

RICHARDSON MEDICAL CENTER
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 d/b/a RICHARDSON MEDICAL CENTER
 YEARS ENDED SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page No.</u>
Management’s Discussion and Analysis	i-ix
Independent Auditors’ Report on the Financial Statements and Supplementary Information	1-4
Financial Statements	
Statements of Net Position	5
Statements of Revenues, Expenses, and Changes in Net Position	6
Statements of Cash Flows	7-8
Notes to Financial Statements	9-25
Supplementary Information	
Schedules of Net Patient Service Revenues.....	27
Schedules of Other Operating Revenues	28
Schedules of Operating Expenses.....	29-31
Schedules of Per Diem and Other Compensation Paid to Board Members	32
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer.....	33
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	36-38
Schedule of Expenditures of Federal Awards.....	39
Notes to the Schedule of Expenditures of Federal Awards.....	40
Schedule of Findings and Questioned Costs.....	41-46

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

Management's Discussion and Analysis

This section of the annual financial report for Richland Parish Hospital Service District No. 1B d/b/a Richardson Medical Center (the Medical Center) provides background information and management's analysis of the Medical Center's financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the financial statements beginning on page 5 and the notes to the financial statements beginning on page 9 in this report.

Required Financial Statements

The financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements provide overall information about the Medical Center's financial activities on both a short-term and long-term basis. The statements of net position present information about its assets (resources) and liabilities (the amounts obligated to its creditors). The statements of revenues, expenses, and changes in net position present information about the current and prior years' activities in revenues and expenses. This statement also provides useful information for determining whether the Medical Center's patient service revenue and other revenue sources were sufficient to allow the Medical Center to recover all of its costs. The final required financial statement is the statement of cash flows which provides information about the Medical Center's cash from operations, investing, and financing activities. In addition, this statement provides useful information to answer questions such as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Medical Center

The statements of net position and the statements of revenue, expenses, and changes in net position report information about the Medical Center's activities. These two statements report the net position of the Medical Center and changes in them. Increases or decreases in the Medical Center's net position are one of a number of indicators of whether its overall financial health is improving or deteriorating. However, other non-financial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Net Assets

A summary of the Medical Center's statements of net position are presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position
(in thousands)

	2023	September 30, 2022	2021
Total current assets	\$ 13,009	\$ 13,324	\$ 13,634
Nondepreciable capital assets	35	35	35
Depreciable capital assets	5,627	4,802	4,609
Right-of-use capital assets	579	820	1,187
Limited use assets	5,042	3,886	3,104
Other assets	<u>53</u>	<u>55</u>	<u>45</u>
Total assets	\$ <u>24,345</u>	\$ <u>22,922</u>	\$ <u>22,614</u>
Current liabilities	\$ 1,989	\$ 2,836	\$ 4,525
Lease liabilities	518	666	898
Long-term liabilities	<u>2,070</u>	<u>2,329</u>	<u>2,404</u>
Total liabilities	<u>4,577</u>	<u>5,831</u>	<u>7,827</u>
Invested in capital assets, net of related debt	3,196	2,254	2,030
Restricted	-0-	-0-	182
Unrestricted	<u>16,572</u>	<u>14,837</u>	<u>12,575</u>
Total net position	<u>19,768</u>	<u>17,091</u>	<u>14,787</u>
Total liabilities and net position	\$ <u>24,345</u>	\$ <u>22,922</u>	\$ <u>22,614</u>

As shown in Table 1, the Medical Center's total assets increased by approximately \$1.4 million or 6.2% during fiscal year 2023, following an increase of approximately \$308,000 or 1.4% during fiscal year 2022, and an increase of approximately \$540,000 or 2.4% during fiscal year 2021. The Medical Center's capital assets increased approximately \$584,000, or 10.3% from fiscal year 2022 to 2023, compared to a decrease of approximately \$174,000, or 3.0% from fiscal year 2021 to 2022. Limited use assets increased by approximately \$1.2 million or 29.7% in fiscal year 2023, following an increase of \$782,000 or 25.2% in fiscal year 2022, and an increase of \$1.0 million or 50.6% in fiscal year 2021. Total liabilities decreased by approximately \$1.3 million or 21.5% in 2023, following a decrease of \$2.0 million or 25.5% in 2022, and a decrease of approximately \$3.4 million or 30.6% during fiscal year 2021. The decrease in total current assets is due to a decrease in cash flow.

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Summary of Revenue, Expenses, and Changes in Net Assets

The following table presents a summary of the Medical Center's historical revenue and expenses for each of the fiscal years ended September 30:

TABLE 2
Condensed Statements of Revenue, Expenses and Changes in Net Position
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenue:			
Net patient service revenue	\$ 20,726	\$ 22,215	\$ 22,937
Medicaid supplemental payments and operating grants	5,171	3,625	1,119
Other revenue	<u>288</u>	<u>583</u>	<u>876</u>
 Total operating revenue	 <u>26,185</u>	 <u>26,423</u>	 <u>24,932</u>
Operating expenses:			
Salaries and employee benefits	14,304	13,938	14,221
Supplies, fees, and purchased services	5,433	5,915	5,644
Other expenses	5,751	5,543	5,051
Depreciation and amortization	<u>807</u>	<u>881</u>	<u>884</u>
 Total operating expenses	 <u>26,295</u>	 <u>26,277</u>	 <u>25,800</u>
 Profit (loss) from operations	 <u>(110)</u>	 <u>146</u>	 <u>(868)</u>
 COVID-19 grant awards	 680	 1,245	 1,940
Loan forgiveness	-0-	-0-	1,998
Interest income and expense, net	322	(77)	(177)
Gain on disposal of assets	-0-	-0-	(1)
Property taxes	<u>966</u>	<u>989</u>	<u>1,022</u>
 Excess of revenue over expenses	 1,858	 2,303	 3,914
 Capital grants	 <u>819</u>	 <u>-0-</u>	 <u>69</u>
 Changes in net position	 2,677	 2,303	 3,983
 Beginning net position	 <u>17,090</u>	 <u>14,787</u>	 <u>10,804</u>

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Source of Revenue

Net Patient Revenue

During fiscal year 2023, the Medical Center derived the majority, or approximately 79%, of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or patients with other third-party coverage, who receive care in the Medical Center's facilities. Reimbursement from the Medicare and Medicaid programs and other third-party payors is based upon established contracts. The difference between the covered charges and the established contract rates is recognized as a contractual allowance. Total net patient service revenue decreased by approximately \$1.5 million or 6.7% in fiscal year 2023, following an decrease of \$722,000, or 3.1% in fiscal year 2022, and an increase of \$3.7 million, or 19.5% in fiscal year 2021.

Table 3 presents the relative percentage of gross charges billed for patient services by payor for the fiscal years ended September 30:

TABLE 3
Payor Mix by Percentage

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Medicare	41%	41%	38%
Medicaid	40%	39%	39%
Blue Cross Blue Shield	10%	10%	9%
Commercial insurance	7%	7%	8%
Self-pay	<u>2%</u>	<u>3%</u>	<u>6%</u>
Total patient revenue	<u>100%</u>	<u>100%</u>	<u>100%</u>

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Other Revenue

Other revenue (Table 4) includes Richland Parish property taxes, cafeteria sales, rental income, pharmacy sales to employees, 340 B program, and other miscellaneous services.

TABLE 4
Other Revenue
(in thousands)

	Years Ended September 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Other revenue:			
Cafeteria	\$ -0-	\$ -0-	\$ 9
Medical records	2	4	1
Vending machines	4	4	4
Rentals	13	22	21
Pharmacy sales to employees	37	20	24
340 B program	217	493	642
Miscellaneous	<u>15</u>	<u>40</u>	<u>175</u>
Total other revenue	\$ <u>288</u>	\$ <u>583</u>	\$ <u>876</u>

Operating Grant Income

Operating grant income decreased by approximately \$2.5 million or 92.8%, during fiscal year 2023, compared to an increase of approximately \$1.5 million, or 118.5%, during fiscal year 2022, and increase of approximately \$104,000, or 10.2%, during fiscal year 2021. The Hospital received intergovernmental grants of \$51,363, \$2,501,379, and \$992,000, in fiscal years 2023, 2022, and 2021, respectively, to be used solely to provide adequate and essential medically necessary health care services to the citizens in its community who are low income and/or indigent patients.

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 direct payment plan (DPP). The Hospital has recognized \$4.3 million under the directed payment plan during fiscal year 2023.

Non-operating Income

The Medical Center recognized grant income from COVID-19 awards of approximately \$680,000 and \$1.2 million during the fiscal years 2023 and 2022, respectively. Additionally, the Medical Center received forgiveness of approximately \$2.0 million from the SBA for the Payroll Protection Program loan in fiscal year 2021.

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Adjustments to revenue increased over prior year as described in Table 5 below:

TABLE 5
Adjustment Summary
(in thousands)

	<u>2023</u>	September 30, <u>2022</u>		<u>2021</u>
Adjustments:				
Commercial and other adjustments	\$ 4,795	\$ 5,147	\$	6,588
Medicaid contractual adjustments	12,242	13,170		12,033
Medicare contractual adjustments	16,280	15,617		13,928
Discounts	208	250		177
Provision for bad debts	<u>3,427</u>	<u>1,768</u>		<u>2,700</u>
 Total adjustments and allowances	 \$ <u>36,952</u>	 \$ <u>35,952</u>	 \$	 <u>35,426</u>

Medicaid contractual adjustments decreased in fiscal year 2023 by approximately \$928,000 or 7.0%, compared to an increase of 9.4% or approximately \$1,137,000 in fiscal year 2022, and an increase of 28.6% or approximately \$2,673,000 in fiscal year 2021. The decrease in Medicaid contractual adjustments is due to the decrease in the volume. As noted in Table 6, the Medicaid days decreased in fiscal year 2023 compared to an increase in fiscal year 2022 and 2021.

Operating Expenses

Salaries increased by \$319,741 or 2.6%, compared to a decrease of \$102,866 or 0.8% in fiscal year 2022, and an increase of \$632,546 or 5% from fiscal year 2020 to 2021. As a percentage of net patient service revenue, salary expense was approximately 61.4%, 55.9%, and 54.5%, for the fiscal years ended September 30, 2023, 2022, and 2021, respectively.

Employee benefits expense increased by \$47,015 or 3.1% during fiscal year 2023, compared to a decrease of \$180,250 or 10.5% during fiscal year 2022, and a decrease of \$5,605 or 0.33% during fiscal year 2021. Employee benefit expenses represented 12.4%, 12.3%, and 13.7%, of salary expenses in the current and prior two fiscal years, respectively. Also, the Hospital has a self-funded health plan. The plan's cost varies according to the number of claims filed. The Hospital's plan is structured to capture and perform 90% of the claims within the facility to minimize cost.

Supplies expense decreased by \$762,211 or 26.1% during fiscal year 2023, compared to an increase of \$72,145 or 2.5% during fiscal year 2022, and increase of \$539,178 or 23.3% during fiscal year 2021. Professional fees increased during fiscal year 2023 by approximately \$280,063 or 9.4% followed by increase of approximately \$198,596 or 7.1% in fiscal year 2022, and an increase during fiscal year 2021 by approximately \$505,568 or 22.1%.

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Professional fees increased during fiscal year 2023 by approximately \$280,063 or 9.4% followed by increase of approximately \$198,596 or 7.1% in fiscal year 2022, and an increase during fiscal year 2021 by approximately \$505,568 or 22.1%.

Total overall operating expenses for 2023 increased approximately by \$18,468 or 0.07%, following an increase of approximately \$477,216 or 1.8%, in fiscal year 2022, and increase of approximately \$2,418,000 or 10.3% in 2021.

Operating and Financial Performance

The following financial information summarizes the Medical Center's statements of revenue, expenses, and changes in net assets for 2023 through 2021:

Overall activity at the Medical Center, as measured by patient discharges, decreased by 110 during fiscal year 2023, following a decreased of 76 during fiscal year 2022, compared to an increase of 101 during fiscal year 2021. Patient days decreased by 17% in 2023, following a decrease of 15% in 2022, compared to an increase of 40% in 2021.

TABLE 6
Patient and Hospital Statistical Data

	<u>2023</u>	Year Ended September 30, <u>2022</u>	<u>2021</u>
Discharges:			
Acute care	372	484	547
Swing bed	23	21	34
Patient days:			
Acute - Medicare	676	896	1,003
Acute - Medicaid	263	390	357
Acute - Commercial	828	828	891
Acute - Self pay	11	44	111
Swing bed	225	254	483
Operating room patients	1,250	1,521	1,346
Emergency room visits	7,650	7,439	7,215
Average daily census:			
Adult and pediatric	4.9	5.9	6.5
Swing bed	0.6	0.7	1.3

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

Management's Discussion and Analysis

TABLE 6 (Continued)
Patient and Hospital Statistical Data

	Year Ended September 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Average length of stay:			
Acute care	4.8	4.5	4.3
Swing bed	9.8	12.1	14.2
Percentage of total acute patient days:			
Medicare	38%	42%	42%
Medicaid	15%	18%	15%
Rural health clinic visits	29,622	28,692	28,862
Full-time equivalents (FTEs)	203.4	202.8	223.9

Capital Assets

During the 2023 fiscal year, the Medical Center invested approximately \$1.4 million in capital assets, included in Table 7 below:

TABLE 7
Capital Assets
(in thousands)

	Year Ended September 30,		Dollar Change	Percentage Change
	<u>2023</u>	<u>2022</u>		
Land and improvements	\$ 126	\$ 126	\$ -0-	0.0%
Building and equipment	23,460	22,069	1,391	6.3%
Right-of-use capital assets	<u>1,155</u>	<u>1,529</u>	<u>(374)</u>	<u>-24.5%</u>
Subtotal	24,741	23,724	1,017	4.3%
Less accumulated depreciation and amortization	<u>18,500</u>	<u>18,067</u>	<u>433</u>	<u>2.4%</u>

Richland Parish Hospital Service District No. 1B
d/b/a Richardson Medical Center

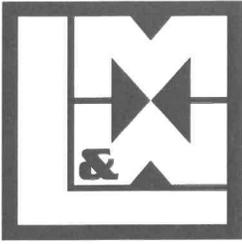
Management's Discussion and Analysis

Long-Term Debt (Excluding Capital Leases)

At 2023 fiscal year end, the Medical Center had \$2,465,719 in short-term and long-term debt. Additionally, the Medical Center had \$666,189 in short-term and long-term lease obligation liabilities.

Contacting the Medical Center's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Medical Center's finances and to demonstrate the Medical Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hospital Administration.



LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Road • Alexandria, LA 71303-3653

Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758

Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107

Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

Members: American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA
Mary L. Carroll, CPA
Joey L. Breaux, CPA
Jason P. LeBlanc, CPA
Karlie P. Brister, CPA
P. Trae' O'Pry, CPA, CVA
Timothy J. Deshotel, CPA

Brenda J. Lloyd, CPA
Andrew J. Wynn, CPA

Bobby G. Lester, CPA
(1949-2023)

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Hospital Service District No. 1B
Parish of Richland, State of Louisiana
Rayville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hospital Service District No. 1B, Parish of Richland d/b/a Richardson Medical Center (the Hospital), a component unit of the Richland Parish Police Jury, as of and for the years ended September 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 financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of September 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for 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 Richland Parish Hospital Service District No. 1B and do not purport to, and do not, present fairly the financial position of the Richland Parish Police Jury as of September 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 "ix" 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 and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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
Hospital Service District No. 1B
Parish of Richland, State of Louisiana
Rayville, Louisiana
Page Four

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

March 27, 2024



RICHARDSON MEDICAL CENTER
STATEMENTS OF NET POSITION
SEPTEMBER 30,

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current		
Cash and cash equivalents (Note 3)	\$ 4,760,301	\$ 7,065,482
Certificates of deposit	330,429	325,067
Accounts receivable, net (Note 4)	3,090,906	2,694,326
Other receivables	1,763,367	42,792
Estimated third-party payor settlements	1,926,943	2,286,649
Inventory	782,662	609,889
Prepaid expenses	<u>354,761</u>	<u>300,078</u>
Total Current Assets	13,009,369	13,324,283
Nondepreciable capital assets (Note 5)	34,531	34,531
Depreciable capital assets, net (Note 5)	5,627,138	4,801,810
Right-of-use capital assets, net (Note 5)	579,068	820,302
Limited use assets (Note 6)	5,042,257	3,885,388
Other assets	<u>53,026</u>	<u>55,235</u>
Total Assets	\$ <u>24,345,389</u>	\$ <u>22,921,549</u>
<u>LIABILITIES AND NET POSITION</u>		
Current		
Accounts payable	\$ 660,143	\$ 597,307
Accrued expenses	772,140	761,217
Estimated third-party payor settlements	12,794	30,549
Deferred revenue	-0-	680,355
Medicare advance payments	-0-	280,522
Current portion of lease liabilities (Note 8)	148,095	232,464
Current portion of long-term debt (Note 7)	<u>395,887</u>	<u>253,089</u>
Total Current Liabilities	1,989,059	2,835,503
Long-Term Liabilities		
Lease liabilities (Note 8)	518,094	666,189
Long-term debt, net of current maturities (Note 7)	<u>2,069,832</u>	<u>2,328,741</u>
Total Liabilities	<u>4,576,985</u>	<u>5,830,433</u>
Net Position		
Invested in capital assets, net of related debt	3,195,950	2,254,511
Unrestricted	<u>16,572,454</u>	<u>14,836,605</u>
Total Net Position	<u>19,768,404</u>	<u>17,091,116</u>
Total Liabilities and Net Position	\$ <u>24,345,389</u>	\$ <u>22,921,549</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30,

	<u>2023</u>	<u>2022</u>
Revenues		
Net patient service revenues	\$ 20,725,627	\$ 22,215,276
Medicaid supplemental payments	4,979,956	958,826
Grants	140,104	165,450
Intergovernmental transfer grants	51,363	2,501,379
Other operating revenues	<u>288,006</u>	<u>582,908</u>
 Total Revenues	 <u>26,185,056</u>	 <u>26,423,839</u>
Expenses		
Salaries	12,728,218	12,408,477
Benefits and payroll taxes	1,576,121	1,529,106
Supplies and drugs	2,159,416	2,921,627
Professional fees	3,272,973	2,992,910
Other expenses	4,961,268	4,940,801
Insurance	789,971	602,804
Depreciation and amortization	<u>807,184</u>	<u>880,958</u>
 Total Expenses	 <u>26,295,151</u>	 <u>26,276,683</u>
 Operating Income (Loss)	 <u>(110,095)</u>	 <u>147,156</u>
Nonoperating Revenues (Expenses)		
COVID-19 grant awards	680,355	1,244,778
Interest income	468,405	71,826
Interest expense	(146,297)	(148,927)
Gain (loss) on disposal of assets	(26)	-0-
Property taxes	<u>966,404</u>	<u>989,501</u>
 Excess of revenues (expenses) before capital grants	 1,858,746	 2,304,334
 Capital grants	 <u>818,542</u>	 <u>-0-</u>
 Changes in net position	 2,677,288	 2,304,334
 Beginning net position	 <u>17,091,116</u>	 <u>14,786,782</u>
 Ending net position	 \$ <u>19,768,404</u>	 \$ <u>17,091,116</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 20,390,476	\$ 23,460,393
Other receipts from operations	3,738,854	3,407,732
Cash payments to employees and for employee-related cost	(14,293,416)	(14,223,096)
Cash payments for other operating expenses	<u>(10,804,109)</u>	<u>(11,663,988)</u>
Net cash provided (used) by operating activities	<u>(968,195)</u>	<u>981,041</u>
Cash flows from investing activities:		
Cash proceeds (invested) from certificates of deposit	(5,362)	(1,083)
Cash proceeds (invested) from limited use assets	(1,156,869)	(781,690)
Interest income	<u>468,405</u>	<u>71,826</u>
Net cash provided (used) by investing activities	<u>(693,826)</u>	<u>(710,947)</u>
Cash flows from non-capital financing activities:		
Proceeds from COVID-19 grant awards	-0-	1,725,133
Property taxes	<u>966,378</u>	<u>989,501</u>
Net cash provided (used) by non-capital financing activities	<u>966,378</u>	<u>2,714,634</u>
Cash flows from capital and related financing activities:		
Acquisition of property, plant, and equipment	(1,391,278)	(498,640)
Principal payments on lease liability obligations	(232,464)	(340,564)
Principal payments on long-term debt	(658,041)	(226,800)
Proceeds from capital grant	818,542	-0-
Interest expense	<u>(146,297)</u>	<u>(148,927)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,609,538)</u>	<u>(1,214,931)</u>
Net increase (decrease) in cash and cash equivalents	(2,305,181)	1,769,797
Beginning cash and cash equivalents	<u>7,065,482</u>	<u>5,295,685</u>
Ending cash and cash equivalents	\$ <u>4,760,301</u>	\$ <u>7,065,482</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30,

	<u>2023</u>	<u>2022</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (110,095)	\$ 147,156
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:		
Depreciation and amortization	807,184	867,533
Change in current assets (increase) decrease		
Patient accounts receivable, net	(396,580)	455,871
Estimated third-party payor settlements	359,706	1,434,740
Other receivables	(1,720,575)	157,995
Inventory	(172,773)	190,851
Prepaid expenses	487,247	(157,626)
Change in current liabilities increase (decrease)		
Accounts payable	62,836	(215,805)
Accrued expenses	10,923	(285,513)
Estimated third-party payor settlements	(17,755)	(150,749)
Medicare advance payments	(280,522)	(1,453,571)
Change in other assets (increase) decrease	<u>2,209</u>	<u>(9,841)</u>
Net cash provided (used) by operating activities	\$ <u>(968,195)</u>	\$ <u>981,041</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ <u>147,135</u>	\$ <u>150,517</u>
Equipment acquired under financed lease note	\$ <u>-0-</u>	\$ <u>195,529</u>
Equipment acquired via right of use assets	\$ <u>-0-</u>	\$ <u>-0-</u>
Insurance premiums acquired via note obligation	\$ <u>541,930</u>	\$ <u>-0-</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Richland Parish Hospital Service District No. 1B (the District or the Hospital) was created by an ordinance of the Richland Parish Police Jury on April 18, 1989. The District is comprised of the entire parish excluding Ward 1 of the Parish of Richland, State of Louisiana, as constituted as of the date of the ordinance.

Effective as of October 1, 1989, Richland Parish Hospital Service District No. 1 (which operated hospitals in Delhi and Rayville) transferred operations of the hospital in Rayville and clinic in Mangham to Richland Parish Hospital Service District No. 1B, along with all related assets, liabilities, and equity. On November 3, 1998, Richland Parish Hospital Service District No. 1B transferred operations and management of the Mangham Outpatient Clinic to Richland Parish Hospital Service District No. 1C.

The District is a political subdivision of the Richland Parish Police Jury whose jurors are elected officials. The District's commissioners are appointed by the Richland Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the District. Accordingly, the Hospital was determined to be a component unit of the Richland Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District provides outpatient, skilled nursing (through "swing-beds") and acute inpatient hospital services. In 1995, the District began operation of a rural health clinic and opened a second rural health clinic on October 1, 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities over 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Credit Risk

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

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients. The Hospital also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 11. Changes in federal and state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenues

The Hospital 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.

Inventory

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

Income Taxes

The District is a political subdivision and exempt from taxation.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at cost for purchased assets or at fair market value on the date of any donation. The Hospital uses straight-line method of determining depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

Buildings and Improvements	5 to 40 years
Machinery and Equipment	3 to 20 years
Furniture and Fixtures	3 to 20 years

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposal are credited or charged to operations currently.

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 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.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The Hospital 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 borrowing 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, 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 in capital assets net of related debt or restricted. When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

The Hospital's statements of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Nonexchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charges for the services provided, less an estimate made 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 that allowance for doubtful accounts by utilizing a historical experience applied to an aging of accounts. Patient accounts receivable are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off as bad debt expense are recorded as a reduction of bad debt expense when received.

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended September 30, 2023 and 2022 totaled \$7,467 and \$14,958, 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 September 30, 2023 and 2022, management is not aware of any liability resulting from environmental matters.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Revenues

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

Grants and Contributions

From time to time, the Hospital receives grants and contributions from the State of Louisiana, individuals or private and public organizations. Revenue 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 operating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Charity Care

The Hospital 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 Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classification.

Risk Management

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. However, Hospital's management determined that all material SBITAs were short-term; and, therefore, expensed the transactions as incurred.

NOTE 3 - 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 deposit is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name at September 30, 2023 and 2022.

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 an investment takes to mature, the greater the sensitivity of its fair value to changes in market interest rates. The Hospital 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.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

	<u>2023</u>	<u>2022</u>
Carrying amount		
Deposits	\$ 9,802,558	\$ 10,950,870
Certificates of deposit	<u>330,429</u>	<u>325,067</u>
	\$ <u>10,132,987</u>	\$ <u>11,275,937</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 4,760,301	\$ 7,065,482
Certificates of deposit	330,429	325,067
Limited use assets	<u>5,042,257</u>	<u>3,885,388</u>
	\$ <u>10,132,987</u>	\$ <u>11,275,937</u>

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

	<u>Business First Bank</u>	<u>CrossKeys Bank</u>
Cash in bank	\$ <u>1,111,670</u>	\$ <u>9,679,607</u>
Insured by FDIC	\$ <u>471,981</u>	\$ <u>357,902</u>
Collateralization by fair market value	\$ <u>639,689</u>	\$ <u>9,321,705</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2023</u>	<u>2022</u>
Patient accounts receivable	\$ 4,840,906	\$ 4,588,326
Estimated uncollectibles	<u>(1,750,000)</u>	<u>(1,894,000)</u>
Net patient accounts receivable	\$ <u>3,090,906</u>	\$ <u>2,694,326</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 4 - ACCOUNTS RECEIVABLE (Continued)

The following is a summary of the mix of gross receivables from patients and third-party payors at September 30:

	<u>2023</u>	<u>2022</u>
Medicare	34%	32%
Medicaid	21%	23%
Blue Cross Blue Shield	7%	6%
Commercial and other third-party payors	13%	12%
Patients	<u>25%</u>	<u>27%</u>
 Total	 <u>100%</u>	 <u>100%</u>

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation at September 30:

	September 30, <u>2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2023</u>
Nondepreciable capital assets					
Land	\$ 34,531	\$ -0-	\$ -0-	\$ -0-	\$ 34,531
Construction in progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total nondepreciable capital assets	<u>\$ 34,531</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 34,531</u>
Depreciable capital assets					
Land improvements	\$ 91,292	\$ -0-	\$ -0-	\$ -0-	\$ 91,292
Buildings and improvements	7,998,077	334,523	-0-	-0-	8,332,600
Major movable equipment	<u>14,070,938</u>	<u>1,056,754</u>	<u>-0-</u>	<u>-0-</u>	<u>15,127,692</u>
Total depreciable capital assets	22,160,307	1,391,277	-0-	-0-	23,551,584
Accumulated depreciation	<u>17,358,497</u>	<u>565,950</u>	<u>1</u>	<u>-0-</u>	<u>17,924,446</u>
Total depreciable capital assets, net	<u>\$ 4,801,810</u>	<u>\$ 825,327</u>	<u>\$ (1)</u>	<u>\$ -0-</u>	<u>\$ 5,627,138</u>
Right-of-use capital assets					
Buildings	\$ 317,759	\$ -0-	\$ -0-	\$ -0-	\$ 317,759
Equipment	<u>1,211,667</u>	<u>-0-</u>	<u>374,604</u>	<u>-0-</u>	<u>837,063</u>
Total right-of-use capital assets	1,529,426	-0-	374,604	-0-	1,154,822
Accumulated amortization	<u>709,124</u>	<u>241,234</u>	<u>374,604</u>	<u>-0-</u>	<u>575,754</u>
Total right-of-use capital assets, net	<u>\$ 820,302</u>	<u>\$ (241,234)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 579,068</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 5 - CAPITAL ASSETS (Continued)

	September 30, <u>2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2022</u>
Nondepreciable capital assets					
Land	\$ 34,531	\$ -0-	\$ -0-	\$ -0-	\$ 34,531
Construction in progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total nondepreciable capital assets	<u>\$ 34,531</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 34,531</u>
Depreciable capital assets					
Land improvements	\$ 91,292	\$ -0-	\$ -0-	\$ -0-	\$ 91,292
Buildings and improvements	7,927,702	70,375	-0-	-0-	7,998,077
Major movable equipment	<u>13,447,144</u>	<u>623,794</u>	<u>-0-</u>	<u>-0-</u>	<u>14,070,938</u>
Total depreciable capital assets	21,466,138	694,169	-0-	-0-	22,160,307
Accumulated depreciation	<u>16,857,261</u>	<u>501,236</u>	<u>-0-</u>	<u>-0-</u>	<u>17,358,497</u>
Total depreciable capital assets, net	<u>\$ 4,608,877</u>	<u>\$ 192,933</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,801,810</u>
Right-of-use capital assets					
Buildings	\$ 317,759	\$ -0-	\$ -0-	\$ -0-	\$ 317,759
Equipment	<u>1,220,898</u>	<u>-0-</u>	<u>9,231</u>	<u>-0-</u>	<u>1,211,667</u>
Total right-of-use capital assets	1,538,657	-0-	9,231	-0-	1,529,426
Accumulated amortization	<u>352,058</u>	<u>366,297</u>	<u>9,231</u>	<u>-0-</u>	<u>709,124</u>
Total right-of-use capital assets, net	<u>\$ 1,186,599</u>	<u>\$ (366,297)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 820,302</u>

NOTE 6 - ASSETS WHOSE USE IS LIMITED

The following assets are restricted as to use as designated below:

	<u>2023</u>	<u>2022</u>
Restricted by Hospital Board		
To be used for asset additions and replacements - Certificates of deposit	\$ <u>5,042,257</u>	\$ <u>3,885,388</u>
Non-current limited use assets	\$ <u>5,042,257</u>	\$ <u>3,885,388</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 7 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt as of September 30:

	September 30, <u>2022</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2023</u>	Due Within <u>One Year</u>
Revenue Bonds, Series 2014	\$ 2,073,636	\$ -0-	\$ 141,606	\$ 1,932,030	\$ 146,633
Revenue Bonds, Series 2020	320,555	-0-	62,000	258,555	64,000
Note Payable - First Insurance	-0-	541,930	404,952	136,978	136,978
Note Payable - KSB	3,328	-0-	3,328	-0-	-0-
Note Payable - Stryker	<u>184,311</u>	<u>-0-</u>	<u>46,155</u>	<u>138,156</u>	<u>48,276</u>
 Total	 \$ <u>2,581,830</u>	 \$ <u>541,930</u>	 \$ <u>658,041</u>	 \$ <u>2,465,719</u>	 \$ <u>395,887</u>
	September 30, <u>2021</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2022</u>	Due Within <u>One Year</u>
Revenue Bonds, Series 2014	\$ 2,210,387	\$ -0-	\$ 136,751	\$ 2,073,636	\$ 141,606
Revenue Bonds, Series 2020	380,555	-0-	60,000	320,555	62,000
Note Payable - KSB	22,159	-0-	18,831	3,328	3,328
Note Payable - Stryker	<u>-0-</u>	<u>195,529</u>	<u>11,218</u>	<u>184,311</u>	<u>46,155</u>
 Total	 \$ <u>2,613,101</u>	 \$ <u>195,529</u>	 \$ <u>226,800</u>	 \$ <u>2,581,830</u>	 \$ <u>253,089</u>

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

- Series 2014 Hospital Revenue Bond at 3.55% collateralized by a pledge and dedication of hospital revenue payable in annual installments of \$215,220 which includes principal and interest through July 25, 2034.
- Series 2020 Hospital Revenue Bond at 2.89% collateralized by a pledge and dedication of hospital revenue payable in annual principal installments ranging from \$59,000 to \$69,000 plus interest through March 1, 2027.
- KSB financed lease purchase of orthopedic equipment at 6.197% due in 60 monthly installments of \$1,614 through November 15, 2022, secured by equipment.
- Stryker financed lease purchase of operating room equipment at 4.50% due in 48 monthly installments of \$4,459 through June 1, 2026, secured by equipment.
- Five separate finance agreements with First Insurance Funding with interest rates ranging from 4.95% to 10.249% each due in 10 monthly installments ranging from \$1,702 to \$27,404 through July 31, 2024.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 7 - LONG-TERM DEBT (Continued)

Scheduled principal and interest payments on long-term debt are as follows:

<u>Year Ending September 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 395,887	\$ 84,329
2025	267,331	71,264
2026	263,616	61,695
2027	225,365	53,407
2028	168,590	46,630
2029-2033	937,088	139,012
2034	<u>207,842</u>	<u>7,378</u>
 Totals	 \$ <u>2,465,719</u>	 \$ <u>463,715</u>

NOTE 8 - LEASE LIABILITY

The following is a summary of the changes in lease liability obligations as of September 30:

	<u>September 30, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30, 2023</u>	<u>Due Within One Year</u>
Building	\$ 296,217	\$ -0-	\$ 23,900	\$ 272,317	\$ 34,526
Equipment	<u>602,436</u>	<u>-0-</u>	<u>208,564</u>	<u>393,872</u>	<u>113,569</u>
 Total	 \$ <u>898,653</u>	 \$ <u>-0-</u>	 \$ <u>232,464</u>	 \$ <u>666,189</u>	 \$ <u>148,095</u>
	<u>September 30, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30, 2022</u>	<u>Due Within One Year</u>
Building	\$ 310,263	\$ -0-	\$ 14,046	\$ 296,217	\$ 23,900
Equipment	<u>928,954</u>	<u>-0-</u>	<u>326,518</u>	<u>602,436</u>	<u>208,564</u>
 Total	 \$ <u>1,239,217</u>	 \$ <u>-0-</u>	 \$ <u>340,564</u>	 \$ <u>898,653</u>	 \$ <u>232,464</u>

The following are the terms and due dates of the Hospital's lease liability obligations:

- Lease liability obligation for building at an imputed interest rate of 5.25% with a total monthly payment of \$2,000 from inception to September 30, 2021, then a monthly payment of \$2,500 from October 1, 2021 to March 31, 2023, and then a monthly payment of \$4,000 through June 30, 2030.
- Various lease liability obligations for equipment at imputed interest rates ranging from 3.72% to 5.25% with total monthly payments ranging from \$93 to \$5,655 through June 30, 2030.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 8 - LEASE LIABILITY (Continued)

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

<u>Year Ending</u> <u>September 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 148,095	\$ 31,251
2025	146,652	23,704
2026	148,815	15,842
2027	99,962	9,305
2028	42,575	5,425
2029-2033	<u>80,090</u>	<u>3,910</u>
Totals	<u>\$ 666,189</u>	<u>\$ 89,437</u>

NOTE 9 - PENSION PLAN

The District elected to withdraw from the Social Security System effective January 1, 1994. In place of Social Security, the District established a defined contribution annuity plan, called the Richardson Medical Center Retirement Plan. Employees are eligible to participate upon the date of employment and after one year of service the employee is fully vested in the employer's matching contribution. Contributions to the plan by the Hospital are determined by the Board of Commissioners. The plan requires a minimum total contribution by the Hospital and the employee of at least 6.2%. The amounts charged to pension expense under this plan were \$743,192 and \$721,261 for the years ended September 30, 2023 and 2022, respectively. The employees contributed \$631,628 and \$607,602 for the years ended September 30, 2023 and 2022, respectively.

NOTE 10 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid time off and sick days depending on length of service. The Hospital accrued \$413,227 and \$404,272 of paid time off at September 30, 2023 and 2022, respectively. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of unvested sick pay when actually paid to employees.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 11 - NET PATIENT SERVICE REVENUES

The Hospital has agreements with third-party payors that provide for payments to the Hospital 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 payments received under the Medicare low volume add-on was \$293,666 and \$426,718 for the years ended September 30, 2023 and 2022. Because the Hospital qualified as a Medicare Dependent Hospital (MDH), it receives additional reimbursement. The benefits related to MDH designation are set to expire on December 31, 2024, if not extended by Congress. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed routine services are reimbursed based on a prospectively determined rate per patient day. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2019.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through September 30, 2017.

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 10% and 9% of the total charges for the years ended September 30, 2023 and 2022, respectively.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 11 - NET PATIENT SERVICE REVENUES (Continued)

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

	<u>2023</u>	<u>2022</u>
Gross charges	\$ 58,102,622	\$ 58,486,500
Less charges associated with charity patients	<u>424,485</u>	<u>319,099</u>
Gross patient service revenue	57,678,137	58,167,401
Less deductions from revenue:		
Contractual adjustments	33,317,448	33,933,686
Discounts	<u>208,124</u>	<u>250,357</u>
Patient service revenue (net of contractual adjustments)	24,152,565	23,983,358
Less provision for bad debts	<u>3,426,938</u>	<u>1,768,082</u>
Net patient service revenue less provision for bad debts	\$ <u>20,725,627</u>	\$ <u>22,215,276</u>

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 net patient service revenues for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Medicare and Medicaid charges	\$ 47,033,511	\$ 46,727,461
Contractual adjustments	<u>(28,521,377)</u>	<u>(28,786,275)</u>
Program patient service revenue	\$ <u>18,512,134</u>	\$ <u>17,941,186</u>
Percent of total gross patient charges	<u>81%</u>	<u>80%</u>
Percent of total net patient revenues	<u>89%</u>	<u>81%</u>

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. These adjustments resulted in a decrease in net patient service revenue of \$355,462 and \$59,832 in 2023 and 2022, respectively.

NOTE 12 - GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement with a regional public hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$51,363 and \$2,501,379 for the fiscal years 2023 and 2022, respectively.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 13 - PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund ("PCF") 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 Hospital is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limiting the PCF's exposure to \$400,000 per occurrence.

NOTE 14 - CONTINGENCIES

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

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 11) - The Hospital 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.

Further, in order to continue receiving reimbursement from the Medicare program, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

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 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 fraud and abuse statutes as well as other 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 13) - The Hospital 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.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 15 - EMPLOYEE MEDICAL BENEFIT PLAN

The Hospital is self-insured to provide group medical coverage for its employees. A third-party administers the group medical coverage for the Hospital. The Hospital funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of \$45,000. There were no significant changes in insurance coverage from the prior year. 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 the changes in the Hospital's claims liability for the year ended September 30:

	<u>2023</u>	<u>2022</u>
Beginning of the year	\$ 50,895	\$ 71,781
Plus: Claims incurred and changes in estimate	645,330	636,271
Less: Claims paid	<u>645,330</u>	<u>657,157</u>
End of the year	\$ <u>50,895</u>	\$ <u>50,895</u>

NOTE 16 - AD VALOREM TAXES

The District levies a property tax on all property subject to taxation in the service district. A 9.22 mill tax runs for a period of ten years, beginning with the year 2002 and ending with the year 2012, subsequently renewed twice for another ten years each ending with the year 2032, to be dedicated and used for operating, maintaining, renovating, and improving emergency medical services. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the Hospital. Property tax notices are mailed by November 15 each year, due by December 31, and are considered delinquent by January 31.

NOTE 17 - 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 charity care or owe a per-diem based on the patient's level of income. Accordingly, the Hospital does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The cost of caring for charity care patients were approximately \$193,000 and \$144,000 for the years ended September 30, 2023 and 2022, respectively. Funds received through grants, which pay part of the cost of charity and uninsured care, were approximately \$118,000 and \$35,000 for the years ended September 30, 2023 and 2022, respectively.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 18 - COVID-19 GRANTS

The Hospital received \$1,925,133 in Provider Relief Funds (the funds) via the Coronavirus Aid Relief and Economic Security (CARES) Act and other Covid-19 grants during the fiscal years ending September 30, 2022 and 2021. 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 \$680,355 and \$1,244,778 as non-operating grant revenue in the fiscal years ending September 30, 2023 and 2022, respectively. The Hospital has submitted two reports of healthcare related expenses and lost revenues attributable to coronavirus from inception through December 31, 2022 for the Provider Relief Fund grants. 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 current estimates.

NOTE 19 - MEDICARE ADVANCE PAYMENTS

The Hospital applied for and received \$2,313,168 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 the postponement of elective procedures. Recoupment of the advance payments through Medicare claims began in May of 2021. As of September 30, 2023, a total of \$2,313,168 has been recouped.

NOTE 20 - 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 \$4.3 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 \$695,000 in Medicaid supplemental payments of which approximately \$277,000 was submitted to LDH as an IGT. In fiscal year 2022, the Hospital received approximately \$959,000 in Medicaid supplemental payments of which approximately \$416,000 was submitted to LDH as an IGT.

NOTE 21 - SUBSEQUENT EVENTS

Events have been evaluated through March 27, 2024, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

RICHARDSON MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUES
YEARS ENDED SEPTEMBER 30,

	<u>2023</u>	<u>2022</u>
Routine Services:		
Adult and pediatric	\$ 2,470,851	\$ 3,026,533
Intensive care unit	97,879	54,094
Swing bed	<u>118,442</u>	<u>153,872</u>
Total Routine Services	<u>2,687,172</u>	<u>3,234,499</u>
Other Professional Services:		
Operating and recovery room	3,656,981	4,301,095
Anesthesia	718,630	862,415
Radiology	17,423,606	17,361,968
Laboratory	7,038,527	6,809,935
Blood	211,838	329,209
Respiratory therapy	1,064,911	834,906
Occupational therapy	1,491,381	1,216,918
Electrocardiology	775,966	591,864
Central supply	394,212	720,789
Pharmacy	2,727,311	3,364,755
Cardiac cath lab	380,154	400,450
Emergency room	7,975,949	7,705,985
Intensive outpatient program	1,605,522	1,093,918
Observation	1,535,593	1,423,588
Rural health clinics	5,902,474	5,712,054
Hospitalist	522,584	555,058
Family health clinic	659,261	565,520
Surgery clinic	<u>1,330,550</u>	<u>1,401,574</u>
Total Other Professional Services	<u>55,415,450</u>	<u>55,252,001</u>
Gross Charges	58,102,622	58,486,500
Less charges associated with charity patients	<u>(424,485)</u>	<u>(319,099)</u>
Gross patient service revenue	57,678,137	58,167,401
Less deductions from revenue:		
Contractual adjustments	(33,317,448)	(33,933,686)
Discounts	<u>(208,124)</u>	<u>(250,357)</u>
Patient service revenue	24,152,565	23,983,358
Less provision for bad debts	<u>(3,426,938)</u>	<u>(1,768,082)</u>
Net Patient Service Revenue	<u>\$ 20,725,627</u>	<u>\$ 22,215,276</u>

RICHARDSON MEDICAL CENTER
SCHEDULES OF OTHER OPERATING REVENUES
YEARS ENDED SEPTEMBER 30,

	<u>2023</u>	<u>2022</u>
Medical records	\$ 2,652	\$ 4,204
Vending machines	4,494	4,037
Rentals	12,528	21,808
Pharmacy sales to employees	36,740	19,957
340B program	216,879	493,400
Miscellaneous	<u>14,713</u>	<u>39,502</u>
 Total Other Operating Revenue	 \$ <u>288,006</u>	 \$ <u>582,908</u>

RICHARDSON MEDICAL CENTER
SCHEDULES OF OPERATING EXPENSES – SALARIES AND BENEFITS
YEARS ENDED SEPTEMBER 30,

	<u>2023</u>	<u>2022</u>
Administrative and general	\$ 1,816,745	\$ 1,690,359
Plant operations and maintenance	128,554	116,938
Housekeeping	217,475	233,536
Nursing administration	85,192	24,834
Central supply	92,835	96,120
Pharmacy	481,614	456,496
Medical records	319,890	330,374
Nursing services	1,510,446	1,665,782
Intensive care unit	42,978	26,976
Operating room	561,769	528,404
Radiology	564,840	517,427
Laboratory	623,258	579,682
Respiratory therapy	432,700	462,561
Physical therapy	36,182	32,569
EKG and EEG	29,557	30,059
Intensive outpatient program	256,084	256,880
Emergency room	1,137,770	1,094,080
Rural health clinics	2,983,156	2,946,421
Family health clinic	413,884	344,156
Surgery clinic	789,020	770,990
School based health clinic	<u>204,269</u>	<u>203,833</u>
 Total Salaries	 <u>12,728,218</u>	 <u>12,408,477</u>
 Payroll taxes	 168,678	 163,452
Hospitalization insurance	645,330	636,271
Retirement	743,192	721,261
Other	<u>18,921</u>	<u>8,122</u>
 Total Benefits	 <u>1,576,121</u>	 <u>1,529,106</u>
 Total Salaries and Benefits	 \$ <u>14,304,339</u>	 \$ <u>13,937,583</u>

RICHARDSON MEDICAL CENTER
SCHEDULES OF OPERATING EXPENSES – PROFESSIONAL FEES
YEARS ENDED SEPTEMBER 30,

	<u>2023</u>	<u>2022</u>
Nursing	\$ 570	\$ 11,749
Anesthesiology	290,769	269,231
Radiology	952,019	747,084
Laboratory	228,851	181,125
Respiratory therapy	795	695
EKG	58,500	75,000
Cardiac cath lab	37,500	-0-
Emergency room	1,690,136	1,704,676
Rural health clinics	11,000	3,350
School-based health clinic	<u>2,833</u>	<u>-0-</u>
 Total Professional Fees	 \$ <u>3,272,973</u>	 \$ <u>2,992,910</u>

RICHARDSON MEDICAL CENTER
SCHEDULES OF OPERATING EXPENSES – OTHER EXPENSES
YEARS ENDED SEPTEMBER 30,

	<u>2023</u>	<u>2022</u>
Contract services	\$ 2,896,201	\$ 2,841,223
Legal and accounting	127,470	107,973
Supplies	330,415	405,454
Repairs and maintenance	527,968	414,803
Utilities	352,781	338,291
Telephone	36,647	24,318
Travel	24,712	35,376
Rentals	96,695	52,926
Education	20,134	19,631
Recruitment and advertising	15,908	16,799
Dues and subscriptions	217,795	211,453
Inter-governmental transfer	314,378	470,225
Miscellaneous	<u>164</u>	<u>2,329</u>
 Total Other Expenses	 \$ <u>4,961,268</u>	 \$ <u>4,940,801</u>

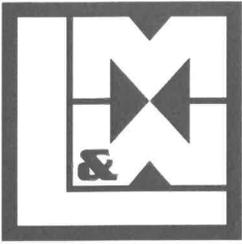
RICHARDSON MEDICAL CENTER
 SCHEDULES OF PER DIEM AND
 OTHER COMPENSATION PAID TO BOARD MEMBERS
 YEARS ENDED SEPTEMBER 30,

	-----TERM-----		<u>2023</u>	<u>2022</u>
	<u>BEGAN</u>	<u>ENDING</u>		
Mrs. Beth Green	09/08/08	05/03/27	NONE	NONE
Mr. Bill Worsely	05/06/13	05/06/25	NONE	NONE
Ms. Regina Craig	06/07/21	12/02/23	NONE	NONE
Mr. Oliver Holland	04/18/89	02/01/22	NONE	NONE
Mr. Jason Bruyninckx	03/07/22	01/01/26	NONE	NONE
Dr. Addison Thompson	11/05/13	11/06/25	NONE	NONE

RICHARDSON MEDICAL CENTER
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
 PAYMENTS TO CHIEF EXECUTIVE OFFICER
 YEAR ENDED SEPTEMBER 30, 2023

Agency Head Name: James Barrett, Jr.
 Position: CEO
 Time Period: For the year ended September 30, 2023

<u>Purpose</u>	<u>Amount</u>
Salary	252,042
Health insurance	5,328
Retirement (FICA replacement plan)	-0-
Car allowance	4,800
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-



LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Road • Alexandria, LA 71303-3653

Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758

Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107

Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

Members: American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA
Mary L. Carroll, CPA
Joey L. Breaux, CPA
Jason P. LeBlanc, CPA
Karlie P. Brister, CPA
P. Trae' O'Pry, CPA, CVA
Timothy J. Deshotel, CPA

Brenda J. Lloyd, CPA
Andrew J. Wynn, CPA

Bobby G. Lester, CPA
(1949-2023)

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

To the Board of Commissioners
Hospital Service District No. 1B
Parish of Richland, State of Louisiana
Rayville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Richland Parish Hospital Service District No. 1B, Parish of Richland (the District), a component unit of the Richland Parish Police Jury, as of and for the years ended September 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 March 27, 2024.

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 item 2023-001, 2023-002, 2023-003, 2023-004 and 2023-005 that we consider to be material weaknesses.

Board of Commissioners
Hospital Service District No. 1B
Parish of Richland, State of Louisiana
Rayville, Louisiana
Page Two

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2023-006.

The District's Response to Findings

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

Purpose of this Report

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

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.



Certified Public Accountants
Alexandria, Louisiana

March 27, 2024





LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Road • Alexandria, LA 71303-3653

Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758

Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107

Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

Members: American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA
Mary L. Carroll, CPA
Joey L. Breaux, CPA
Jason P. LeBlanc, CPA
Karlie P. Brister, CPA
P. Trae' O'Pry, CPA, CVA
Timothy J. Deshotel, CPA

Brenda J. Lloyd, CPA
Andrew J. Wynn, CPA

Bobby G. Lester, CPA
(1949-2023)

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

To the Board of Commissioners
Hospital Service District No. 1B
Parish of Richland, State of Louisiana
Rayville, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Richland Parish Hospital Service District No. 1B's, Parish of Richland (the District) a component unit of the Richland Parish Police Jury, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 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.

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 September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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



Report on Internal Control over Compliance

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

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

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

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

March 27, 2024



RICHARDSON MEDICAL CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Federal Grantor/Program Name/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass-through Identifying No.</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
COVID-19 Provider Relief Fund	93.498		\$ 1,626,075
COVID-19 Testing for Rural Health Clinics	93.697		200,000
Small Rural Hospital Improvement Grant Passed-through Louisiana Department of Health	93.301		30,536
LHAREF's COVID-19 Preparedness and Response Activities Passed-through Louisiana Hospital Association	93.889		19,962
U.S. Department of Agriculture			
Community Facilities Loans and Grants	10.766		<u>788,006</u>
Total Expenditures of Federal Awards			\$ <u>2,664,579</u>

See accompanying notes to schedule of expenditures of federal awards.

RICHARDSON MEDICAL CENTER
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Richland Parish Hospital Service District No. 1B (referred to as "the District" or "the Hospital") under programs of the federal government for the year ended September 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 September 30, 2022, the Hospital received \$1,626,075 in Provider Relief Funds - Phase 4 and American Rescue Plan payments 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 \$1,626,075 expended in "Period 4" is reported on the September 30, 2023 SEFA, while these amounts were reported as COVID-19 grant awards of \$480,355 and \$1,145,720 in the fiscal years September 30, 2023 and 2022, respectively.

RICHARDSON MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Response: In order to implement the recommendation, management would need to consult with outside reimbursement specialists. Therefore, management has determined that the cost outweighs the benefit derived. Management will reevaluate this decision in the future.

FINDING 2023-002 - Allowances for Patient Receivables

Criteria: An estimate of the allowances for accounts receivable should be made and recorded on a monthly basis.

Condition: An estimate of the allowances was made. However, the entry was not calculated using the month-end amounts.

Cause: Management did not tie the final estimates to the general ledger after the entry was posted.

Effect: Patient receivables and net patient service revenue were overstated by approximately \$1,600,000.

Recommendation: We recommend management review the calculation and tie the estimate to general ledger. Additionally, days of net revenue in accounts receivable should be calculated as a reasonableness test.

Response: Management will review the posting of the entry to ensure the calculation agrees to the general ledger.

FINDING 2023-003 - Capital Assets

Criteria: Capital assets should be recorded in accordance with GASB 87 new lease standard and depreciation and amortization recorded on a monthly basis.

Condition: The Hospital expensed leases instead of capitalizing them in accordance with the GASB 87 lease standard. Additionally, amortization was not recorded on right-of-use assets.

Cause: Due to turnover in the CFO position, the lease standard was not properly implemented and depreciation and amortization were not recorded.

Effect: Right-of-use assets were overstated by approximately \$240,000 and lease liabilities by \$232,000. Amortization expense was understated by approximately \$241,000.

Recommendation: We recommend implementing GASB 87 lease standard and recording depreciation and amortization of capital assets on a monthly basis.

Response: After working through all the current leases, management will record the leases according to the GASB 87, *Leases*.



RICHARDSON MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

FINDING 2023-004 - Grant Revenue Recognition

Criteria: Grant revenue should be recorded when earned.

Condition: Deposits for grants and cost report settlements were commingled to one account. An entry to reclass did not record all of the grant revenue earned.

Cause: Management overlooked the accounts when preparing the financial statements.

Effect: Current assets and grant revenue were understated by approximately \$1.1 million.

Recommendation: We recommend depositing grants and cost report settlements to separate accounts. Grants should be reviewed to ensure proper accounting treatment when recording the earned and unearned portions.

Response: The CFO has properly recognized grant revenue in fiscal year 2024.

FINDING 2023-005 - Prepaid Insurance

Criteria: Insurance should be recorded based on an amortization of the insurance premiums over the life of the policy.

Condition: A prepaid insurance schedule was not maintained.

Cause: Management estimated the insurance expense based on the payments.

Effect: Insurance expense was understated by approximately \$290,000.

Recommendation: We recommend posting the payments to prepaid insurance, preparing an insurance amortization schedule and recording insurance expense on a monthly basis in accordance with the schedule.

Response: Management will trace all policies to the renewals and review them for significant changes. Management will ensure that a prepaid schedule is maintained and the appropriate entries are posted to the general ledger.

FINDING 2023-006 - State Bond Commission

Criteria: New debt should be approved by the Louisiana State Bond Commission.

Condition: The Hospital entered into five separate commercial premium finance agreements to finance its insurance policy premiums over a 10-month period ranging in interest rates from 4.95% to 10.249%.

Cause: Oversight by management.

Effect: It appears that the Hospital is in violation of Louisiana R.S. 39:140.60.



RICHARDSON MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Recommendation: We recommend contacting the State Bond Commission regarding the insurance premiums finance agreements in question. Additionally, management should seek approval on any new debt from the State Bond Commission.

Response: Management will review policies when renewed to ensure compliance with the State Bond Commission.

Section III. Federal Awards Findings and Questioned Costs

Not Applicable

Section IV. Management Letter

Not Applicable



RICHARDSON MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section I. Financial Statement Findings

Finding 2022-001 - Medicare and Medicaid Cost Report Receivables and Withholdings

Fiscal Year Initially Reported: September 30, 2020

Finding: An estimate of the current year Medicare and Medicaid cost reports were not estimated and recorded. Additionally, Medicare withholdings for payments on advancements were not reconciled. This resulted in assets and revenues being understated by approximately \$579,000.

Recommendation: We recommend calculating an estimate for the current year Medicare and Medicaid cost reports and recording the results on an interim basis.

Response: Management will implement a calculation and record an entry for Medicare and Medicaid cost report settlements for future periods. The results will be considered when recording revenue earned from the Provider Relief Funds.

Resolution: Not resolved - See finding 2023-001.

Finding 2022-002 - Allowances for Patient Receivables

Fiscal Year Initially Reported: September 30, 2020

Finding: An estimate of the allowances for accounts receivable related to the Family Healthcare Clinic was not estimated and recorded. Therefore, patient receivables and the net patient service revenue were overstated by approximately \$695,000.

Recommendation: We recommend calculating and recording an estimate for allowances on all patient accounts receivable.

Response: Management has updated the calculation to provide a more accurate estimate.

Resolution: Partially resolved, the calculation has been updated but the entry was not calculated correctly - See finding 2023-002.

Finding 2022-003 - Capital Assets

Fiscal Year Initially Reported: September 30, 2022

Finding: Management did not implement GASB 87. Right-of-use assets were understated by approximately \$820,000 and lease liabilities were understated by approximately \$881,000.

Recommendation: We recommend calculating and recording the calculation assets and liabilities in accordance with GASB 87.

Response: Management will record the assets and liabilities.

Resolution: Not resolved - See finding 2023-003.



RICHARDSON MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Finding 2022-004 - Signature Authority

Fiscal Year Initially Reported: September 30, 2021

Finding: The signature authority on financial deposits was not updated on all accounts when an employee resigned.

Recommendation: We recommend maintaining a list of bank accounts by financial institution listing the authorized signers and purpose of each account. The list should be maintained as a permanent document with the Board of Commissioners' minutes. The list should be utilized when making changes, such as updating signatory authority.

Response: Management has created a bank list and will utilize it when a board member or manager who is an authorized signer resigns.

Resolution: Resolved.

Finding 2022-005 - Grant Revenue Recognition

Fiscal Year Initially Reported: September 30, 2022

Finding: Grant revenue was not recorded when earned. Revenue was overstated by approximately \$1.2 million.

Recommendation: We recommend reviewing all grant deposits to ensure proper accounting treatment when recording the earned and unearned portions.

Response: The CFO will properly report grant revenue in the future.

Resolution: Not resolved - See finding 2023-004.

Section II. Federal Awards Findings and Questioned Costs

Not Applicable

Section III. Management Letter

Not Applicable

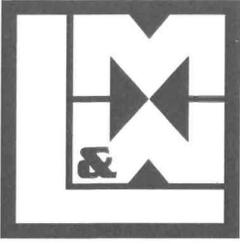


RICHARDSON MEDICAL CENTER
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON
PROCEDURES

FOR THE YEAR ENDED
SEPTEMBER 30, 2023



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS



LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Road • Alexandria, LA 71303-3653

Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758

Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107

Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

Members: American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA
Mary L. Carroll, CPA
Joey L. Breaux, CPA
Jason P. LeBlanc, CPA
Karlie P. Brister, CPA
P. Trae' O'Pry, CPA, CVA
Timothy J. Deshotel, CPA

Brenda J. Lloyd, CPA
Andrew J. Wynn, CPA

Bobby G. Lester, CPA
(1949-2023)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED SEPTEMBER 30, 2023

To the Board of Commissioners
of Richardson Medical Center
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 01, 2022 through September 30, 2023. Richardson Medical Center's (the Hospital) 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 October 01, 2022 through September 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).

- 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: One exception was found as a result of these procedures. The storage of backups in a separate physical location, isolated from the network, was not present in the IT Disaster Recovery Policy.

Management's Response: We will review the policy and take corrective action where necessary.

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: There were two exceptions noted as a result of these procedures. During FY 2023, the board did not meet for two (2) of the twelve (12) monthly meetings. Also, the board did not receive written updates on the progress of resolving prior year's audit findings.

Management's Response: The CEO will review the bylaws and update accordingly.

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: There were three exceptions found as a result of these procedures. Two deposits were not made within one business day of receipt; employees responsible for collecting cash are also responsible for preparing deposits at two of the deposit sites; and employees responsible for cash collection also share a cash drawer at one deposit site.

Management's Response: Management will update and enforce policies and procedures to correct the deficiencies.



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

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: One exception was noted. The reimbursement rate used for mileage did not agree with the state or GSA rates effective at the time. The mileage rate used was from 2018.

Management's Response: We will review our reimbursement procedures to ensure the correct reimbursement rates are applied.

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

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: Management did not acquire state bond commission approval for debt related to financing of insurance policies.

Management's response: Management will review insurances policies and request approval from the state bond commission for finance insurance policies.

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.

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

We were engaged by the Hospital to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and 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.



Certified Public Accountants
Alexandria, Louisiana

March 04, 2024

