

HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A  
LASALLE GENERAL HOSPITAL  
AND  
LASALLE NURSING HOME  
FINANACIAL STATEMENTS

FOR THE YEARS ENDED  
SEPTEMBER 2024 AND 2023





Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Financial Statements  
And  
Independent Auditors' Report  
Years Ended September 30, 2024 and 2023

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Hospital Service District No. 2 of LaSalle Parish, State of Louisiana  
(d/b/a LaSalle General Hospital and LaSalle Nursing Home)  
Management's Discussion and Analysis

This section of the Hospital Service District's (the District) annual financial report presents background information and management's analysis of the Hospital Service District's financial performance during the fiscal year that ended on September 30, 2024. Please read it in conjunction with the financial statements in this report.

### **Financial Highlights**

- The District's total assets decreased in fiscal year (FY) by \$4,305,000 due to decreases in cash and increases in depreciation and amortization (SBITA). In FY 2023, total assets increased by \$7,500,000, mainly because of the addition of subscription assets of \$7,594,000 with the implementation of GASB No. 96 in fiscal year (FY) 2023. Cash decreased by \$796,000 and \$205,000 in FY 2024 and 2023, respectively. This is compared to a decrease of \$3,489,000 in FY 2022. In FY 2024 accounts receivable, net, decreased by \$1,104,000 due to better collections and increases in allowances for doubtful accounts. Continuing slow collections in FY 2023 contributed to increases in accounts receivable, net, of \$494,000.
- During the year, the District's total operating revenues increased by \$553,000 compared to FY 2023 increase of \$2,100,000 due to an increase in Medicaid Supplemental Payments. This increase is attributable to 340B revenue increases. Net patient revenue increased by \$202,000 in FY 2024 and increased by \$419,000 FY 2023. Nursing Home days decreased by 1,753 and Rural Health Clinic visits decreased by 316 in FY 2024.
- Total operating expenses increased by \$1,200,000 or 4% following an increase of \$2,159,000 or 7%, in fiscal years 2024 and 2023, respectively. Increases in salaries and benefits of \$932,000 occurred in FY 2024 with an increase of \$195,000 in FY 2023. FY 2024 increase in depreciation and amortization was \$173,000, mainly due to GASB No. 96 amortization of subscription assets.
- The District had a loss from operations of \$2,798,000 and \$2,152,000 in fiscal years 2024 and 2023, due to a rise in expenses, as well as a significant increase in depreciation and amortization expense.
- The District is experiencing financial difficulties due to several problems including slow cash collections and increases in expenses.

### **Required Financial Statements**

The Financial Statements of the District report information about the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. This statement measures changes in the District's

Hospital Service District No. 2 of LaSalle Parish, State of Louisiana  
(d/b/a LaSalle General Hospital and LaSalle Nursing Home)  
Management's Discussion and Analysis (Continued)

**Required Financial Statements (Continued)**

operations over the past two years and can be used to determine whether the District has been able to recover all of its costs through its patient service revenue and other revenue sources.

The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as "Where did cash come from?", "What was cash used for?" and "What was the change in cash balance during the reporting period?"

**Financial Analysis of the Hospital Service District**

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in them. Increases or decreases in the District's net position are one indicator of whether its 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.

Hospital Service District No. 2 of LaSalle Parish, State of Louisiana  
(d/b/a LaSalle General Hospital and LaSalle Nursing Home)  
Management's Discussion and Analysis (Continued)

**Net Position**

Table 1 presents a condensed Statements of Net Position for the Hospital Service District.

**TABLE 1**  
**Condensed Statements of Net Position**

		September 30,	
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total current assets	\$ 8,231,238	\$ 10,347,496	\$ 9,075,053
Nondepreciable capital assets	774,157	621,475	509,572
Depreciable capital assets - net	14,739,681	15,100,467	15,789,418
Right-of-use capital assets, net	722,920	839,008	567,245
Subscription assets	6,449,692	7,594,085	60,460
Assets limited to use	118,179	835,953	1,823,380
Other assets	<u>4,580</u>	<u>6,858</u>	<u>9,136</u>
 Total Assets	 \$ <u>31,040,447</u>	 \$ <u>35,345,342</u>	 \$ <u>27,834,264</u>
 Current liabilities	 \$ 8,005,829	 \$ 7,839,227	 \$ 4,690,717
Lease liabilities	543,071	628,941	318,647
Long-term debt	2,674,753	2,983,013	3,298,115
Subscription liabilities, net	5,304,321	6,484,434	41,514
Invested in capital assets, net of related debt	12,341,776	12,100,734	12,324,773
Restricted: debt reserve fund	134,994	850,911	1,834,254
Unrestricted	<u>2,035,703</u>	<u>4,458,082</u>	<u>5,326,244</u>
 Total Liabilities and Net Position	 \$ <u>31,040,447</u>	 \$ <u>35,345,342</u>	 \$ <u>27,834,264</u>

Hospital Service District No. 2 of LaSalle Parish, State of Louisiana  
(d/b/a LaSalle General Hospital and LaSalle Nursing Home)  
Management's Discussion and Analysis (Continued)

**Summary of Revenues, Expenses, and Changes in Net Position**

Table 2 presents a summary of the District's historical revenues and expenses.

**TABLE 2**  
**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2024</u>	September 30, <u>2023</u>	<u>2022</u>
Revenues			
Net patient service revenue	\$ 24,475,337	\$ 24,273,030	\$ 23,854,179
Medicaid supplemental payments	4,493,360	5,542,709	1,616,410
Operating grants & IGT	112,349	92,543	2,621,040
Other operating revenue	<u>2,954,951</u>	<u>1,574,448</u>	<u>1,291,049</u>
Total Revenues	<u>32,035,997</u>	<u>31,482,730</u>	<u>29,382,678</u>
Expenses			
Salaries and benefits	17,443,379	16,511,341	16,316,584
Other expenses	14,358,583	14,264,393	13,851,498
Depreciation and amortization	<u>3,032,372</u>	<u>2,858,943</u>	<u>1,307,320</u>
Total Expenses	<u>34,834,334</u>	<u>33,634,677</u>	<u>31,475,402</u>
Operating Income (Loss)	<u>(2,798,337)</u>	<u>(2,151,947)</u>	<u>(2,092,724)</u>
Nonoperating Revenues (Expenses)			
Property taxes	311,321	296,634	294,182
Interest income	8,189	5,997	10,049
Interest expense	(443,163)	(456,684)	(203,254)
Covid-19 grants and loan forgiveness	-0-	166,033	1,348,805
Gain on disposal of assets	<u>338</u>	<u>586</u>	<u>317</u>
Changes in Net Position			
before Capital Grants	(2,921,652)	(2,139,381)	(642,625)
Capital grants	<u>24,398</u>	<u>63,837</u>	<u>255,347</u>
Increase (Decrease) in Net Position	(2,897,254)	(2,075,544)	(387,278)
Net Position at Beginning of Year	<u>17,409,727</u>	<u>19,485,271</u>	<u>19,872,549</u>
Net Position at End of Year	\$ <u>14,512,473</u>	\$ <u>17,409,727</u>	\$ <u>19,485,271</u>

Hospital Service District No. 2 of LaSalle Parish, State of Louisiana  
(d/b/a LaSalle General Hospital and LaSalle Nursing Home)  
Management's Discussion and Analysis (Continued)

**Sources of Revenue**

**Operating Revenue**

During fiscal year 2024, the District derived the majority of its total revenue from patient services. Patient service revenue includes revenue from the Medicare and Medicaid programs, commercial insurance, other various third-party payors, and patients who receive care in the District's facilities. Reimbursement for the Medicare and Medicaid programs, commercial insurance, and other third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance.

Table 3 presents the percentages by payor. The Hospital's is a percentage of gross charges billed for patient services. The Nursing Home's is based on the census.

**TABLE 3  
Payor Mix by Percentage**

LaSalle General Hospital September 30,			
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Medicare	30%	34%	36%
Medicaid	24%	31%	26%
Commercial Insurance	43%	32%	36%
Self Pay	<u>3%</u>	<u>3%</u>	<u>2%</u>
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>
LaSalle Nursing Home September 30,			
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Medicare	10%	10%	14%
Medicaid	75%	76%	70%
Commercial Insurance	N/A	N/A	N/A
Self Pay	<u>15%</u>	<u>14%</u>	<u>16%</u>
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>

**Operating Grant Income**

For state fiscal year (SFY) 2024, 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

Hospital Service District No. 2 of LaSalle Parish, State of Louisiana  
(d/b/a LaSalle General Hospital and LaSalle Nursing Home)  
Management's Discussion and Analysis (Continued)

**Operating Grant Income (Continued)**

quarterly supplemental payments to hospitals based upon certain assumptions under a direct payment plan (DPP). The Hospital has recognized \$3,000,000 under the directed payment plan during FY 2024.

**Non-operating Income**

The District paid off the Medical Office Building loan during FY 2024. Limited use assets at year-end included ad valorem taxes of \$81,000 and grants restricted for various purposes of \$38,000.

**Operating and Financial Performance**

The following summarizes the District's Statements of Revenues, Expenses, and Changes in Net Position between 2024, 2023, and 2022:

Overall activity at the Hospital, measured by acute (including new vision and behavioral health) patient discharges, was 658, 1,026, and 770, in 2024, 2023, and 2022, respectively. Acute patient days were 2,167 in 2024, 6,410 in 2023, and 5,837 in 2022.

For Swing Bed activity at the Hospital, discharges were 39, 43, and 36, for 2024, 2023, and 2022, respectively. Swing Bed patient days were 705, 660, and 581, in 2024, 2023, and 2022, respectively.

The Nursing Home census remained relatively constant at 58 and 67 residents at the end of FY 2024 and 2023, respectively. The Nursing Home continues to have a low census count.

Net Patient Service Revenue (NPSR) for the District increased by \$202,000 and \$419,000 in fiscal years 2024 and 2023, respectively. Changes in Medicaid Supplemental Payments accounting contributed to the change from 2023 to 2024.

With continued efforts to expand our market through both new patient services and new infrastructure, the District is positioned to move forward. The District will continue to aggressively develop, sustain and enhance access to high quality, affordable healthcare.

The District has experienced significant losses in the prior fiscal years, which has led to a decline in the financial position. Management has implemented plans to alleviate this negative trend. Management intends to reduce expenses, which will not impact the District's revenues. The focus of management will be on avoiding significant write-offs and auditing the outside billing and collections to ensure all claims are being collected timely. The District is working with the hospital coalition, bond attorneys, and the District's attorneys to improve the District's situation.



Hospital Service District No. 2 of LaSalle Parish, State of Louisiana  
(d/b/a LaSalle General Hospital and LaSalle Nursing Home)  
Management's Discussion and Analysis (Continued)

**Capital Assets**

Table 4 presents a condensed schedule of capital assets.

**TABLE 4**  
**Capital Assets**

The District's net capital assets (depreciable) decreased in 2024 by \$361,000, primarily due to an increase in accumulated depreciation from the addition of new assets. Net right-of-use capital assets decreased \$116,000. Also, in FY 2024 one SBITA asset was added in the amount of \$160,478. GASB No. 96, *Subscription-Based Information Technology Arrangements*, was implemented in FY 2023. See schedule below for all categories of assets.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Nondepreciable capital assets			
Land	\$ 278,893	\$ 278,893	\$ 278,893
Construction in progress	495,264	342,582	3,578,888
Total nondepreciable capital assets	<u>\$ 774,157</u>	<u>\$ 621,475</u>	<u>\$ 3,857,781</u>
Depreciable capital assets			
Land improvements	\$ 730,003	\$ 730,003	\$ 685,193
Buildings and fixed equipment	24,701,752	23,749,761	23,024,660
Moveable equipment	9,077,931	9,043,083	8,986,639
Total depreciable capital assets	34,509,686	33,522,847	32,696,492
Less: accumulated depreciation	<u>19,770,005</u>	<u>18,422,380</u>	<u>16,907,074</u>
Total depreciable capital assets, net	<u>\$ 14,739,681</u>	<u>\$ 15,100,467</u>	<u>\$ 15,789,418</u>
Right-of-use capital assets			
Total right-of-use capital assets, net	<u>\$ 722,920</u>	<u>\$ 839,008</u>	<u>\$ 509,572</u>
Subscription-based assets			
Subscription-based assets, net	<u>\$ 6,449,692</u>	<u>\$ 7,594,085</u>	<u>\$ 60,460</u>

**Long-term Debt**

At year-end, the District had \$2,983,673 in long-term debt, \$746,098 in right-of-use lease liabilities, and \$6,614,903 in subscription liabilities. No new finance purchase leases were entered into in FY 2024 or 2023. New right-of-use lease of \$144,500 was added in FY 2024. One SBITA was added in FY 2024 in the amount of \$160,748. SBITA liabilities were added in FY 2023 in compliance with GASB No. 96.



Hospital Service District No. 2 of LaSalle Parish, State of Louisiana  
(d/b/a LaSalle General Hospital and LaSalle Nursing Home)  
Management's Discussion and Analysis (Continued)

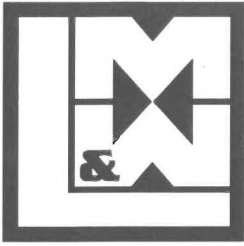
**Long-term Debt (Continued)**

A balance of \$1,443,000 remains at year-end on the \$2,000,000 bonds borrowed in FY 2020.

The District took out a \$2,500,000 loan in 2009 for construction of the Physician Office Building, which opened September 1, 2009. This loan was refinanced in fiscal year 2018 at Sabine State Bank with a balloon payment due in March 2023. It was refinanced again in March 2023 with a final payment due in August 2024. The balance was paid off in FY 2024. More detailed information about the District's long-term debt is presented in Note 12 to the combined financial statements.

**Contacting the Hospital Service District's Financial Manager**

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



## **LESTER, MILLER & WELLS**

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### **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Hospital Service District No. 2,  
Parish of LaSalle, State of Louisiana  
Jena, Louisiana

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

We have audited the accompanying group financial statements of Hospital Service District No. 2, Parish of LaSalle, State of Louisiana (the "District"), a component unit of the LaSalle Parish Police Jury, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's combined financial statements as listed in the table of contents.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the District, as of September 30, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant 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 group financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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



### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial information of the District and do not purport to, and do not, present fairly the financial position of LaSalle Parish Police Jury as of September 30, 2024 and 2023, 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.

As discussed in Note 26 to the financial statements, the District is experiencing financial difficulties. Our opinion is not modified in 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 "viii" be presented to supplement the combined financial statements. Such information is the responsibility of management and, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined 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 combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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.

See accompanying notes to financial statements.



Board of Commissioners  
Hospital Service District No. 2  
Parish of LaSalle, State of Louisiana  
Jena, Louisiana  
Page Four

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants  
Alexandria, Louisiana

March 28, 2025

See accompanying notes to financial statements.



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Combined Statements of Net Position  
September 30,

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents (Note 3)	\$ 336,190	\$ 1,131,952
Limited use assets - required for current liabilities (Note 4)	16,815	14,958
Accounts receivable, net (Note 5)	4,810,689	5,914,817
Estimated third-party payor settlements	900,030	1,052,839
Other receivables	1,764,113	1,762,484
Inventory	266,428	319,916
Prepaid expenses	<u>136,973</u>	<u>150,530</u>
 Total Current Assets	 <u>8,231,238</u>	 <u>10,347,496</u>
Non-Current Assets		
Nondepreciable capital assets (Note 6)	774,157	621,475
Depreciable capital assets, net (Note 6)	14,739,681	15,100,467
Right-of-use capital assets, net (Note 6)	722,920	839,008
Subscription assets (Note 7)	6,449,692	7,594,085
Limited use assets (Note 4)	118,179	835,953
Other assets (Note 8)	<u>4,580</u>	<u>6,858</u>
 Total Assets	 <u>\$ 31,040,447</u>	 <u>\$ 35,345,342</u>

LIABILITIES AND NET POSITION

Current Liabilities		
Cash	\$ 57,881	\$ -0-
Accounts payable	3,820,486	3,138,467
Accrued expenses and withholdings (Note 9)	1,786,223	1,529,009
Estimated third-party payor settlements	2,245	74,515
Deferred revenue	36,051	254,997
Limited use assets	16,815	14,958
Retirement plan payable	463,599	869,368
Current portion of lease liability (Note 13)	203,027	234,279
Current portion of subscription liability (Note 14)	1,310,582	1,241,630
Current portion of long-term debt (Note 12)	<u>308,920</u>	<u>482,004</u>
 Total Current Liabilities	 <u>\$ 8,005,829</u>	 <u>\$ 7,839,227</u>

See accompanying notes to financial statements.



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Combined Statements of Net Position (Continued)  
September 30,

	<u>2024</u>	<u>2023</u>
Long-term Liabilities		
Lease liability, net of current maturities (Note 13)	\$ 543,071	\$ 628,941
Subscription liability, net of current maturities (Note 14)	5,304,321	6,484,434
Long-term debt, net of current maturities (Note 12)	<u>2,674,753</u>	<u>2,983,013</u>
 Total Liabilities	 <u>16,527,974</u>	 <u>17,935,615</u>
Net Position		
Invested in capital assets, net of related debt	12,341,776	12,100,734
Restricted (Note 4)	134,994	850,911
Unrestricted	<u>2,035,703</u>	<u>4,458,082</u>
 Total Net Position	 <u>14,512,473</u>	 <u>17,409,727</u>
 Total Liabilities and Net Position	 \$ <u>31,040,447</u>	 \$ <u>35,345,342</u>

See accompanying notes to financial statements.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Combined Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Net patient service revenue (Note 15)	\$ 24,475,337	\$ 24,273,030
Medicaid supplemental payments	4,134,177	5,475,756
Intergovernmental transfer grants	48,522	45,668
Noncapital grants	63,827	46,875
Other operating revenues	<u>3,314,134</u>	<u>1,641,401</u>
 Total Operating Revenues	 <u>32,035,997</u>	 <u>31,482,730</u>
Operating Expenses		
Salaries and benefits	17,443,379	16,511,341
Medical supplies and drugs	2,775,125	2,228,785
Insurance	428,377	407,517
Professional fees	3,295,107	3,177,117
Other expenses	7,859,974	8,450,974
Depreciation and amortization	<u>3,032,372</u>	<u>2,858,943</u>
 Total Operating Expenses	 <u>34,834,334</u>	 <u>33,634,677</u>
 Operating Income (Loss)	 <u>(2,798,337)</u>	 <u>(2,151,947)</u>
Nonoperating Revenues (Expenses)		
Property taxes	311,321	296,634
Interest income	8,189	5,997
Interest expense	(443,163)	(456,684)
Covid-19 grant awards	-0-	166,033
Gain (loss) on disposal of assets	<u>338</u>	<u>586</u>
 Changes in Net Position before Capital Grants	 (2,921,652)	 (2,139,381)
Capital grants	<u>24,398</u>	<u>63,837</u>
 Increase (Decrease) in Net Position	 (2,897,254)	 (2,075,544)
 Net Position at Beginning of Year	 <u>17,409,727</u>	 <u>19,485,271</u>
 Net Position at End of Year	 \$ <u>14,512,473</u>	 \$ <u>17,409,727</u>

See accompanying notes to financial statements.



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Combined Statements of Cash Flows  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 25,300,821	\$ 23,820,926
Other receipts from operations	7,918,214	6,251,651
Cash payments to employees and for employee-related cost	(17,591,934)	(15,954,021)
Cash payments for other operating expenses	<u>(13,551,639)</u>	<u>(12,697,407)</u>
Net cash provided (used) by operating activities	<u>2,075,462</u>	<u>1,421,149</u>
Cash flows from investing activities:		
Interest income	<u>8,189</u>	<u>5,997</u>
Net cash provided (used) by investing activities	<u>8,189</u>	<u>5,997</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	311,321	296,634
Proceeds from unearned revenue	(218,946)	217,000
Proceeds from COVID-19 grant awards	<u>-0-</u>	<u>166,033</u>
Net cash provided (used) by non-capital financing activities	<u>92,375</u>	<u>679,667</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,256,260)	(938,258)
Principal payments on lease liability obligations	(261,622)	(269,570)
Principal payments on subscription liability obligations	(1,271,909)	(1,204,979)
Principal payments on long-term debt	(481,344)	(494,427)
Interest expense on long-term debt	(443,163)	(456,684)
Proceeds from limited use assets	717,774	987,427
Proceeds from capital grants	24,398	63,837
Proceeds (loss) from disposal of capital assets	<u>338</u>	<u>586</u>
Net cash provided (used) by capital and related financing activities	\$ <u>(2,971,788)</u>	\$ <u>(2,312,068)</u>

See accompanying notes to financial statements.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Combined Statements of Cash Flows (Continued)  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Net increase (decrease) in cash and cash equivalents	\$ (795,762)	\$ (205,255)
Beginning cash and cash equivalents	<u>1,131,952</u>	<u>1,337,207</u>
Ending cash and cash equivalents	\$ <u><u>336,190</u></u>	\$ <u><u>1,131,952</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ <u>443,163</u>	\$ <u>456,684</u>
Equipment acquired under financed purchase lease	\$ <u>-0-</u>	\$ <u>-0-</u>
Equipment acquired under right-of-use leases	\$ <u>144,500</u>	\$ <u>551,669</u>
Equipment acquired under subscription agreements	\$ <u>160,748</u>	\$ <u>8,869,686</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (2,798,337)	\$ (2,151,947)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,032,371	3,133,551
Change in current assets (increase) decrease:		
Net patient accounts receivable	1,104,128	(494,240)
Other receivables	(1,629)	(1,025,002)
Estimated third-party payor settlements	80,539	109,089
Inventory	53,488	(27,794)
Prepaid expenses	13,557	12,399
Change in current liabilities (increase) decrease:		
Cash overdraft	57,881	-0-
Accounts payable	682,019	1,307,773
Accrued expenses and withholdings payable	257,214	107,810
Retirement plan payable	<u>(405,769)</u>	<u>449,510</u>
Net cash provided (used) by operating activities	\$ <u><u>2,075,462</u></u>	\$ <u><u>1,421,149</u></u>

See accompanying notes to financial statements.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Hospital Service District No. 2, of the Parish of LaSalle, State of Louisiana (referred to as "the District") was created in 1968 by the LaSalle Parish Police Jury.

The District is a political subdivision of the LaSalle Parish Police Jury whose jurors are elected officials. The District's five Commissioners are appointed by the LaSalle Parish Police Jury. As the governing authority of the Parish for reporting purposes, the LaSalle Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the LaSalle 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 District and do not present information on the police jury, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

On April 18, 2001, the District resumed control of LaSalle Nursing Home. LaSalle General Hospital and LaSalle Nursing Home are both enterprise funds within the District.

Nature of Business

The District provides acute inpatient services, behavioral health inpatient services, skilled nursing (through "Swing Beds"), emergency, home health, and outpatient services, including a rural health clinic and private physician offices. Long-term intermediate care is also provided.

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

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The entity is a political subdivision and is exempt from taxation.

Principles of Combination

The accompanying combined financial statements include the accounts of the Hospital Service District No. 2 of the Parish of LaSalle including LaSalle General Hospital and LaSalle Nursing Home. These are two separate enterprise funds. The District has one board. All intercompany transactions and balances have been eliminated.

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 District provides medical care primarily to LaSalle Parish residents and grants credit to patients, substantially all of whom are local residents. The District's estimate of collectability is based on an evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The District has an economic dependence on a small number of staff physicians who admit over 90% of the District's patients. The District also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 15. Accordingly, changes in federal and state legislation or interpretations of rules have a significant impact on the District.

Inventory

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or net realizable value.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Patient Service Revenue

The District has entered into agreements with third-party payors, including government programs, health insurance companies, and managed care health plans, under which the District 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 District services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original 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 the 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.

Capital Assets

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

Buildings and Improvements	25 to 40 years
Machinery and Equipment	5 to 20 years
Furniture and Fixtures	5 to 15 years

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

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

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription Assets and Liabilities

The District 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 District’s control of the right to use a subscription-based information technology for the arrangement term, as specified in the contract, in 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 District’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 District has elected to recognize payments for short-term SBITAs with an arrangement term of twelve (12) months or less as expenses are incurred, and these SBITAs are not included as subscription liabilities or right-to-use subscription assets on the statements of net position.

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

Net Position

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

Revenues and Expenses

The District’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the District’s principal activity. Non exchange



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses (Continued)

revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Grants and Contributions

From time to time, the District receives grants and contributions from individuals or private and public organizations. Revenues from grants and contributions, including contributions of capital assets, are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Restricted Revenues

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

Advertising

The District expenses advertising cost as incurred. Advertising expense for the years ended September 30, 2024 and 2023 totaled \$169,356 and \$163,594, 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 District. At September 30, 2024 and 2023, management is not aware of any liability resulting from environmental matters.

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.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

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

Resident Deposits

The Nursing Home manages residents' personal funds that are shown on the financial statements as "Limited use assets" with a related liability, "Limited use assets".

Charity Care

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

Risk Management

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

Recently Issued Accounting Pronouncements

In June of 2022, GASB issued Statement No. 101, *Compensated Absences*, which requires the recognition of certain liabilities related to compensated absences for used and unused accumulated leave attributable to services already rendered that have yet to be paid are more likely than not to be used, settled or paid. This Statement is effective for years beginning after December 15, 2023. The District is evaluating the requirements and reporting impact of adopting this Statement.

Lease Assets

Lease 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.



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Louisiana state statutes authorize the District to invest in direct obligations of the United States 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.

Account balances according to bank's records at September 30, 2024, for the District are as follows:

	<u>The Community Bank</u>
Cash in banks	\$ <u>676,382</u>
Insured by FDIC	\$ <u>500,000</u>
Collateralization at fair market value	\$ <u>176,382</u>
Collateralized by note payable	\$ <u>-0-</u>
Uncollateralized	\$ <u>-0-</u>

**Custodial Credit Risks** - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured, entirely collateralized by securities held by the pledging bank's trust department in the District's name, or collateralized by the note payable, at September 30, 2024 and 2023.

**Concentration of Credit Risks** - The District has 100% of its cash and cash equivalents at The Community Bank in checking accounts.

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

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Enterprise Funds  
Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The carrying amounts of deposits and investments are included in the District's statements of net position as follows:

	<u>2024</u>	<u>2023</u>
Carrying amounts		
Deposits	\$ 336,190	\$ 1,131,952
Limited use cash	<u>118,179</u>	<u>850,911</u>
 Total	 \$ <u>454,369</u>	 \$ <u>1,982,863</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 336,190	\$ 1,131,952
Limited use assets - required for current liabilities	 16,815	 14,958
Limited use assets	<u>101,364</u>	<u>835,953</u>
 Total	 \$ <u>454,369</u>	 \$ <u>1,982,863</u>

NOTE 4 - LIMITED USE ASSETS

Limited use assets consist of the following items at September 30:

<u>By Third Parties</u>	<u>2024</u>	<u>2023</u>
Debt reserve fund	\$ -0-	\$ 392,429
Restricted cash - grants	37,573	54,259
Series 2020 proceeds to be disbursed	-0-	220,866
Ad valorem tax to pay Series 2020 bonds	80,606	168,399
Patient trust funds	16,815	14,958
Required for current liabilities	<u>(16,815)</u>	<u>(14,958)</u>
 Limited use assets	 \$ <u>118,179</u>	 \$ <u>835,953</u>

Bond proceeds of \$220,866 and \$594,915 were used for capital projects in fiscal years 2024 and 2023, respectively. The remaining balance at September 30, 2024 is zero.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
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Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 5 - ACCOUNTS RECEIVABLE

A summary of accounts receivable as of September 30, is presented below:

	<u>2024</u>	<u>2023</u>
Patient accounts receivable	\$ 7,035,528	\$ 7,663,179
Estimated uncollectibles	<u>(2,224,839)</u>	<u>(1,748,362)</u>
Net accounts receivable	\$ <u>4,810,689</u>	\$ <u>5,914,817</u>

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

	<u>2024</u>	<u>2023</u>
Medicare	17%	20%
Medicaid	37%	28%
Commercial and other third-party payors	25%	30%
Patients	<u>21%</u>	<u>22%</u>
	<u>100%</u>	<u>100%</u>

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

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
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Years Ended September 30, 2024 and 2023

NOTE 6 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation for the year ended September 30:

	<u>2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>2024</u>
Nondepreciable capital assets					
Land	\$ 278,893	\$ -0-	\$ -0-	\$ -0-	\$ 278,893
Construction in progress	<u>342,582</u>	<u>1,050,251</u>	<u>5,561</u>	<u>(892,008)</u>	<u>495,264</u>
Total nondepreciable capital assets	\$ <u>621,475</u>	\$ <u>1,050,251</u>	\$ <u>5,561</u>	\$ <u>(892,008)</u>	\$ <u>774,157</u>
Depreciable capital assets					
Land improvements	\$ 730,003	\$ -0-	\$ -0-	\$ -0-	\$ 730,003
Buildings and fixed equipment	23,749,761	61,625	1,642	892,008	24,701,752
Moveable equipment	<u>9,043,083</u>	<u>34,848</u>	<u>-0-</u>	<u>-0-</u>	<u>9,077,931</u>
Total depreciable capital assets	33,522,847	96,473	1,642	892,008	34,509,686
Accumulated depreciation	<u>18,422,380</u>	<u>1,317,614</u>	<u>-0-</u>	<u>30,011</u>	<u>19,770,005</u>
Total depreciable capital assets, net	\$ <u>15,100,467</u>	\$ <u>(1,221,141)</u>	\$ <u>1,642</u>	\$ <u>861,997</u>	\$ <u>14,739,681</u>
Right-of-use capital assets					
Equipment	\$ 1,646,539	\$ 144,500	\$ 531,472	\$ 271,141	\$ 1,530,708
Accumulated amortization	<u>807,531</u>	<u>258,811</u>	<u>531,472</u>	<u>272,918</u>	<u>807,788</u>
Total right-of-use capital assets, net	\$ <u>839,008</u>	\$ <u>(114,311)</u>	\$ <u>-0-</u>	\$ <u>(1,777)</u>	\$ <u>722,920</u>

Hospital Service District No. 2  
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Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

NOTE 6 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets and related accumulated depreciation for the year ended September 30:

	<u>2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>2023</u>
Nondepreciable capital assets					
Land	\$ 278,893	\$ -0-	\$ -0-	\$ -0-	\$ 278,893
Construction in progress	<u>230,679</u>	<u>886,099</u>	<u>143,911</u>	<u>(630,285)</u>	<u>342,582</u>
Total nondepreciable capital assets	\$ <u>509,572</u>	\$ <u>886,099</u>	\$ <u>143,911</u>	\$ <u>(630,285)</u>	\$ <u>621,475</u>
Depreciable capital assets					
Land improvements	\$ 685,193	\$ 44,810	\$ -0-	\$ -0-	\$ 730,003
Buildings and fixed equipment	23,024,660	94,816	-0-	630,285	23,749,761
Moveable equipment	<u>8,986,639</u>	<u>56,444</u>	<u>-0-</u>	<u>-0-</u>	<u>9,043,083</u>
Total depreciable capital assets	32,696,492	196,070	-0-	630,285	33,522,847
Accumulated depreciation	<u>16,907,074</u>	<u>1,515,306</u>	<u>-0-</u>	<u>-0-</u>	<u>18,422,380</u>
Total depreciable capital assets, net	\$ <u>15,789,418</u>	\$ <u>(1,319,236)</u>	\$ <u>-0-</u>	\$ <u>630,285</u>	\$ <u>15,100,467</u>
Right-of-use capital assets					
Equipment	\$ 1,067,539	\$ 551,669	\$ -0-	\$ 27,331	\$ 1,646,539
Accumulated amortization	<u>500,294</u>	<u>279,906</u>	<u>-0-</u>	<u>27,331</u>	<u>807,531</u>
Total right-of-use capital assets, net	\$ <u>567,245</u>	\$ <u>271,763</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>839,008</u>

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Of the Parish of LaSalle, State of Louisiana  
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Notes to Combined Financial Statements  
Years Ended September 30, 2024 and 2023

**NOTE 7- SUBSCRIPTION ASSETS**

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

	<u>2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>2024</u>
Subscription-based assets	\$ 8,950,300	\$ 160,748	\$ -0-	\$ 9,111,048
Accumulated amortization	<u>1,356,215</u>	<u>1,305,141</u>	<u>-0-</u>	<u>2,661,356</u>
Total subscription-based assets, net	\$ <u>7,594,085</u>	\$ <u>(1,144,393)</u>	\$ <u>-0-</u>	\$ <u>6,449,692</u>
	<u>2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>2023</u>
Subscription-based assets	\$ 80,614	\$ 8,869,686	\$ -0-	\$ 8,950,300
Accumulated amortization	<u>20,154</u>	<u>1,336,061</u>	<u>-0-</u>	<u>1,356,215</u>
Total subscription-based assets, net	\$ <u>60,460</u>	\$ <u>7,533,625</u>	\$ <u>-0-</u>	\$ <u>7,594,085</u>

**NOTE 8 - OTHER ASSETS**

Other assets at September 30, consists of the following:

	<u>2024</u>	<u>2023</u>
Start up costs for Behavioral Health Unit, net of straight-line amortization over 120 months	\$ 4,555	\$ 6,833
Deposits	<u>25</u>	<u>25</u>
Total	\$ <u>4,580</u>	\$ <u>6,858</u>

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NOTE 9 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

Accrued expenses and withholdings payable at September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Accrued employee insurance payable (net of accrued stop loss receivable)	\$ 306,913	\$ 187,000
Accrued interest payable	425,400	391,640
Accrued salaries and fees payable	131,793	103,473
Accrued compensated absences	61,833	74,160
Payroll withholdings	844,721	754,720
Provider tax payable	<u>15,563</u>	<u>18,016</u>
 Total	 \$ <u>1,786,223</u>	 \$ <u>1,529,009</u>

NOTE 10 - COMPENSATED ABSENCES

Employees of the District are entitled to paid vacation and sick days depending on job classification, length of service and other factors. It is impracticable to estimate the amount of accrued compensation for future unvested sick days and, accordingly, no liability has been recorded in the accompanying financial statements. The District's policy is to recognize the cost of unvested sick pay when actually paid to the employee. However, vested vacation, sick, and paid days off have been recorded as a liability in the accompanying financial statements at employee earning rates in effect at the balance sheet date.

NOTE 11 - RETIREMENT PLAN

The Hospital has a qualified contributory defined contribution plan "LaSalle General Hospital Money Purchase Pension Plan" under Internal Revenue code of 1986, including any later amendments to the code providing retirement benefits for substantially all of its employees. The plan was restated August 15, 2013. The Plan administrator is the Hospital. The Hospital expects to continue the plan indefinitely but reserves the right to terminate the plan in whole or in part at any time upon giving written notice to all parties concerned. Annually, the Hospital contributes 5.1 percent of the aggregate compensation of eligible employees to the Plan. The liability recorded as "Retirement Plan Payable" on the Combined Statements of Net Position includes employer matching contributions for fiscal year 2024 and 2023. Mandatory contributions by the employee consist of 6.2 percent of their compensation. An employee must be age 18 or older to participate in the plan. An employee is 100 percent vested upon entry to the plan with normal retirement age being 65 years of age. The Principal is the plan trustee.

The Hospital also has a deferred compensation plan "LaSalle General Hospital Deferred Compensation Plan". The plan was intended to meet the requirements of Section 457 of the Internal Revenue Code of

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NOTE 11 - RETIREMENT PLAN (Continued)

1986, including any later amendments. The plan was restated, effective August 15, 2013. The Plan administrator is the Hospital. Employee voluntary salary contributions have a discretionary match of up to 2.5 percent by the employer. An employee is 100 percent vested upon entry to the plan with normal retirement age being 70 1/2 years of age. The employer discretionary match is determined by the employer and can be amended by the employer at their discretion. For the years ended September 30, 2024 and 2023, the amount of pension expense was \$152,232 and \$155,176, respectively. The Principal is the plan trustee.

Employee and employer contributions were as follows:

	<u>2024</u>	<u>2023</u>
Employee	\$ <u>891,364</u>	\$ <u>858,185</u>
Employer	\$ <u>637,971</u>	\$ <u>623,464</u>

The Nursing Home sponsors a tax-deferred annuity arrangement "Security Benefits 457 Deferred Compensation Plan", exempt under Section 457 of the Internal Revenue Code that covers all employees who have completed at least 1,000 hours of service per year. The employees must be 21 years of age or older to participate. An employee is 100 percent vested upon entry to the plan with normal retirement age being 70 1/2 years of age. Employees may elect to make contributions of up to \$10,000 to the annuity through a salary reduction agreement. The Nursing Home pays participating employees 50% of their contributions currently. This percentage is at the Board's discretion and is reviewed each year. For the years ended September 30, 2024 and 2023, the amount of pension expense was \$25,120 and \$18,793, respectively. Security Benefits administers the above plan.



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NOTE 12 - LONG-TERM DEBT

A summary of long-term debt at September 30 follows:

	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>	<u>Due Within One Year</u>
Note Payable - SSB	\$ 183,448	\$ -0-	\$ 183,448	\$ -0-	\$ -0-
Bond Payable	1,591,000	-0-	148,000	1,443,000	154,000
Note Payable - Equipment	76,205	-0-	31,904	44,301	27,522
Note Payable - Siemens	<u>1,614,364</u>	<u>-0-</u>	<u>117,992</u>	<u>1,496,372</u>	<u>127,398</u>
Total	\$ <u>3,465,017</u>	\$ <u>-0-</u>	\$ <u>481,344</u>	\$ <u>2,983,673</u>	\$ <u>308,920</u>

	<u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>2023</u>	<u>Due Within One Year</u>
Note Payable - SSB	\$ 381,024	\$ -0-	\$ 197,576	\$ 183,448	\$ 183,448
Bond Payable	1,733,000	-0-	142,000	1,591,000	148,000
Note Payable - Equipment	122,275	-0-	46,070	76,205	32,565
Note Payable - Siemens	<u>1,723,145</u>	<u>-0-</u>	<u>108,781</u>	<u>1,614,364</u>	<u>117,991</u>
Total	\$ <u>3,959,444</u>	\$ <u>-0-</u>	\$ <u>494,427</u>	\$ <u>3,465,017</u>	\$ <u>482,004</u>

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

- GE financed lease purchase of radiology equipment at 7.45% due in monthly payments of \$507 until March 1, 2026, secured with equipment.
- Kansas State Bank financed lease purchase of a nuclear camera at 6.66% due in monthly payments of \$1,669 until July 1, 2026, secured with equipment.
- Limited Tax Bonds, Series 2020 at a combined rate of 3.57% collateralized by a pledge and dedication of hospital revenue, with principal annually and interest semi-annually, starting September 1, 2020 through March 1, 2032.
- Tri Tech Medical financed lease purchase of telemetry machines at 2.48% due in monthly payments of \$667 until March 29, 2025, secured with equipment.
- Secured Note Payable (MOB) at 1.4%, secured by certificate of deposit of \$972,200, due in monthly payments of \$16,807 until March 23, 2023, when a balloon payment of \$298,169 is due. This note was refinanced with the Secured Note Payable at Sabine State Bank.
- Secured Note Payable (MOB) at 1.4%, secured by certificate of deposit of \$390,000, due in monthly payments of \$16,807 until August 23, 2024. This note was paid out August 2024.

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NOTE 12 - LONG-TERM DEBT (Continued)

- Lease Purchase Energy Savings agreement with Siemens at 4.6%, entered into May 24, 2018, due in variable quarterly payments until May 24, 2033, secured by various equipment. Energy savings should be available to pay lease payments.

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

<u>Year Ending</u> <u>September 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 310,403	\$ 116,907
2026	315,088	104,200
2027	315,753	91,901
2028	333,777	79,129
2029	353,400	65,544
2030 - 2033	<u>1,355,252</u>	<u>103,936</u>
Totals	\$ <u>2,983,673</u>	\$ <u>561,617</u>

Depreciation of assets under financed purchase leases in the amount of \$204,300 is included in the depreciation expense. Net book value of financed purchase leases is \$1,251,333 in 2024.

NOTE 13 - LEASE LIABILITY

Right-of-use assets and liabilities under lease liabilities are recorded at the fair value of the asset. The assets are amortized over the lease terms.

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

	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>	<u>Due Within</u> <u>One Year</u>
Equipment	\$ <u>863,220</u>	\$ <u>144,500</u>	\$ <u>261,622</u>	\$ <u>746,098</u>	\$ <u>203,027</u>
Total	\$ <u>863,220</u>	\$ <u>144,500</u>	\$ <u>261,622</u>	\$ <u>746,098</u>	\$ <u>203,027</u>

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**NOTE 13 - LEASE LIABILITY (Continued)**

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

	<u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>2023</u>	<u>Due Within One Year</u>
Equipment	\$ <u>581,121</u>	\$ <u>551,669</u>	\$ <u>269,570</u>	\$ <u>863,220</u>	\$ <u>234,279</u>
Total	\$ <u>581,121</u>	\$ <u>551,669</u>	\$ <u>269,570</u>	\$ <u>863,220</u>	\$ <u>234,279</u>

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

Various lease liability obligations for equipment at stated and imputed interest rates ranging from 1.5% to 8.3% with total monthly payments ranging from \$700 to \$4,500, through August 2029.

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

<u>Year Ending September 30,</u>	<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 203,027	\$ 23,907
2026	157,091	15,581
2027	140,082	10,339
2028	157,586	6,023
2029	<u>88,312</u>	<u>975</u>
Totals	\$ <u>746,098</u>	\$ <u>56,825</u>

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NOTE 14 - SUBSCRIPTION LIABILITY

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

	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>	<u>Due Within One Year</u>
Total	\$ <u>7,726,064</u>	\$ <u>160,748</u>	\$ <u>1,271,909</u>	\$ <u>6,614,903</u>	\$ <u>1,310,582</u>

	<u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>2023</u>	<u>Due Within One Year</u>
Total	\$ <u>61,357</u>	\$ <u>8,869,686</u>	\$ <u>1,204,979</u>	\$ <u>7,726,064</u>	\$ <u>1,241,630</u>

The District began recognizing subscription liability obligations related to the adoption of GASB 96 during fiscal year 2023. The subscription liability obligations relate to subscription-based information technology arrangements at imputed interest of 3% with maturity dates ranging from September 27, 2025 to September 30, 2029.

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

<u>Year Ending September 30,</u>	<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,310,582	\$ 180,950
2026	1,275,494	142,126
2027	1,314,276	103,344
2028	1,354,238	63,382
2029	<u>1,360,313</u>	<u>22,206</u>
Totals	\$ <u>6,614,903</u>	\$ <u>512,008</u>

NOTE 15 - NET PATIENT SERVICE REVENUE

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

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NOTE 15 - NET PATIENT SERVICE REVENUE (Continued)

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, as extended by Congress. The additional payments received under the Medicare low volume add-on were approximately \$259,704 and \$279,436, for the years ended September 30, 2024 and 2023. The District qualified as a Medicare Dependent Hospital until October 01, 2023. As a result of this, during fiscal year 2024 the intermediary paid volume decrease adjustments (VDA) of \$128,838 and \$437,936 for fiscal years 2019 and 2020, respectively. Swing bed routine services are reimbursed based on a prospectively determined rate per patient day based on clinical, diagnostic, and other factors. Inpatient behavioral health services are reimbursed based upon a prospective methodology based upon length of stay, diagnosis, and other factors. Home health services are paid by Medicare under a per episode prospective payment system (PPS). The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid based on a prospectively determined fee schedule. The District is reimbursed at a tentative rate for cost-based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. Home health services are paid by Medicaid under a PPS per visit method.

Commercial - The District has also 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 is the largest commercial provider. Blue Cross charges were 11% and 11% of total charges for the years ended September 30, 2024 and 2023, respectively.

The Hospital experienced material differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid. The finalized Medicare amount for fiscal year 2018, 2019, and 2020 resulted in an increase of \$603,959 including the VDAs. Medicaid's finalized amounts did not change materially in fiscal year 2024.

The Hospital's previous reimbursements are also subject to secondary review by Medicare and Medicaid representatives. These representatives have several initiatives in progress. Material liabilities have been identified to date under these review programs; and, the potential exists for future claims. These will be recognized in the year the amounts are determined, if any.

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NOTE 15 - NET PATIENT SERVICE REVENUE (Continued)

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

	<u>2024</u>	<u>2023</u>
Gross charges	\$ 61,458,210	\$ 61,505,595
Less charges associated with charity patients	<u>(29,898)</u>	<u>(14,519)</u>
Gross patient service revenue	61,428,312	61,491,076
Less deductions from revenue:		
Contractual adjustments	(31,453,575)	(32,303,309)
Policy and other discounts	<u>(3,723,988)</u>	<u>(3,190,911)</u>
Patient service revenue (net of contractual adjustments and discounts)	26,250,749	25,996,856
Less provision for bad debts	<u>(1,775,412)</u>	<u>(1,723,826)</u>
Net patient service revenue less provision for bad debts	\$ <u>24,475,337</u>	\$ <u>24,273,030</u>

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

	<u>2024</u>	<u>2023</u>
Medicare and Medicaid gross patient charges	\$ 34,997,380	\$ 34,252,287
Contractual adjustments	<u>(15,664,656)</u>	<u>(19,603,366)</u>
Program patient service revenues	\$ <u>19,332,724</u>	\$ <u>14,648,921</u>
Percent of total gross patient charges	<u>57%</u>	<u>56%</u>
Percent of total net patient revenue	<u>79%</u>	<u>60%</u>

NOTE 16 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the District is at

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NOTE 16 - PROFESSIONAL LIABILITY RISK (Continued)

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

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

NOTE 17 - WORKMEN'S COMPENSATION RISK

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

NOTE 18 - EMPLOYEE MEDICAL BENEFIT PLAN

The District is self-insured to provide group medical and drug coverage for its employees. The District entered into an agreement on November 1, 1997, with a third-party administrator to administer the plan. The third-party administrator is Insurance Management Services (IMS). The plan year runs from December 1 through November 30. The District funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier provides for payment of 100% of claims in excess of \$75,000 per covered individual. 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 District's estimate will change by a material amount in the near term.



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NOTE 18 - EMPLOYEE MEDICAL BENEFIT PLAN (Continued)

The following is a summary of changes in the Hospital's claims liability for the year ended September 30:

	<u>2024</u>	<u>2023</u>
Beginning of the year	\$ 187,000	\$ 172,000
Plus: Claims incurred and changes in estimate, net of reinsurance	1,086,862	973,914
Less: Claims paid	<u>966,949</u>	<u>958,914</u>
End of the year	\$ <u>306,913</u>	\$ <u>187,000</u>

NOTE 19 - CONTINGENCIES

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

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 15) - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

Further, in order to continue receiving reimbursement from the Medicare programs, 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 determination. 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, privacy, 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 District 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

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NOTE 19 - CONTINGENCIES (Continued)

to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

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

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

Self-Funded Health Insurance Risk (Note 18) - The Hospital has a self-funded health insurance plan administered by Insurance Management Services. Provision has been made for incurred but non-reported claims in the amount of \$300,000. Accordingly, the Hospital is contingently liable for claims that may be reported subsequent to the balance sheet date. The Hospital has acquired stop-loss insurance to cover individual claims exceeding \$75,000.

NOTE 20 - CHARITY CARE

The District 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 District does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The District 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 was approximately \$16,903 and \$7,949 in 2024 and 2023, respectively. The amount of charges for services and supplies furnished under the District's charity care policy aggregated approximately \$29,898 and \$14,519 in 2024 and 2023, respectively.

NOTE 21 - PROVIDER RELIEF FUNDS

The District received approximately \$166,033 in American Rescue Plan (ARP) Rural Payments (the funds) via the Coronavirus Aid, Relief, and Economic Security (CARES) Act during the fiscal year 2023. 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 District recognized approximately \$166,033 as nonoperating grant revenue in the fiscal year ending September 30, 2023. The District submitted a report of healthcare related expenses attributable to coronavirus from July 1, 2022 through December 31, 2022 for the Provider Relief Funds. The Health Resources and Services Administration (HRSA) reserves the right to audit the Provider Relief Funds, which accounts for a substantial portion of the COVID-19 grant awards, within a three-year period from the report dates.

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NOTE 22 - DEFERRED REVENUE

In fiscal year 2023 the spent portion of the above PRF was recorded as Covid-19 grants in the amount of \$166,033 for the District. Deferred revenue has a balance of \$36,051 as of September 2024, none of which is PRF funds.

NOTE 23 - PROPERTY TAXES

The District levies a property tax on all property subject to taxation in the service district. A 10-year 10.45 mill tax was effective thru 2012, to be dedicated and used for operating, maintaining, renovating, and improving emergency medical services. This tax was renewed for a maximum of 5.0 mills for 10 years in October 2012 and in November 2019. This tax will be effective until the year 2029. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District. Property tax notices are mailed by November 15 each year, are due by December 31, and become delinquent on January 31.

NOTE 24 - GRANT REVENUE

The District entered into a cooperative endeavor agreement with a regional 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 District's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$48,522 and \$45,668 for the fiscal years 2024 and 2023, respectively.

NOTE 25 - MEDICAID SUPPLEMENTAL PAYMENTS

In 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 \$3,161,116 as Medicaid supplemental income after consideration was given for future adjustments which the Hospital determined necessary. The extent income recognized in the current period differs from actual results, Medicaid supplemental income will be adjusted.

The District d/b/a LaSalle Nursing Home entered into an Intergovernmental Transfer Agreement (IGT) with the Louisiana Department of Health (LDH) as part of the "Non-State Governmental Organization Nursing

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NOTE 25 - MEDICAID SUPPLEMENTAL PAYMENTS (Continued)

Facilities Medicaid Upper Payment Limit Program (SPA).” This Medicaid supplemental payment is to be used as a match within the Medicaid program. In fiscal year 2024 the District received a total of \$1,864,594 of which \$841,956 was submitted to LDH as an IGT. In fiscal year 2023, the District received a total of \$791,684 of which \$315,529 was submitted to LDH as an IGT.

The District d/b/a LaSalle General 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 2024, the District received a total of \$293,654 of which \$117,702 was submitted to LDH as an IGT. In fiscal year 2023, the District received a total of \$1,388,964 of which \$551,914 was submitted to LDH as an IGT.

NOTE 26 - EMPHASIS OF MATTER

The District has experienced significant losses in the five prior fiscal years, which has led to a decline in the financial position. Additionally, the District has experienced problems meeting its current obligations.

Management has implemented plans to alleviate this negative trend. Management intends to reduce various expenses as well as focusing on increasing collections by increasing collection processes. The focus will be on avoiding significant write-offs and auditing the outside billing and collections to ensure all claims are being collected timely. The District is working with the hospital coalition, bond attorneys, and the District’s attorneys to improve the District’s situation. The District is requesting Bond Commission approval for Revenue Anticipation Financing. Management is evaluating how to reduce expenses, analyzing services for profitability, and exploring the possibility of an expedited Medicaid Upper Payment Limit disbursement. The nursing home will be attempting to increase admissions and census days to increase revenues.

NOTE 27 - SUBSEQUENT EVENTS

Events relating to the financial audit have been evaluated through March 28, 2025 for subsequent event disclosure, which is the date the financial statements were available to be issued.

## SUPPLEMENTARY INFORMATION

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedules of Net Patient Service Revenue  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Routine services:		
Adult and pediatric	\$ 5,640,600	\$ 5,878,872
Swing bed	1,412,000	1,310,000
Behavioral health unit	8,092,617	8,146,200
Nursing home services	<u>6,125,808</u>	<u>5,868,045</u>
 Total routine services	 <u>21,271,025</u>	 <u>21,203,117</u>
Other professional services:		
Radiology	6,486,721	6,170,129
Laboratory and blood	10,231,717	10,058,107
IV therapy	598,343	741,612
Respiratory therapy, EEG, & EKG	3,006,515	2,760,115
Physical therapy	1,336,645	1,386,963
Occupational therapy	584,281	601,570
Speech therapy	597,909	553,788
Medical supply	1,209,891	1,143,948
Pharmacy	2,108,312	2,294,794
Wellness center	14,200	10,813
Emergency service	4,422,786	5,069,919
Observation room	2,055,575	2,113,675
Ambulance service	3,065,762	2,810,581
Home health services	703,703	690,996
Rural health clinic	3,716,784	3,851,509
Industrial medicine	<u>48,041</u>	<u>43,959</u>
 Total other professional services	 <u>40,187,185</u>	 <u>40,302,478</u>
 Gross charges	 61,458,210	 61,505,595
Less charges associated with charity patients	<u>(29,898)</u>	<u>(14,519)</u>
 Gross patient service revenue	 \$ <u>61,428,312</u>	 \$ <u>61,491,076</u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedules of Net Patient Service Revenue (Continued)  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Less deductions from revenue:		
Medicare and Medicaid contractual adjustments	\$ (15,664,656)	\$ (19,603,366)
Other contractual adjustments	(15,788,919)	(12,699,943)
Policy and other discounts	<u>(3,723,988)</u>	<u>(3,190,911)</u>
Patient service revenue (net of contractual adjustments and discounts)	26,250,749	25,996,856
Less provision for bad debts	<u>(1,775,412)</u>	<u>(1,723,826)</u>
Net patient service revenue	\$ <u>24,475,337</u>	\$ <u>24,273,030</u>



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedules of Other Operating Revenue  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Purchase discounts taken	\$ 9,451	\$ 5,371
Cafeteria	201,750	166,529
Medical record abstracts	229	65
Vending	1,719	896
Ambulance reimbursement	249,756	1,916
Medical office rent	15,755	15,955
Pharmacy 340B	2,388,131	1,220,874
Access to health	359,183	66,953
Miscellaneous revenue	<u>88,160</u>	<u>162,842</u>
 Total other operating revenue	 \$ <u>3,314,134</u>	 \$ <u>1,641,401</u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedules of Expenses - Salaries and Benefits  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Salaries:		
Administration	\$ 1,330,121	\$ 1,312,929
Plant operations and maintenance	224,197	207,029
Laundry	13,892	8,420
Housekeeping	487,929	491,386
Dietary and cafeteria	486,185	454,076
Nursing administration	496,853	483,751
Medical records	124,233	114,726
Social services	120,919	143,792
Nursing services - acute	1,742,287	1,627,476
Nursing services - long-term care	2,138,549	2,036,204
Wellness center	10,700	13,718
Radiology	645,849	599,196
Laboratory	571,994	471,845
Respiratory therapy	459,238	432,512
Physical therapy	355,955	321,907
Occupational therapy	189,909	193,390
Speech therapy	200,714	154,631
Central supply	163,394	166,069
Pharmacy	275,003	276,744
Emergency room	1,306,823	1,217,819
Ambulance	941,753	870,897
Home health	403,805	392,409
Rural health clinic	1,991,118	1,872,351
Industrial medicine	<u>74,881</u>	<u>81,648</u>
 Total salaries	 <u>14,756,301</u>	 <u>13,944,925</u>
Benefits:		
Payroll taxes	578,544	535,326
Health insurance	1,225,673	1,144,512
Other	<u>882,861</u>	<u>886,578</u>
 Total benefits	 <u>2,687,078</u>	 <u>2,566,416</u>
 Total salaries and benefits	 \$ <u>17,443,379</u>	 \$ <u>16,511,341</u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedules of Expenses - Medical Supplies and Drugs  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Nursing services	\$ 97,225	\$ 110,418
Behavioral health	16,367	17,689
Wellness center	1,644	876
Radiology	61,069	80,747
Laboratory and blood	469,610	418,181
Respiratory therapy	44,112	37,207
Physical therapy	15,416	5,890
Occupational therapy	1,969	1,500
Central supply	23,572	19,724
Pharmacy	379,524	370,358
Pharmacy 340B	1,000,546	516,263
Emergency room	107,072	28,816
Ambulance	23,007	28,501
Home health	34,521	16,021
Rural health clinic	143,689	146,503
Industrial medicine	13,753	9,456
Nursing home supplies	<u>342,029</u>	<u>420,635</u>
 Total medical supplies and drugs	 \$ <u>2,775,125</u>	 \$ <u>2,228,785</u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedules of Expenses - Professional Fees  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Radiology	\$ 434,096	\$ 224,263
Laboratory	260,867	348,442
Physical therapy	527,540	526,177
EKG, EEG	78,085	56,748
Emergency room	1,134,336	1,148,818
Pharmacy	6,900	6,900
Rural health clinic	<u>853,283</u>	<u>865,769</u>
 Total professional fees	 \$ <u>3,295,107</u>	 \$ <u>3,177,117</u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedules of Expenses - Other Expenses  
Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Contract services	\$ 123,731	\$ 142,237
Consultants	1,570,681	1,402,128
Behavioral health unit consultants	2,351,927	2,305,582
Legal and accounting	33,361	15,265
Supplies	940,854	904,447
Laundry contract services	367,891	349,215
Repairs and maintenance	703,730	771,118
Utilities	527,089	579,971
Telephone	126,407	101,784
Travel	135,319	124,460
Rentals	44,620	101,712
Advertising	169,356	163,594
Recruitment	16,771	32,720
Dues and subscriptions	143,514	200,850
Intergovernmental transfer expense	175,610	867,443
Miscellaneous	162,761	99,531
Provider tax	<u>266,352</u>	<u>288,917</u>
 Total other expenses	 \$ <u>7,859,974</u>	 \$ <u>8,450,974</u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Combining Statement of Net Position  
September 30, 2024

	LaSalle General Hospital	LaSalle Nursing Home	Eliminating Entries	Combined
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 44,414	\$ 291,776	\$ -0-	\$ 336,190
Assets whose use is limited - required for current liabilities	-0-	16,815	-0-	16,815
Accounts receivable, net of estimated uncollectibles	4,146,798	663,891	-0-	4,810,689
Estimated third-party payor settlements	842,257	57,773	-0-	900,030
Other receivables	1,335,616	5,701,062	(5,272,565)	1,764,113
Inventory	266,428	-0-	-0-	266,428
Prepaid expenses	99,883	37,090	-0-	136,973
Total Current Assets	<u>6,735,396</u>	<u>6,768,407</u>	<u>(5,272,565)</u>	<u>8,231,238</u>
Non-Current Assets				
Nondepreciable capital assets	745,592	28,565	-0-	774,157
Depreciable capital assets, net	13,213,958	1,525,723	-0-	14,739,681
Right-of-use capital assets, net	722,920	-0-	-0-	722,920
Subscription assets, net	6,449,692	-0-	-0-	6,449,692
Limited use assets	118,179	-0-	-0-	118,179
Other assets	4,555	25	-0-	4,580
Total Assets	<u>\$ 27,990,292</u>	<u>\$ 8,322,720</u>	<u>\$ (5,272,565)</u>	<u>\$ 31,040,447</u>
<u>LIABILITIES AND NET POSITION</u>				
Current Liabilities				
Cash overdraft	\$ 57,881	\$ -0-	\$ -0-	\$ 57,881
Accounts payable	3,683,698	136,788	-0-	3,820,486
Accrued expenses and withholdings payable	1,594,966	225,017	(33,760)	1,786,223
Estimated third-party payable	2,245	-0-	-0-	2,245
Deferred revenue	16,083	19,968	-0-	36,051
Limited use assets	-0-	16,815	-0-	16,815
Retirement plan payable	463,599	-0-	-0-	463,599
Current portion of lease liability	203,027	-0-	-0-	203,027
Current portion of subscription liability	1,310,582	-0-	-0-	1,310,582
Current portion of long-term debt	308,920	-0-	-0-	308,920
Total Current Liabilities	<u>7,641,001</u>	<u>398,588</u>	<u>(33,760)</u>	<u>8,005,829</u>
Long-term liabilities				
Lease liability, net of current maturities	543,071	-0-	-0-	543,071
Subscription liability, net of current maturities	5,304,321	-0-	-0-	5,304,321
Long-term debt, net of current maturities	7,913,558	-0-	(5,238,805)	2,674,753
Total Liabilities	<u>\$ 21,401,951</u>	<u>\$ 398,588</u>	<u>\$ (5,272,565)</u>	<u>\$ 16,527,974</u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Combining Statement of Net Position (Continued)  
September 30, 2024

	<u>LaSalle General Hospital</u>	<u>LaSalle Nursing Home</u>	<u>Eliminating Entries</u>	<u>Combined</u>
Net Position				
Invested in capital assets, net of related debt	\$ 5,548,683	\$ 1,554,288	\$ 5,238,805	\$ 12,341,776
Restricted	118,179	16,815	-0-	134,994
Unrestricted	<u>921,479</u>	<u>6,353,029</u>	<u>(5,238,805)</u>	<u>2,035,703</u>
Total Net Position	<u>6,588,341</u>	<u>7,924,132</u>	<u>-0-</u>	<u>14,512,473</u>
Total Liabilities and Net Position	<u>\$ 27,990,292</u>	<u>\$ 8,322,720</u>	<u>\$ (5,272,565)</u>	<u>\$ 31,040,447</u>



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Combining Statement of Net Position  
September 30, 2023

	LaSalle General Hospital	LaSalle Nursing Home	Eliminating Entries	Combined
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 371,596	\$ 760,356	\$ -0-	\$ 1,131,952
Assets whose use is limited - required for current liabilities	-0-	14,958	-0-	14,958
Accounts receivable, net of estimated uncollectibles	5,289,760	625,057	-0-	5,914,817
Estimated third-party payor settlements	1,052,839	-0-	-0-	1,052,839
Other receivables	1,369,174	5,665,875	(5,272,565)	1,762,484
Inventory	319,916	-0-	-0-	319,916
Prepaid expenses	87,765	62,765	-0-	150,530
Total Current Assets	<u>8,491,050</u>	<u>7,129,011</u>	<u>(5,272,565)</u>	<u>10,347,496</u>
Non-Current Assets				
Nondepreciable capital assets	592,910	28,565	-0-	621,475
Depreciable capital assets, net	13,820,870	1,279,597	-0-	15,100,467
Right-of-use capital assets, net	839,008	-0-	-0-	839,008
Subscription assets, net	7,594,085	-0-	-0-	7,594,085
Limited use assets	835,953	-0-	-0-	835,953
Other assets	6,833	25	-0-	6,858
Total Assets	<u>\$ 32,180,709</u>	<u>\$ 8,437,198</u>	<u>\$ (5,272,565)</u>	<u>\$ 35,345,342</u>
<u>LIABILITIES AND NET POSITION</u>				
Current Liabilities				
Accounts payable	\$ 2,973,021	\$ 165,446	\$ -0-	\$ 3,138,467
Accrued expenses and withholdings payable	1,364,845	197,924	(33,760)	1,529,009
Estimated third-party payable	2,245	72,270	-0-	74,515
Deferred revenue	235,029	19,968	-0-	254,997
Limited use assets	-0-	14,958	-0-	14,958
Retirement plan payable	869,368	-0-	-0-	869,368
Current portion of lease liabilities	234,279	-0-	-0-	234,279
Current portion of subscription liabilities	1,241,630	-0-	-0-	1,241,630
Current portion of long-term debt	482,004	-0-	-0-	482,004
Total Current Liabilities	<u>7,402,421</u>	<u>470,566</u>	<u>(33,760)</u>	<u>7,839,227</u>
Long-term liabilities				
Lease liability, net of current maturities	628,941	-0-	-0-	628,941
Subscription liability, net of current maturities	6,484,434	-0-	-0-	6,484,434
Long-term debt, net of current maturities	8,221,818	-0-	(5,238,805)	2,983,013
Total Liabilities	<u>\$ 22,737,614</u>	<u>\$ 470,566</u>	<u>\$ (5,272,565)</u>	<u>\$ 17,935,615</u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Combining Statement of Net Position (Continued)  
September 30, 2023

	LaSalle General <u>Hospital</u>	LaSalle Nursing <u>Home</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Net Position				
Invested in capital assets, net of related debt	\$ 5,553,767	\$ 1,308,162	\$ 5,238,805	\$ 12,100,734
Restricted	835,953	14,958	-0-	850,911
Unrestricted	<u>3,053,375</u>	<u>6,643,512</u>	<u>(5,238,805)</u>	<u>4,458,082</u>
Total Net Position	<u>9,443,095</u>	<u>7,966,632</u>	<u>-0-</u>	<u>17,409,727</u>
Total Liabilities and Net Position	\$ <u><u>32,180,709</u></u>	\$ <u><u>8,437,198</u></u>	\$ <u><u>(5,272,565)</u></u>	\$ <u><u>35,345,342</u></u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended September 30, 2024

	LaSalle General Hospital	LaSalle Nursing Home	Eliminating Entries	Combined
Operating Revenues				
Net patient service revenue	\$ 18,389,011	\$ 6,086,326	\$ -0-	\$ 24,475,337
Medicaid supplemental payments	4,134,177	-0-	-0-	4,134,177
Intergovernmental transfer grants	48,522	-0-	-0-	48,522
Noncapital grants	63,827	-0-	-0-	63,827
Other operating revenue	<u>3,870,992</u>	<u>56,051</u>	<u>(612,909)</u>	<u>3,314,134</u>
Total Operating Revenues	<u>26,506,529</u>	<u>6,142,377</u>	<u>(612,909)</u>	<u>32,035,997</u>
Operating Expenses				
Salaries and benefits	13,800,640	3,642,739	-0-	17,443,379
Medical supplies and drugs	2,433,096	342,029	-0-	2,775,125
Insurance	361,464	66,913	-0-	428,377
Professional fees	2,760,682	534,425	-0-	3,295,107
Other expenses	6,961,814	1,511,069	(612,909)	7,859,974
Depreciation and amortization	<u>2,909,624</u>	<u>122,748</u>	<u>-0-</u>	<u>3,032,372</u>
Total Operating Expenses	<u>29,227,320</u>	<u>6,219,923</u>	<u>(612,909)</u>	<u>34,834,334</u>
Operating Income (Loss)	<u>(2,720,791)</u>	<u>(77,546)</u>	<u>-0-</u>	<u>(2,798,337)</u>
Nonoperating Revenues (Expenses)				
Property taxes	311,321	-0-	-0-	311,321
Interest income	7,335	34,614	(33,760)	8,189
Interest expense	(476,923)	-0-	33,760	(443,163)
Covid-19 grant awards	-0-	-0-	-0-	-0-
Gain (loss) on disposal of assets	<u>326</u>	<u>12</u>	<u>-0-</u>	<u>338</u>
Changes in Net Position before Capital Grants	<u>(2,878,732)</u>	<u>(42,920)</u>	<u>-0-</u>	<u>(2,921,652)</u>
Capital grants	<u>24,398</u>	<u>-0-</u>	<u>-0-</u>	<u>24,398</u>
Increase (Decrease) in Net Position	<u>(2,854,334)</u>	<u>(42,920)</u>	<u>-0-</u>	<u>(2,897,254)</u>
Net Position at Beginning of Year	<u>9,443,105</u>	<u>7,966,622</u>	<u>-0-</u>	<u>17,409,727</u>
Net Position at End of Year	\$ <u><u>6,588,771</u></u>	\$ <u><u>7,923,702</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>14,512,473</u></u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended September 30, 2023

	LaSalle General <u>Hospital</u>	LaSalle Nursing <u>Home</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Operating Revenues				
Net patient service revenue	\$ 18,477,917	\$ 5,795,113	\$ -0-	\$ 24,273,030
Medicaid supplemental payments	5,475,756			5,475,756
Intergovernmental transfer grants	45,668	-0-	-0-	45,668
Noncapital grants	46,875	-0-	-0-	46,875
Other operating revenue	<u>2,202,775</u>	<u>516</u>	<u>(561,890)</u>	<u>1,641,401</u>
Total Operating Revenues	<u>26,248,991</u>	<u>5,795,629</u>	<u>(561,890)</u>	<u>31,482,730</u>
Operating Expenses				
Salaries and benefits	13,081,420	3,429,921	-0-	16,511,341
Medical supplies and drugs	1,808,150	420,635	-0-	2,228,785
Insurance	345,141	62,376	-0-	407,517
Professional fees	2,644,070	533,047	-0-	3,177,117
Other expenses	7,543,644	1,469,220	(561,890)	8,450,974
Depreciation and amortization	<u>2,747,766</u>	<u>111,177</u>	<u>-0-</u>	<u>2,858,943</u>
Total Operating Expenses	<u>28,170,191</u>	<u>6,026,376</u>	<u>(561,890)</u>	<u>33,634,677</u>
Operating Income (Loss)	<u>(1,921,200)</u>	<u>(230,747)</u>	<u>-0-</u>	<u>(2,151,947)</u>
Nonoperating Revenues (Expenses)				
Property taxes	296,634	-0-	-0-	296,634
Interest income	4,919	34,838	(33,760)	5,997
Interest expense	(490,444)	-0-	33,760	(456,684)
Covid-19 grant awards	-0-	166,033	-0-	166,033
Gain (loss) on disposal of assets	<u>586</u>	<u>-0-</u>	<u>-0-</u>	<u>586</u>
Changes in Net Position before Capital Grants	(2,109,505)	(29,876)	-0-	(2,139,381)
Capital grants	<u>63,837</u>	<u>-0-</u>	<u>-0-</u>	<u>63,837</u>
Increase (Decrease) in Net Position	(2,045,668)	(29,876)	-0-	(2,075,544)
Net Position at Beginning of Year	<u>11,488,773</u>	<u>7,996,498</u>	<u>-0-</u>	<u>19,485,271</u>
Net Position at End of Year	\$ <u><u>9,443,105</u></u>	\$ <u><u>7,966,622</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>17,409,727</u></u>

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedules of Per Diem and  
Other Compensation Paid to Board Members  
Year Ended September 30, 2024

	Term <u>Expires</u>	<u>-Compensation-</u>	
		<u>2024</u>	<u>2023</u>
Board Members			
Janice Doshier	April 2026	None	None
Steve Crooks	April 2029	None	None
Sandra Webster	April 2028	None	None
Robert Kendrick, M.D.	April 2030	None	None
Tom Watkins	April 2030	None	None

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedule of Compensation, Benefits, and Other Payments  
to Chief Executive Officers  
Year Ended September 30, 2024

Agency Head Name: Lana Francis  
Position: Chief Executive Officer  
Time Period: October 1, 2023 to September 30, 2024

<u>Purpose</u>	<u>Amount</u>
Salary	147,390
Health insurance	8,964
Retirement (FICA replacement plan)	3,079
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	435
Conference travel	530
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Agency Head Name: Phyllis Bryan  
Position: Administrator  
Time Period: October 1, 2023 to September 30, 2024

<u>Purpose</u>	<u>Amount</u>
Salary	138,154
Health insurance	9,875
Retirement	10,700
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	412
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-



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

Board of Commissioners  
Hospital Service District No. 2  
Parish of LaSalle, State of Louisiana  
Jena, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to group financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Hospital Service District No. 2, Parish of LaSalle ("the District"), a component unit of the LaSalle Parish Police Jury, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's combined financial statements as listed in the table of contents, and have issued our report thereon dated March 28, 2025.

#### 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 opinions 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.

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. However as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item: 2024-002 to be a material weakness.



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. We identified certain deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items: 2024-001, 2024-003, 2024-004, and 2024-005 to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's combined 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 matters that is required to be reported under *Government Auditing Standards*. We consider the instance of noncompliance described in the accompanying schedule of findings and questioned costs as item: 2024-006.

### **The District's Response to Findings**

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

### **Purpose of This Report**

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

This report is intended solely for the information and the use of the Board of Commissioners, management, 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.



Certified Public Accountants  
Alexandria, Louisiana

March 28, 2025



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedule of Current Year Findings and Questioned Costs  
Year Ended September 30, 2024

**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified - Yes
- Significant deficiencies identified - Yes

Compliance

- Noncompliance issues noted - Yes

Management letter issued - No

Federal Awards - N/A

**Section II. Financial Statement Findings**

**FINDING 2024-001 - Segregation of Duties**

**Criteria:** There should be a complete segregation of duties in all accounting, recording and custody functions.

**Condition:** Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

**Cause:** District is small and cannot afford to pay salaries for staff to completely segregate duties.

**Effect:** Fraud could occur without internal controls detecting it on a timely basis.

**Recommendation:** We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

**Response:** Due to the size of our organization, and the abilities of current staff, we will continue to closely supervise and review the accounting, recording, and custody functions.

**FINDING 2024-002 - Estimate of Third-party Payor Settlements**

**Criteria:** Accrual basis accounting should include revenues and receivables when earned rather than when received.

**Condition:** Management did not record an estimate for the current year Medicare and Louisiana Medicaid cost report settlements.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedule of Current Year Findings and Questioned Costs  
Year Ended September 30, 2024

**Section II. Financial Statement Findings (Continued)**

**Cause:** Management considered the cost of calculating an estimated cost report settlement to be in excess of the benefit.

**Effect:** Because an estimated cost report settlement for the current fiscal year was not recorded, the receivables were materially understated at year-end by \$331,000 and contractual adjustments were materially overstated by \$331,000.

**Recommendation:** Management should calculate and record settlements based on interim cost report calculations, if the cost does not exceed the benefits.

**Response:** Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from preparing interim cost reports. It is more efficient and cost effective for external cost report preparers to prepare the cost reports at year-end. Management will record differences between interim payments and actual cost report settlements. These differences will be charged against income in future periods when determinable. Contract Chief Financial Officer will review interim adjustments on a monthly basis. District staff will ensure during each month that all third-party payor settlements are recorded to correct general ledger accounts.

**FINDING 2024-003 - Reconciliations**

**Criteria:** Reconciliations of subsidiary ledgers and general ledger accounts should be performed in a timely manner to present accurate interim financial statements and comply with the District's internal controls.

**Condition:** The District's subsidiary ledgers and general ledger accounts were not reconciled in a timely manner creating noncompliance with the District's internal controls.

**Cause:** The District had undergone a complex computer conversion which created difficulty in accessing and reconciling information. Management oversight was not performed.

**Effect:** The interim financial statements were incorrect during fiscal year 2024 and internal control procedures were violated.

**Recommendation:** Management should review the reconciliations of subsidiary ledgers on a monthly basis and correct any errors prior to year-end. They should also comply with the internal control procedures.

**Response:** In the future management will comply with internal controls and reconciliations will be reviewed by management and performed by staff in a timely manner.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedule of Current Year Findings and Questioned Costs  
Year Ended September 30, 2024

**Section II. Financial Statement Findings (Continued)**

**FINDING 2024-004 - Credit Balances**

**Criteria:** Credit balances on accounts receivable should be monitored and investigated to determine if a refund is warranted or a correcting adjustment is needed due to errors in posting adjustments.

**Condition:** Credit balances on accounts receivable grew from \$184,000 at September 30, 2022 to \$588,000 at September 30, 2023. In fiscal year 2024, they increased to \$780,000.

**Cause:** A contract was entered into in fiscal year 2023 with an outside billing and collection company. Management oversight was not performed.

**Effect:** Credit balances on accounts receivable are overstated due to various problems: posting errors, charge or admission errors, or patients/third parties not receiving refunds in a timely manner.

**Recommendation:** We recommend that management assign the duty of oversight and investigating adjustments and credit balances on patient accounts to a specific person. This person should report to management and make necessary adjustments to or timely refunds of the balances as needed on a monthly basis.

**Response:** Management will perform oversight duties and assign a specific person to investigate and correct credit balances on a monthly basis.

**FINDING 2024-005 - Accounts Payable**

**Criteria:** Accruals of liabilities for goods and services provided should be prepared and posted in a timely manner to the correct period to ensure accurate financial reporting.

**Condition:** Accounts payable invoices for goods and services were not accrued correctly during the fiscal years 2023 and 2024.

**Cause:** Management's lack of oversight of accounts payable resulted in accruals not posting in correct periods causing misstatements in every month.

**Effect:** Interim financial statements were incorrect for fiscal years 2023 and 2024 without management's knowledge. Internal control procedures were violated.

**Recommendation:** We recommend that management assigns the duty of oversight to a specific person. This person should review reports, prepare accruals, and report to management on a monthly basis to verify oversight is being performed.

**Response:** Management will reeducate accounts payable staff on transaction dates versus invoice dates in the current system. Accounting will monitor monthly accruals in accounts payables and report findings to Chief Financial Officer.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedule of Current Year Findings and Questioned Costs  
Year Ended September 30, 2024

**Section II. Financial Statement Findings (Continued)**

**FINDING 2024-006 - Contracts**

**Criteria:** Payments should be made in agreement with contract terms.

**Condition:** Payments for contracted services were not paid timely during fiscal year 2024.

**Cause:** Collection errors and lack of oversight led to slow cash flows.

**Effect:** Contract terms were violated.

**Recommendation:** We recommend that management either pay contract timely or agree to different payment terms for contracted services.

**Response:** Management will make every effort to pay contracts on a timely basis.

**Section III. Federal Awards Findings and Questioned Costs**

Not applicable

**Section IV. Management Letter**

Not applicable



Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedule of Prior Year Findings and Questioned Costs  
Year Ended September 30, 2024

**Section I. Financial Statement Findings**

**FINDING 2023-001 - Segregation of Duties**

**Fiscal Year Initially Reported:** September 30, 2007

**Condition:** Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

**Recommendation:** We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

**Current Status:** Not resolved - See finding 2024-001

**FINDING 2023-002 - Estimate of Third-party Payor Settlements**

**Fiscal Year Initially Reported:** September 30, 2007

**Condition:** Management did not record an estimate for the current year Medicare and Louisiana Medicaid cost report settlements.

**Recommendation:** Management should calculate and record settlements based on interim cost report calculations, if the cost does not exceed the benefits.

**Current Status:** Not resolved - See finding 2024-002

**FINDING 2023-003 - Leases**

**Fiscal Year Initially Reported:** September 30, 2023

**Condition:** GASB No. 87, *Leases*, was very complex and difficult to implement.

**Recommendation:** Management should read all agreements with lease criteria and correctly record the associated assets, liabilities, and expenses. Accounting staff should be included in training on new GASB statements in the future.

**Current Status:** Resolved

**FINDING 2023-004 - Reconciliations**

**Fiscal Year Initially Reported:** September 30, 2023

**Condition:** The District's subsidiary ledgers and general ledger accounts were not reconciled in a timely manner creating noncompliance with the District's internal controls.

Hospital Service District No. 2  
Of the Parish of LaSalle, State of Louisiana  
Schedule of Prior Year Findings and Questioned Costs  
Year Ended September 30, 2024

**Section I. Financial Statement Findings (Continued)**

**Recommendation:** Management should review the reconciliations of subsidiary ledgers on a monthly basis and correct any errors prior to year-end. They should also comply with the internal control procedures.

**Current Status:** Partially resolved - See finding 2024-003

**FINDING 2023-005 - Pensions**

**Fiscal Year Initially Reported:** September 30, 2023

**Condition:** Management did not submit employer matching contributions for fiscal year 2022 in a timely manner in accordance with plan documents.

**Recommendation:** Employer contributions should be remitted to the plan in accordance with plan documents.

**Current Status:** Resolved.

**FINDING 2023-006 - Credit Balances**

**Fiscal Year Initially Reported:** September 30, 2023

**Condition:** Credit balances on accounts receivable grew from \$184,000 at September 30, 2022 to \$588,000 at September 30, 2023.

**Recommendation:** We recommend that management assigns the duty of oversight and investigating adjustments and credit balances on patient accounts to a specific person. They should report to management and make necessary adjustments to or timely refunds of the balances as needed on a monthly basis.

**Current Status:** Not resolved - See finding 2024-004

**Section II. Federal Awards Findings and Questioned Costs**

Not applicable

**Section III. Management Letter**

Not applicable







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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners  
Hospital Service District No. 2 of the Parish of LaSalle  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 01, 2023 through September 30, 2024. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 01, 2023 through September 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

#### 1) *Written Policies and Procedures*

- A. Obtain and inspect the 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:** No exceptions were found as a result of these procedures.

## **2) Board or Finance Committee**

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*



- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Exceptions:** The Board did not meet in one month. The Board did not receive written updates regarding the progress of resolving audit findings at each meeting.

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

### **3) Bank Reconciliations**

---

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (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:** Two bank reconciliations tested were not reconciled and there was no evidence that reconciling items were researched. Two additional bank reconciliations tested did not contain evidence of the reconciliations being completed within two months of the statement end date, nor did they contain evidence of a Board member or Management reviewing the reconciliation within one month after its completion.

**Management's Response:** Management will update and enforce policies and procedures to ensure reconciling items are researched and documented and that the reconciliations are signed/initialed and dated by both the preparer and the reviewer.

### **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 custodial 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:** The person responsible for collecting cash is also responsible for preparing and posting deposits.

**Management's Response:** Management has enacted policies and procedures to address the control and compliance areas identified. However, due to small staff, there will always be a segregation of duties issue at the Nursing Home.





**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.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*
- 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:** Entity did not provide evidence for authorization and approval for one ACH payment. In addition, the employee responsible for processing payments is also authorized to sign checks and mail them. Also, there is no evidence of segregation of duties on non-payroll disbursements.



**Management's Response:** Management has enacted policies and procedures to address the control and compliance areas identified. However, due to small staff, there will always be a segregation of duties issue at the Nursing Home.

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

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- 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); 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:** Two of the credit cards had finance charges on the monthly statement. Nineteen of thirty individual transactions tested did not have written documentation of the business purpose.

**Management's Response:** Management will ensure credit card statements are paid timely in order to avoid finance charges. Management will update and enforce policies and procedures to ensure credit card purchases are supported by an original itemized receipt and written documentation of the business purpose.

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

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- 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](http://www.gsa.gov));
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

## **8) Contracts**

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- 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**

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- 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**

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- 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**

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

## **12) Fraud Notice**

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- 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:** The fraud notice is not posted on the Nursing Home's website.

**Management's Response:** We will post a link to the fraud notice on our website.

## **13) Information Technology Disaster Recovery/Business Continuity**

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- 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 Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation that demonstrates the following employees/officials with access



to the agency's information technology assets have completed cybersecurity training as required by R.S 42:1267. The requirements are as follows:

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

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

#### ***14) Prevention of Sexual Harassment***

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

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



Board of Commissioners  
Hospital Service District No. 2 of the Parish of LaSalle  
and the Louisiana Legislative Auditor

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.

*LaSalle, Mark & Will*

Certified Public Accountants  
Alexandria, Louisiana  
March 28, 2025

