	<u>130,319</u>	<u>-0-</u>	<u>-0-</u>	<u>6,178,156</u>
Total Expenses	<u>94,270,263</u>	<u>279,896</u>	<u>581,199</u>	<u>1,036,717</u>	<u>2,220,019</u>	<u>-0-</u>	<u>368,018</u>	<u>1,240,374</u>	<u>148,910</u>	<u>(6,608,577)</u>	<u>-</u>	<u>93,536,819</u>
Operating Income (Loss)	<u>(3,088,154)</u>	<u>180,858</u>	<u>(207,415)</u>	<u>1,030,058</u>	<u>1,400,037</u>	<u>-0-</u>	<u>73,786</u>	<u>(405,683)</u>	<u>(110,266)</u>	<u>(865,034)</u>	<u>-</u>	<u>(1,991,813)</u>
Nonoperating Revenues (Expenses)												
Property taxes	2,040,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,040,000
Covid-19 grant awards	3,671,870	-0-	33,899	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,705,769
Interest income	327,965	-0-	-0-	-0-	-0-	-0-	-0-	-0-	74	-0-	-0-	328,039
Gain on sale of equipment	234,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	234,000
Interest expense	<u>(581,552)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(581,552)</u>
Total Nonoperating Rev (Exp)	<u>5,692,283</u>	<u>-0-</u>	<u>33,899</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>74</u>	<u>-0-</u>	<u>-0-</u>	<u>5,726,256</u>
Excess of Revenue over Expenses	\$ 2,604,129	\$ 180,858	\$ (173,516)	\$ 1,030,058	\$ 1,400,037	\$ -0-	\$ 73,786	\$ (405,683)	\$ (110,192)	\$ (865,034)	\$ -	\$ 3,734,443

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
YEAR ENDED JUNE 30, 2022

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Northwestern Louisiana Cancer Center, LLC	Eliminating Entries	Consolidated
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(1,130,314)	\$ (1,130,314)
Other comprehensive income											
Unrealized holding gains (losses)	<u>(737,177)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(737,177)</u>
Changes in net position	1,866,952	180,858	(173,516)	1,030,058	1,400,037	-0-	73,786	(405,683)	(110,192)	(1,995,348)	1,866,952
Beginning net position	67,165,694	1,002,804	1,276,859	788,406	2,049,859	-0-	526,099	-0-	-0-	(5,657,360)	67,152,361
Prior period adjustment	4,306	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,306
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	90,150	1,288,470	(1,378,620)	-0-
Distribution paid	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(850,641)</u>	<u>(1,341,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,191,641</u>	<u>-0-</u>
Ending net position	\$ <u>69,036,952</u>	\$ <u>1,183,662</u>	\$ <u>1,103,343</u>	\$ <u>967,823</u>	\$ <u>2,108,896</u>	\$ <u>-0-</u>	\$ <u>599,885</u>	\$ <u>(315,533)</u>	\$ <u>1,178,278</u>	\$ <u>(6,839,687)</u>	\$ <u>69,023,619</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Daily patient services:		
Routine services	\$ 4,268,352	\$ 5,351,921
Intensive care	3,822,973	5,264,250
Nursery	534,760	627,056
Long-term care	6,726,600	6,422,121
Swing bed	28,348	20,888
Geriatric psych	<u>4,250,660</u>	<u>4,292,000</u>
Total daily patient services	<u>19,631,693</u>	<u>21,978,236</u>
Other professional services:		
Operating and recovery room		
Inpatient	5,951,426	6,403,322
Outpatient	<u>24,728,959</u>	<u>22,385,642</u>
Total	<u>30,680,385</u>	<u>28,788,964</u>
Labor and delivery		
Inpatient	912,136	928,339
Outpatient	<u>337,940</u>	<u>294,849</u>
Total	<u>1,250,076</u>	<u>1,223,188</u>
Anesthesia		
Inpatient	1,009,500	1,143,626
Outpatient	<u>3,238,675</u>	<u>2,900,333</u>
Total	<u>4,248,175</u>	<u>4,043,959</u>
Radiology, ultrasound, MRI & CT scan		
Inpatient	2,877,922	3,558,292
Outpatient	<u>36,830,435</u>	<u>34,841,109</u>
Total	<u>39,708,357</u>	<u>38,399,401</u>
Laboratory		
Inpatient	5,544,667	7,014,197
Outpatient	<u>28,561,969</u>	<u>28,500,068</u>
Total	<u>\$ 34,106,636</u>	<u>\$ 35,514,265</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Blood		
Inpatient	\$ 1,905,963	\$ 2,277,761
Outpatient	<u>2,979,516</u>	<u>2,966,821</u>
Total	<u>4,885,479</u>	<u>5,244,582</u>
Inhalation therapy		
Inpatient	5,434,091	6,483,663
Outpatient	<u>5,055,875</u>	<u>4,334,101</u>
Total	<u>10,489,966</u>	<u>10,817,764</u>
Physical therapy		
Inpatient	465,626	445,215
Outpatient	<u>158,932</u>	<u>129,200</u>
Total	<u>624,558</u>	<u>574,415</u>
Occupational therapy		
Inpatient	223,400	217,076
Outpatient	<u>50,922</u>	<u>30,274</u>
Total	<u>274,322</u>	<u>247,350</u>
Speech therapy		
Inpatient	96,303	95,789
Outpatient	<u>99,476</u>	<u>93,689</u>
Total	<u>195,779</u>	<u>189,478</u>
Electrocardiology		
Inpatient	411,168	535,816
Outpatient	<u>3,748,870</u>	<u>4,350,247</u>
Total	<u>\$ 4,160,038</u>	<u>\$ 4,886,063</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Central services		
Inpatient	\$ 160,223	\$ 235,258
Outpatient	<u>282,895</u>	<u>290,399</u>
Total	<u>443,118</u>	<u>525,657</u>
Pharmacy		
Inpatient	10,042,327	14,446,494
Outpatient	<u>16,101,201</u>	<u>11,154,987</u>
Total	<u>26,143,528</u>	<u>25,601,481</u>
Emergency room		
Inpatient	2,154,152	2,525,859
Outpatient	<u>17,937,343</u>	<u>14,900,743</u>
Total	<u>20,091,495</u>	<u>17,426,602</u>
Observation		
Outpatient	<u>13,931,081</u>	<u>13,720,511</u>
Ambulance		
Outpatient	<u>7,131,774</u>	<u>7,068,587</u>
Physician clinic		
Outpatient	<u>8,325,223</u>	<u>7,731,941</u>
Campti clinic		
Outpatient	<u>525,602</u>	<u>451,571</u>
Intensive outpatient psychiatric services		
Outpatient	<u>2,196,487</u>	<u>1,206,594</u>
Hospitalist program		
Inpatient	1,317,661	1,155,031
Outpatient	<u>1,368</u>	<u>844</u>
Total	<u>\$ 1,319,029</u>	<u>\$ 1,155,875</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Women's health clinic		
Outpatient	\$ <u>300,925</u>	\$ <u>212,946</u>
Walk-in clinic		
Outpatient	<u>4,266,897</u>	<u>4,316,605</u>
Wound care		
Outpatient	<u>8,859,358</u>	<u>9,303,786</u>
Hyperbarics		
Outpatient	<u>3,899,714</u>	<u>4,448,827</u>
Pain management		
Outpatient	<u>3,308,687</u>	<u>1,577,974</u>
Surgical clinic		
Outpatient	<u>3,260,222</u>	<u>2,740,971</u>
Pulmonary clinic		
Outpatient	<u>2,274,590</u>	<u>2,603,242</u>
Orthopedic clinic		
Outpatient	<u>2,947,791</u>	<u>2,960,571</u>
ENT clinic		
Outpatient	<u>1,547,735</u>	<u>1,292,832</u>
OB/GYN clinic		
Outpatient	<u>5,717,449</u>	<u>5,541,066</u>
Urology clinic		
Outpatient	<u>1,843,307</u>	<u>1,752,693</u>
Multispecialty clinic		
Outpatient	<u>5,406,589</u>	<u>5,474,305</u>
Ambulatory treatment		
Outpatient	<u>618,899</u>	<u>265,089</u>
Cancer center		
Outpatient	\$ <u>20,263,737</u>	\$ <u>9,529,703</u>

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Medicine associates		
Outpatient	\$ <u>230,265</u>	\$ <u>-0-</u>
Total other professional services	<u>275,477,273</u>	<u>256,838,858</u>
Gross charges	<u>295,108,966</u>	<u>278,817,094</u>
Less charges associated with charity patients	<u>807,391</u>	<u>388,707</u>
Gross patient service revenue	294,301,575	278,428,387
Less deductions from revenue:		
Medicare and Medicaid contractual adjustments	117,746,444	117,759,066
Commercial contractual adjustments	89,887,538	76,465,219
Other deductions	<u>354</u>	<u>22,068</u>
Patient service revenue (net of contractual adjustments and discounts)	86,667,239	84,182,034
Less provision for bad debts	<u>4,371,143</u>	<u>6,097,671</u>
Net patient service revenue	\$ <u>82,296,096</u>	\$ <u>78,084,363</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF OTHER REVENUE
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Other revenue:		
Rental income	\$ 623,300	\$ 761,031
Lease income	154,384	327,763
Assisted living housing & care income	551,061	407,683
Donations	-0-	858,000
Dietary sales	229,565	251,810
Drugs sold to employees	-0-	477,196
Vending revenue	28,321	20,846
Grants	74,105	185,553
Intergovernmental transfer grant	-0-	3,599,787
340B pharmaceutical program	23,987	594,421
Other	<u>768,724</u>	<u>233,723</u>
 Total other operating revenue	 \$ <u>2,453,447</u>	 \$ <u>7,717,813</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – SALARIES AND BENEFITS
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Salaries:		
Human resources	\$ 335,120	\$ 422,541
Administration	2,240,084	2,071,625
Information systems	529,731	591,891
Accounting	303,384	178,845
Admitting	831,901	831,849
Business office	538,279	461,082
Housekeeping	756,866	729,446
Laundry	58,083	47,796
Plant operations and maintenance	555,203	525,019
Security	236,739	254,882
Nursing administration	1,659,182	1,381,559
Medical records	365,060	394,502
Nursing services	2,218,765	2,325,655
ICU	1,161,060	1,429,835
Geriatric psych	802,653	767,387
Nursery	227,129	228,393
Long-term care	3,916,668	3,506,644
Operating room	1,731,431	1,851,537
Labor and delivery	470,642	470,007
Radiology	1,818,037	1,621,102
Laboratory	1,210,917	1,225,378
Respiratory therapy	769,717	783,234
Physical therapy	317,813	298,884
Occupational therapy	175,893	185,589
Speech therapy	55,982	63,564
Purchasing	317,609	260,313
Pharmacy	1,431,935	1,084,646
Intensive outpatient psychiatric services	368,016	353,071
Emergency room	1,797,345	1,678,507
Ambulance	2,033,899	1,698,184
Physician clinic	691,441	650,885
Campiti clinic	295,243	299,688
Assisted living	256,832	282,918
Hospitalist program	1,217,121	1,156,183
Walk-in clinic	1,953,845	2,050,387
Wound care	\$ 708,861	\$ 832,274

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – SALARIES AND BENEFITS (Continued)
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Pain management	\$ 247,138	\$ 246,058
Sleep center	318,016	362,546
Sports medicine	259,868	189,687
Surgery clinic	1,508,819	1,264,916
ENT clinic	578,994	438,347
Pulmonary clinic	1,012,369	922,972
Orthopedic clinic	1,457,298	1,168,600
OB/GYN clinic	1,780,306	2,176,304
Urology clinic	880,640	919,273
Multi-Specialty clinic	31,939	-0-
Medicine associates	160,849	-0-
Ambulatory treatment	160,143	138,189
Cancer center	777,549	437,563
Discovery house	<u>125,163</u>	<u>69,473</u>
 Total salaries	 <u>43,657,577</u>	 <u>41,329,230</u>
 Benefits:		
FICA and Medicare tax	3,001,470	2,835,029
Hospital insurance	3,086,844	2,158,518
Retirement	724,151	445,780
Other	<u>252,153</u>	<u>287,804</u>
 Total benefits (excluding retirement)	 <u>7,064,618</u>	 <u>5,727,131</u>
 Total salaries and benefits	 <u>\$ 50,722,195</u>	 <u>\$ 47,056,361</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – MEDICAL SUPPLIES AND DRUGS
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Nursing service	\$ 276,739	\$ 355,191
ICU	127,722	263,799
Geriatric psych	8,732	13,664
Nursery	27,565	41,661
Long-term care	258,281	131,038
Operating room	3,686,194	3,248,058
Labor and delivery	24,533	50,392
Anesthesiology	88,283	89,972
Radiology, nuclear medicine, CT scan	188,327	186,210
Laboratory and blood	1,405,543	1,495,039
Respiratory therapy	99,101	140,593
Physical therapy	(846)	1,083
EKG	17,310	25,967
Central supply	20,134	40,345
Pharmacy	7,251,802	3,587,160
Emergency room	49,591	197,691
Ambulance	49,063	36,102
Physician clinic	144,842	132,820
Campti clinic	21,951	20,501
Walk-in clinic	76,633	117,224
Wound care	191,277	253,752
Pain clinic	15,066	9,628
Surgery clinic	2,112	2,702
ENT clinic	43,098	39,243
Pulmonary clinic	234	252
Orthopedic clinic	99,404	71,262
OB/GYN clinic	168,596	171,664
Urology clinic	232,873	130,104
Pediatric clinic	164	-0-
Multi-Specialty clinic	381	-0-
Medicine associates	2,398	-0-
Intensive outpatient psychiatric services	62	81
Dialysis	1,915	2,743
Infusion therapy	7,885	11,596
Multispecialty clinic	135	512
Cancer center	<u>656,315</u>	<u>1,348</u>
 Total medical supplies and drugs	 \$ <u>15,243,415</u>	 \$ <u>10,869,397</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – MEDICAL, PROFESSIONAL AND
CONSULTING SERVICES
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Routine nursing	\$ 604,809	\$ 998,212
ICU	263,607	85,979
Geriatric psych	391,601	330,335
Nursery	1,104	221
LTCU	233,361	471,902
Operating room	280,869	322,090
Labor and delivery	-0-	12,410
Anesthesiology	411,202	301,088
Radiology, ultrasound, CT scan	461,509	250,581
Laboratory	582,416	592,747
Respiratory therapy	143,038	301,688
Physical therapy	4,217	7,254
Pharmacy	592,757	362,957
Emergency room	1,276,055	1,372,430
Other	83,918	74,899
Sleep study	49,119	11,797
Intensive outpatient psychiatric services	123,906	100,273
Hospitalist program	5,343	5,000
Campti clinic	15,199	13,675
Walk-in clinic	366,502	115,550
Pain management	58,742	52,509
Wound care	806,849	808,130
ENT clinic	19,751	18,258
Pulmonary clinic	22,989	27,515
Orthopedic clinic	37,119	34,593
Surgery clinic	94,326	77,368
OB/GYN clinic	122,456	137,574
Multispecialty clinic	63,723	-0-
Medicine associates	92	-0-
Dialysis	298,386	214,941
Urology clinic	8,050	12,016
Ambulatory treatment	1,139	12,811
Cancer center	<u>986,374</u>	<u>701,731</u>
 Total medical, professional and consulting	 \$ <u>8,410,528</u>	 \$ <u>7,828,534</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – OTHER
YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Service fees	\$ 7,520,959	\$ 7,358,703
Legal and accounting	465,840	540,446
Non-medical supplies	2,677,318	3,699,134
Repairs and maintenance	267,378	102,950
Utilities	2,346,965	2,119,106
Telephone	134,503	123,405
Travel and fuel - ambulance	107,534	98,067
Travel and fuel - other	124,985	117,838
Rental expense	856,324	387,032
Education expense	48,526	25,037
Licenses, dues and subscriptions	1,075,064	1,481,407
Patient days tax	395,291	374,835
Advertising	370,115	492,281
Recruitment	566,690	351,354
Inter-governmental transfer expense	2,139,177	2,035,431
Access to care payments	5,626,676	-0-
Other	<u>176,474</u>	<u>242,457</u>
 Total other expenses	 \$ <u>24,899,819</u>	 \$ <u>19,549,483</u>

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY

The Natchitoches Parish Hospital was built by the people of the Parish of Natchitoches, Louisiana, in cooperation with the United States Government, and is operated by the Natchitoches Parish Hospital Service District as created by the Police Jury of Natchitoches Parish, Louisiana.

In consideration of an agreement between the Police Jury of Natchitoches Parish, Louisiana, and the Natchitoches Parish Hospital Service District whereby the Police Jury agreed to construct, complete and equip a hospital in Natchitoches Parish, the Hospital Service District agrees to do and perform the following:

1. To operate the District for the duration of this twenty-year agreement as a non-profit institution in accordance with an agreement entered into by and between the Parish and the United States.
2. To maintain and operate the District and assume and pay the expenses of operations and maintenance to the extent of the income and revenues derived therefrom.
3. To have full and complete charge of the management and operation of the District and conduct and operate said District at all times in accordance with acceptable standards of hospital practice.

The Parish covenants to do and perform, as consideration for this agreement, the following:

1. To equip the hospital building for hospital purposes with modern equipment sufficient to meet the needs of present day hospital practice. If, however, the District desires to replace said equipment with new equipment, it may do so, and said new equipment shall be and remains the property of the Parish if paid for out of the income resulting from the operation of the District. It is understood and agreed, however, that the Parish shall not be responsible for the securing of additional equipment other than that already purchased or installed when the District takes possession of the premises.
2. To levy the special tax of one mill on the dollar of all property subject to state taxation in the Parish for a period of three years beginning with the year 1956, as authorized by the special election held in the Parish on November 15, 1955, and the Parish shall pay to the District the net proceeds of said tax, as when collected. Said net proceeds shall be used by the District solely to defray the costs of operating and maintaining the District described herein, and proceeds at such intervals as the Parish may require.

During the year ended September 30, 1965, the Natchitoches Parish Hospital was enlarged by the addition of a nursing home, an autopsy room, new patient rooms and additional administrative and storage space. The new construction was financed by: (1) a grant from the United States Government under the Hill-Burton Act in the amount of \$307,000; (2) proceeds of a \$400,000 bond issue; and, (3) revenues of the Natchitoches Parish Hospital. The \$400,000 of Natchitoches Parish, Louisiana, Hospital Improvement Revenue Bonds, 3 1/2%, Series 1963, were purchased by the United States of America, Housing and Home Finance Agency. These bonds were retired in 1979.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

On June 14, 1977, a seven million dollar (\$7,000,000) bond issue was passed by the people of Natchitoches Parish. The seven million dollars (\$7,000,000) consisted of four million five hundred thousand dollars (\$4,500,000) of Public Improvement Bonds to be paid by ad valorem taxes. Two million five hundred thousand dollars (\$2,500,000) were to be Revenue Bonds and were to be paid off out of the general operating revenue of the District. Pursuant to a public hearing held on March 6, 1979, the District was authorized to issue \$4,500,000 of Hospital Revenue Bonds in lieu of the \$2,500,000 of Hospital Revenue Bonds.

On May 22, 1978, the Public Improvement Bonds were sold. The Public Improvement Hospital Bonds are dated April 1, 1978, and are in denominations of five thousand dollars (\$5,000) each, and bear interest at a rate or rates not exceeding six and one-half percent (6 1/2%) per annum on any bond in any interest payment period. Said interest to be payable April 1, 1979, and semi-annually thereafter on April 1st and October 1st of each year. Bonds numbered 204 to 900, inclusive, are callable for redemption by the District in the inverse order of their maturities, and if less than a full maturity, then by lot within such maturity, on any interest payment date on or after April 1, 1988, at the principal amount thereof and accrued interest to the date fixed for redemption, provided that official notice be given of such call of any of the bonds for redemption date by means of publication of an appropriate notice one time in a financial newspaper or journal published in the City of New York, or in the City of New Orleans, Louisiana, and sent by registered mail to the place of payment of the bonds. Bonds of this issue numbered 1 to 203, inclusive, are not callable for redemption prior to their stated dates of maturity. The bonds are secured by a special tax to be imposed and collected annually in excess of all other taxes on all the property subject to taxation within the territorial limits of the District. On October 1, 1985, funds were deposited in an irrevocable trust and zero coupon United States of America Trust securities were purchased. The securities began maturing in February 1995, and will be used to pay payments on the bonds until payment in full. No collections of taxes were required after that time.

In May 1979, the Hospital Revenue Bonds were sold. These bonds are dated April 1, 1979, and are in denominations of five thousand dollars (\$5,000) each, and bear interest at a rate or rates not exceeding seven and seven-eighths percent (7 7/8%) per annum on any bond in any interest period. Said interest to be payable October 1, 1979, and semi-annually thereafter on April 1st and October 1st of each year.

The Series 1979 Revenue Bonds are also subject to redemption in whole, at any time, or in part, at any interest payment date, at the option of the District upon the occurrence of any of the following conditions or events: (1) if title to, or the permanent use of, or use for a limited period of, substantially all of the District is condemned; or (2) if the title to substantially all of the District is found to be deficient to the extent that the Hospital is untenable or the efficient utilization of the District by the District is substantially impaired; or (3) if substantially all of the District is damaged or destroyed by fire or other casualty; or (4) if as a result of any changes in the Constitution of the United States of America or of the State of Louisiana or of legislative or administrative action, or failure of administrative action, by the United States or the State of Louisiana, or any agency or political subdivision thereof, or by reason of any judicial decision, (i) the Resolution becomes void or unenforceable or impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities are imposed on the District, including without limitation Federal, state or other ad valorem property, income or other taxes being imposed on the property of the District. In the event of such redemption, the Bonds shall be subject to redemption at the principal amount thereof plus accrued interest to the date of redemption, but without premium.

The Series 1979 Bonds are issued pursuant to a Resolution, under which payment of the principal of, redemption premium, if any, and interest on the Series 1979 Bonds is secured by a pledge of the income, revenues, receipts and accounts receivable derived by, payable or accruing to the District by reason of its operation of the District, subject to payment of the operating expenses of the District.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The Series 1979 Bonds are limited obligations of the District which are payable solely from revenues derived by the District from its operation of the Hospital. The Series 1979 Bonds are not an indebtedness or pledge of the general credit of the State of Louisiana, the Parish or City of Natchitoches or the District. Neither the District nor any of the assets of the District are pledged or mortgaged as security for the Series 1979 Revenue Bonds.

On February 26, 1980, the Louisiana State Bond Commission approved a notice of intention to issue not exceeding \$750,000 of Hospital Revenue Bonds to bear interest at rates not exceeding 9 1/4% per annum, the proceeds of which will be used for the purpose of constructing improvements to the existing facilities or to provide additional facilities, said bonds are to be secured by and payable solely from the District from operations, to mature at such time not exceeding 30 years from date of issuance, and subject further to the approval of the Natchitoches Parish Police Jury. In lieu of issuing these bonds the District made an application for the approval to the State Bond Commission to issue \$500,000 of Certificates of Indebtedness at an interest rate not to exceed eleven and one-half percent per annum. This application was approved on September 1, 1981. The \$500,000 in Certificates of Indebtedness were issued on April 6, 1982. Certificates totaling \$150,000 were issued to each of three banks in Natchitoches. These Certificates of Indebtedness were paid in full on September 28, 1984.

On November 20, 1985, the District's Commissioners resolved to donate a portion of land to the Natchitoches Parish Police Jury so they could construct a parish health clinic. The act of donation was made by resolution of the Board of Commissioners on October 23, 1987. The District's basis in the donated land was \$8,200.

An ambulance service tax is collected by the Natchitoches Parish Police Jury. The tax money is forwarded to the District upon submitting ambulance cost for the year. A ten-year renewal was passed in 1986. The voters of Natchitoches Parish voted not to renew this tax in July 1996.

Effective January 30, 1987, the Long-Term Care Unit qualified as a Medicare participating skilled nursing facility. As of September 25, 1987, a home health program was begun.

On December 1, 1988, the District began renting office space for four physicians in a newly constructed physician office building.

During the year ended June 30, 1990, the District purchased approximately ten acres of land on Keyser Avenue. The State of Louisiana expropriated one quarter acre for road right-of-way.

During the year ended June 30, 1991, the District began an \$845,000 renovation of the fourth and fifth floors of the Hospital which include two additional elevators and a rehabilitation fitness center. The Hospital began redecorating and refurnishing 84 patient rooms. These renovations were completed in fiscal year 1992.

During the year ended June 30, 1992, the District began replacing the chillers and completed replacement of the chillers in fiscal year 1993. The Hospital began and nearly completed a building to be rented as a dialysis center.

During the year ended June 30, 1994, the District completed construction of the dialysis center and began construction of rental facilities for a mental health unit and an obstetrics/gynecology doctors' office. The District also refinanced \$3,600,000 of Revenue bonds. As with the 1979 series, the \$3,560,000 of Series 1994 Bonds, dated May 19, 1994, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital. The interest rates vary from 3.95% to 5.5%.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The District completed construction of the mental health unit, the obstetrics/gynecology doctors' office, senior care center and remodeling of the labor and delivery rooms during the fiscal year ended June 30, 1995. A cooperative endeavor with Northwest Psychiatry, Inc. resulted in the establishment of an adolescent psychiatric program in Natchitoches Parish. Additionally, the Hospital began its own geriatric psychiatric program on the hospital campus just prior to year end.

Effective July 1, 1995, the Hospital's geriatric psychiatric unit received "Distinct Part" status which provides for reasonable cost reimbursement of necessary services to Medicare patients. In February 1996 the cooperative endeavor with Northwest Psychiatry, Inc. ended as Medicaid, the primary payor source for the adolescent facility, tightened its admission and length of stay criteria. The result was an inadequate census and the unit was closed.

The District began leasing twenty-one beds and selling ancillary services to Satellite Rehab, Inc., a separately licensed hospital and unrelated party, on December 1, 1997. Satellite Rehab, Inc. offers inpatient rehabilitative services.

Also, on December 1, 1997, the District entered into a management agreement with Christus Health (the "Manager"). The Manager is responsible for providing an administrator for routine administrative services, making recommendations for the overall rate structure, preparing monthly reports to the Board, managing cash and investments, preparing annual budgets and reviewing the insurance program. The Board of Commissioners retained all authority and control over the District.

During the year ended June 30, 2000, the District financed \$10,000,000 of 6% Series 2000 Revenue Bonds. The \$10,000,000 of Series 2000 bonds, dated June 14, 2000, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

The District received escrow funds in the amount of \$5,000,000 from Christus Health on March 3, 2000, as a part of an agreement with the District to be used for expansion of outpatient facilities. As certain conditions were met, the \$5,000,000 was earned during 1999, 2000, 2001 and 2002.

The District ceased operations of the home health and partial day psychiatric services in June 2000.

During the year ended June 30, 2002, the Hospital renovated the second and third floor of the tower as part of the beginning of a three-phase construction project, which will include a new outpatient service center. This project is being financed by the issuance of the Series 2000 Revenue Bonds of \$10,000,000 and from the \$5,000,000 contribution received by Christus Health.

The Hospital continued its three-phase construction project during 2004 with the completion of the renovation of the second and third floors and expected completion of the new outpatient service center by September of 2005. The final phase of the project, renovation of the first floor, will start after the completion of the outpatient service center.

The Hospital entered into a joint venture with local physicians and created Natchitoches Outpatient Services, LLC. NOP, LLC offers outpatient therapy services and MRI services. NOP, LLC began operations in June of 2005.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The Hospital has changed its d/b/a name to Natchitoches Regional Medical Center to reflect its regional healthcare status.

The Hospital purchased a minority interest in Northwestern Louisiana Cancer Center, LLC, which provides outpatient cancer treatment, in March 2006.

Christus Health conveyed a medical office building to the Hospital in July 2006. The conveyance contains an act of re-conveyance which is subject to the term of the management agreement with Christus Health. At the end of the agreement, the Hospital will recognize the building as an asset and the income based at fair market value.

In September of 2006, the Hospital opened the new outpatient center and started renovation of the first and fourth floor. The fourth floor will be leased to a rehab hospital.

The Hospital completed the renovation of the first and fourth floors in January 2007. The fourth floor is leased to a physical rehabilitation hospital.

The Hospital created a new entity called Natchitoches Assisted Living, LLC. NAL, LLC purchased an assisted living facility for \$1,200,000 on July 12, 2007, through a cash investment by the Hospital. NAL, LLC offers housing and limited care for elderly residents.

During the year ended June 30, 2009, the District financed \$8,000,000 of 4.26% Series 2008 Revenue Bonds. The \$8,000,000 of Series 2008 bonds, dated August 26, 2008, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

Construction of the new nursing home facility began in September of 2008. The facility was completed in November 2009 and the patients were transferred. During FY 2012, the old nursing home was demolished.

The Hospital created a new entity called Regional Cardiology Clinic, LLC on March 2, 2009. RCC, LLC provides cardiology diagnostics and testing services.

The Natchitoches Hospital Foundation merged on November 3, 2010, with the Natchitoches Regional Medical Center Foundation.

The Hospital acquired a medical office building valued at \$4,550,000 by act of donation from Christus Health on December 31, 2010.

On February 3, 2014, the Hospital entered into a joint venture, NRMC Comprehensive Wound Care, LLC, to offer wound care and hyperbaric services.

On April 1, 2015, the Hospital entered into a joint venture with local physicians, NRMC Walk-In Clinic Ventures, LLC, to establish an after-hours care clinic. In February of 2021, the Hospital acquired 100% interest in NRMC Walk-in Clinic Ventures, LLC.

On April 7, 2016, the Hospital entered into a joint venture, NRMC Pain Institute Ventures, LLC, to offer pain management services.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

During the year ended June 30, 2019, the District financed \$9,000,000 of 2.75% to 4.20% Series 2018 Revenue Bonds. The \$9,000,000 of Series 2018 bonds, dated February 13, 2019, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

In June of 2020, construction for a new state of the art wound care center was completed allowing the Hospital to expand its wound care services.

In August of 2020, the Hospital opened its new Multispecialty Clinic which provides urology, ENT, orthopedics, pulmonology, and general surgery services.

In April of 2021, the Hospital opened an outpatient retail pharmacy as a joint venture.

In August of 2021, the Hospital acquired 100% ownership of the Cancer Center.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
SCHEDULE OF PER DIEM
OR OTHER AMOUNTS PAID TO OR ON BEHALF OF COMMISSIONERS
YEAR ENDED JUNE 30, 2023

<u>Board Member</u>	<u>Paid on Behalf of Commissioners</u>
Ronald Corkern	\$ 960
Dr. Chris Ingram	440
Samuel Jackson	240
John Luster	1,360
Michael Newton	1,320
James Kilcoyne	440
Valencia Sarpy Jones	<u>-0-</u>
	\$ <u>4,760</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULE OF BONDS PAYABLE
YEAR ENDED JUNE 30, 2023

NATCHITOCHE PARISH HOSPITAL	RATES	PAYMENT DATES	ISSUE DATES	FINAL MATURITY DATE	ANNUAL SERIAL PAYMENTS	BONDS			
						AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
Revenue bonds - 2008	2.450%	4/1; 10/1	8/26/2008	10/1/2023	735,000 (2024)	\$ <u>10,000,000</u>	\$ <u>8,000,000</u>	\$ <u>7,265,000</u>	\$ <u>735,000</u>
Revenue bonds - 2018 to 4.200%		4/1; 10/1	2/13/2019	10/1/2033	520,000 (2024) 545,000 (2025) 570,000 (2026) 600,000 (2027) 625,000 (2028) 655,000 (2029) 685,000 (2030) 720,000 (2031) 755,000 (2032) 790,000 (2033) 830,000 (2034)	\$ <u>9,000,000</u>	\$ <u>9,000,000</u>	\$ <u>1,705,000</u>	\$ <u>7,295,000</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
 PAYMENTS TO CHIEF EXECUTIVE OFFICER
 YEAR ENDED JUNE 30, 2023

Agency Head Name: Kirk Soileau
 Position: CEO

Purpose	Amount
Salary	338,929
Health insurance	12,528
Retirement	52,225
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	1,208
Registration fees	3,760
Conference travel	13,593
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	12,460
Professional dues	-0-
Cell phone	-0-



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Retired 2015
Bobby G. Lester, CPA

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
Natchitoches Parish Hospital Service District
Natchitoches, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Natchitoches Parish Hospital Service District and its affiliates (the "District" or the "Hospital"), a component unit of the Natchitoches Parish Government, Natchitoches, Louisiana, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items: 2023-001, 2023-002, 2023-003 and 2023-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's consolidated financial statements are free of 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-004.

The District's Responses to Findings

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

Purpose of this Report

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

December 27, 2023





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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Natchitoches Parish Hospital Service District
Natchitoches, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Natchitoches Parish Hospital Service District and its affiliates (the "District" or the "Hospital"), a component unit of the Natchitoches Parish Government, Natchitoches, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, Issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

December 27, 2023



Natchitoches Parish Hospital Service District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2023

<u>Federal Grantor/Program Name/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services COVID-19 Provider Relief Fund	93.498	\$ 3,704,289
U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.697	39,457
U.S. Department of Health and Human Services COVID-19 National Bioterrorism Hospital Preparedness Program Passed-through the Louisiana Hospital Association	93.889	<u>16,472</u>
Total Expenditures of Federal Awards		\$ <u><u>3,760,218</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

Natchitoches Parish Hospital Service District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Natchitoches Parish Hospital Service District (referred to as "the District" or "the Hospital") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE B – Summary of Significant Accounting Policies

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

NOTE C – Indirect Cost Rate

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

NOTE D – Reconciliation of Provider Relief Fund Grant Revenue in the Financial Statements to the SEFA

During the fiscal year ended June 30, 2023, the Hospital received Provider Relief Funds from the U.S. Department of Health and Human Services (HHS) under Assistance Listing Number 93.498. The funds are to be utilized for expenditures to prevent, prepare for, and respond to coronavirus. Additionally, the funds are for lost revenues attributable to coronavirus pandemic. The Hospital recognized the amounts in the financial statements based on meeting the requirements of the program. The amounts received and expended are reported in the SEFA according to HHS's periods of availability. Accordingly, the \$3,704,289 expended in "Period 4" is reported on the June 30, 2023 SEFA, while this amount was reported as COVID-19 grant awards in the fiscal year ended June 30, 2022.

Natchitoches Parish Hospital Service District
Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2023

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified – Yes
- Significant deficiencies identified – No

Compliance

- Noncompliance issue noted – Yes

Management letter issued – No

Federal Awards –

- Material weaknesses identified – No
- Significant deficiencies identified – None Known
- Type of auditor's report issued on compliance for major program: Unmodified
- Any audit findings which are required to be reported under Uniform Guidance – No
- Any instances of material noncompliance in major programs disclosed during the audit – No
- Identification of Major Program:
 - Assistance Listing # 93.498 U.S. Department of Health and Human Services
COVID-19 Provider Relief Fund
- Dollar threshold to distinguish between Type A and Type B Programs – \$750,000
- Auditee qualified as a low-risk auditee – No

Section II. Financial Statement Findings

2023-001 – Medicare and Medicaid Cost Report Estimates

Criteria: The District should make calculations using current information to determine the valuation of Medicare and Medicaid cost report settlements.

Condition: The District did not update its cost report model with current information in estimating the Medicare and Medicaid cost report settlements.

Cause: Due to turnover in the accounting department, management elected not to make a current calculation.

Effect: Net patient service revenue was overstated by approximately \$800,000.

Recommendation: We recommend using current information to estimate the cost report settlements for Medicare and Medicaid.



Natchitoches Parish Hospital Service District
Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2023

Section II. Financial Statement Findings (Continued)

Management Response: The Controller will do mid-year reviews of estimates or when significant changes to Medicare and Medicaid reimbursement to adjust cost report valuations and will consult outside entities when necessary.

2023-002 – Credit Balances on Accounts Receivable

Criteria: The District should review its credit balances on a monthly basis to determine if the account is properly reported or if an adjustment is needed. Any remaining credit balances should be refunded promptly.

Condition: The District's credit balances have grown from approximately \$400,000 to \$1.9 million in the past three years.

Cause: Credit balances are not being investigated and refunds are not being issued.

Effect: Credit balances are most likely overstated and the District is not issuing third parties or patient on overpayments.

Recommendation: We recommend reviewing credit balances on a monthly basis. Recording adjustments for mispostings, if applicable, and refunding third parties or patients for legitimate overpayments on accounts receivable.

Management Response: The Director of Revenue will do analytical reviews credit balances monthly and ensure they are properly reported by year-end.

2023-003 – Subscription-Based Information Technology Arrangements

Criteria: Current GASB pronouncements should be implemented when required.

Condition: Management did not make or record the necessary entries for GASB 96, *Subscription-Based Information Technology Arrangements*.

Cause: Due to turnover in the accounting department, the new GASB accounting standard was not implemented.

Effect: Subscription assets were understated by approximately \$3 million, while Subscription liabilities were understated by approximately \$3 million.

Recommendation: We recommend reviewing new accounting standards and implementation dates to determine how and when the standard will be implemented.

Management Response: The Controller will consult with auditors annually to ensure known changes in GASB are properly accounted for on the year-end financial statements.



Natchitoches Parish Hospital Service District
Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2023

Section II. Financial Statement Findings (Continued)

2023-004 – Bond Covenants

Criteria: The District is required to maintain certain financial statement ratios and goals set by the Hospital Revenue Bond, Series 2018.

Condition: The District did not meet certain financial statement ratios as required by the Hospital Revenue Bond, Series 2018.

Cause: The District experienced a decrease in patient volume and an increase in expenditures following the COVID pandemic that led to the noncompliance.

Effect: The District was not in compliance with the debt covenants.

Recommendation: We recommend acquiring a waiver of the bond covenants for the current year and establishing a system to monitor compliance in future years.

Management Response: Management has acquired a waiver to the bond covenants for the Series 2018 Bonds. Management is in the process of negotiating new bond covenants or removing them.

2023-005 – Check Signature over Cash Disbursements

Criteria: The District requires two separate signatures on all checks.

Condition: The District used a signature of a former employee as the second signature on all checks.

Cause: Oversight by management.

Effect: Internal controls of cash disbursements were overridden.

Recommendation: We recommend removing the former employee and adding any new employees that are approved by a Resolution of the Board of Commissioners.

Management Response: The Board of Commissioners have approved a Resolution to remove and add employees who have check signing authority. The Resolution has been provided to the financial institutions.

Section III. Federal Awards Findings and Questioned Costs

Not applicable

Section IV. Management Letter

Not applicable



Natchitoches Parish Hospital Service District
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2023

Section I. Financial Statement Findings

2022-001 – Allowances for receivables

Fiscal Year Initially Reported: June 30, 2022

Criteria: The District should make calculations using current information to determine the valuation of receivables and adjust the allowances as necessary in order to properly report net patient service revenue.

Condition: Various accounts receivable balances for patients and third-parties were deemed as uncollectible or overvalued as of June 30, 2022.

Cause: Due to turnover in the accounting department, various account balances were not taken into consideration when determining the allowances for accounts receivable.

Effect: Net patient service revenue and related receivables were overstated by approximately \$2 million.

Recommendation: We recommend reviewing all accounts receivable balances for accounts with little or no collections and using prior collection history to determine the necessary allowances in order to properly report net patient service revenue.

Management Response: We do not believe that the posting of allowances for receivables should change due to the turnover in the finance department. Therefore, we have simplified and documented the process moving forward while still producing accurate results. However, we do agree with auditor's findings for fiscal year 2022. The contractual and allowance model has been updated to reflect the estimation of future collections based on the history of the past six months reimbursement which is typical of the industry.

Resolution: Resolved.

2022-002 – Lessor accounting

Fiscal Year Initially Reported: June 30, 2022

Criteria: The District should implement GASB Statement No. 87, *Leases* as of June 30, 2022.

Condition: The District implemented the new accounting standard for the lessee transactions but not for the lessor transactions.

Cause: Due to turnover in the accounting department, the standard was not fully implemented to accommodate the lessor transactions.

Effect: Lease receivable and deferred inflows of resources were understated by approximately \$1.2 million.



Natchitoches Parish Hospital Service District
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2023

Section I. Financial Statement Findings (Continued)

Recommendation: We recommend reviewing the leases for rental income to ensure the transactions are reported in the financial statements in accordance to the new lease standard.

Management Response: GASB Statement No. 87 refers to operating lease transactions for the lessee and lessor that now are to be capitalized. This requires different accounting entries than prior to this recent standard. This process has now been changed for fiscal year 2023 to abide by the standard. We also agree with the auditor's adjustment for fiscal year 2022.

Resolution: Resolved.

2022-003 – Bond Covenants

Fiscal Year Initially Reported: June 30, 2022

Criteria: The District is required by revenue bond covenants to make monthly deposits in a sinking fund.

Condition: The District failed to make all the necessary deposits into the sinking fund.

Cause: Management oversight.

Effect: The District is not in compliance with the revenue bond covenants.

Recommendation: We recommend depositing an amount to be in compliance with the sinking fund and adding a procedure in the monthly reporting to determine that the monthly deposits are paid in accordance to the bond covenants.

Management Response: It is management's intent that all necessary deposits are made to the bond sinking fund and paid in accordance to the bond covenants.

Resolution: Resolved.

Section II. Federal Award Findings and Questioned Costs

Not applicable

Section III. Management Letter

Not applicable



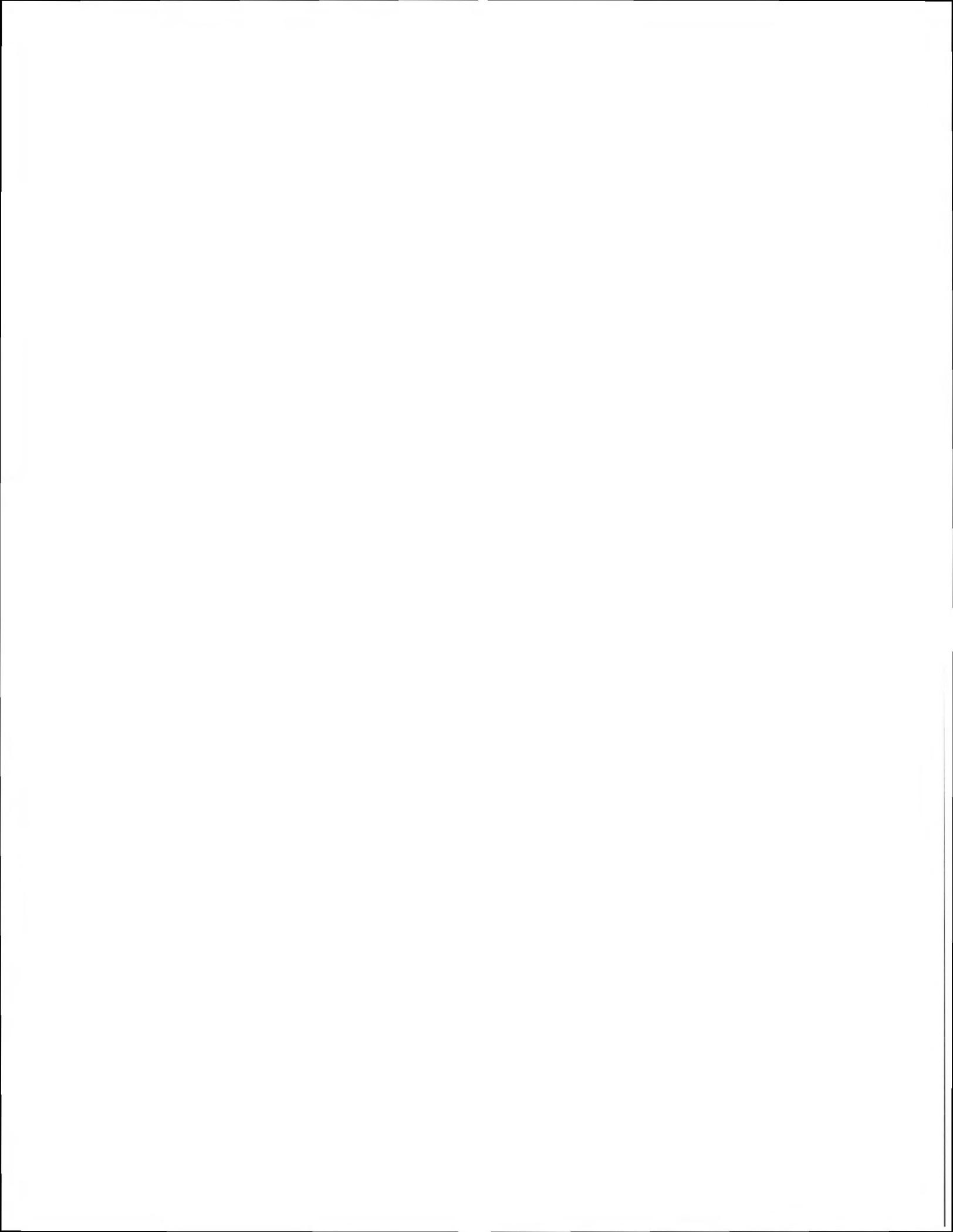
NATCHITOCHEs REGIONAL MEDICAL CENTER

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON
PROCEDURES

FOR THE YEAR ENDED
JUNE 30, 2023



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
of Natchitoches Parish Hospital Service District No. 1
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Natchitoches Parish Hospital Service District No. 1 (the Hospital) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. 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 July 1, 2022 through June 30, 2023. 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 entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - 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.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - 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).

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- 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 rates of pay or approval and maintenance of pay rate schedules.
- 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.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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).
- 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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- 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.

Exceptions: No exceptions were found as a result of these procedures.

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.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*



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

Exceptions: Written updates regarding the progress of resolving prior year audit findings were not provided to the board.

Management's Response: Management will ensure written updates on the progress of resolving prior year findings are presented during the Board meetings until resolved.

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 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a 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
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exceptions: No exceptions were found as a result of these procedures.

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).
- 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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;



- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - 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, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 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 in force during the fiscal period.
- 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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Exceptions: Three of the ten deposits tested were not made within one business day of receipt.

Management's Response: Management will update and enforce policies and procedures to insure deposits are made within one business day after receipt.

5) Non-Payroll Disbursements (excluding card purchases, 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).
- B. For each location selected under procedure #5A 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, then 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 or making the purchase;



- ii. At least two employees are involved in processing and approving payments to vendors;
 - 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;
 - 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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 whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- 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 disburse 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. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Exceptions: No exceptions were found as a result of these procedures.

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.
- 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). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.



- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exceptions: Seven of the twenty-four credit card transactions were missing the original itemized receipt and did not have a compensating control measure in place. Of the available receipts that were tested, seven did not have written documentation of the business purpose.

Management's Response: Management will update and enforce policies and procedures to ensure credit card purchases are supported by an original itemized receipt and written documentation of the business purpose.

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 and 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);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - 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 #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions: No exceptions were found as a result of these procedures.

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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and



- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law;
- 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, the documented approval); and
- 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.

Exceptions: No exceptions were found as a result of these procedures.

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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #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);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- 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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- 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.

Exceptions: No exceptions were found as a result of these procedures.



10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Exceptions: Two of the five employees that were tested did not complete Ethics training during the year.

Management's Response: Management will update and enforce policies and procedures to ensure all required employees complete the training each year.

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.
- 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).

Exceptions: Hospital did not maintain its Revenue Bond Sinking Fund in accordance with its debt covenants.

Management's Response: Management will ensure the Bond Sinking Fund is maintained in accordance with the covenants.

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.
- 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.

Exceptions: No exceptions were found as a result of these procedures.



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

Exceptions: We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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.
- 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).
- 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 the report 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;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.



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Exceptions: Two of the five employees tested did not complete the annual Prevention of Sexual Harassment training.

Management's Response: Management will update and enforce policies and procedures to insure all required employees complete the training each year.

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

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

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

Lester Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

December 27, 2023



