

HOSPITAL SERVICE DISTRICT NO. 1B OF THE
PARISH OF RICHLAND, STATE OF LOUISIANA
d/b/a RICHARDSON MEDICAL CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
SEPTEMBER 30, 2024 AND 2023

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
d/b/a RICHARDSON MEDICAL CENTER
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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

Management's Discussion and Analysis

This section of the annual financial report for Richland Parish Hospital Service District No. 1B d/b/a Richardson Medical Center (the Medical Center) provides background information and management's analysis of the Medical Center's financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the financial statements beginning on page 5 and the notes to the financial statements beginning on page 9 in this report.

Required Financial Statements

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

Financial Analysis of the Medical Center

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

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

Management's Discussion and Analysis

Net Assets

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

TABLE 1
Condensed Statements of Net Position
(in thousands)

	2024	September 30, 2023	2022
Total current assets	\$ 12,431	\$ 13,009	\$ 13,324
Nondepreciable capital assets	34	35	35
Depreciable capital assets	5,254	5,627	4,802
Right-of-use capital assets	434	579	820
Subscription assets	335	-0-	-0-
Limited use assets	6,398	5,042	3,886
Other assets	<u>64</u>	<u>53</u>	<u>55</u>
 Total assets	 \$ <u>24,950</u>	 \$ <u>24,345</u>	 \$ <u>22,922</u>
 Current liabilities	 \$ 2,183	 \$ 1,989	 \$ 2,836
Lease liabilities	371	518	666
Subscription liabilities	215	-0-	-0-
Long-term liabilities	<u>1,803</u>	<u>2,070</u>	<u>2,329</u>
 Total liabilities	 <u>4,572</u>	 <u>4,577</u>	 <u>5,831</u>
 Invested in capital assets, net of related debt	 3,101	 3,109	 2,254
Unrestricted	<u>17,277</u>	<u>16,659</u>	<u>14,837</u>
 Total net position	 <u>20,378</u>	 <u>19,768</u>	 <u>17,091</u>
 Total liabilities and net position	 \$ <u>24,950</u>	 \$ <u>24,345</u>	 \$ <u>22,922</u>

As shown in Table 1, the Medical Center's total assets increased by approximately \$605,000 or 2.5% during fiscal year 2024, following an increase of approximately \$1.4 million or 6.2% during fiscal year 2023, and an increase of approximately \$308,000 or 1.4% during fiscal year 2022. The Medical Center's capital assets decreased approximately \$519,000, or 8.3% from fiscal year 2023 to 2024, compared to an increase of approximately \$584,000, or 10.3% from fiscal year 2022 to 2023. Subscription assets increased by \$335,000 in fiscal year 2024. Limited use assets increased by approximately \$1.4 million or 26.9% in fiscal year 2024, following an increase of \$1.2 million or 29.7% in fiscal year 2023, and an increase of \$782,000 or 25.2% in fiscal year 2022. Total liabilities decreased by approximately \$5,000 or 0.1% in 2024, compared to a decrease of \$1.3 million or 21.5% in 2023, and a decrease of approximately \$2.0 million or 25.5% during fiscal year 2022. The decrease in total current assets is due to a decrease in estimated third-party payor settlements.

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

Management's Discussion and Analysis

Summary of Revenue, Expenses, and Changes in Net Assets

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenue:			
Net patient service revenue	\$ 20,248	\$ 20,726	\$ 22,215
Medicaid supplemental payments and operating grants	5,284	5,171	3,625
Other revenue	<u>830</u>	<u>288</u>	<u>583</u>
Total operating revenue	<u>26,362</u>	<u>26,185</u>	<u>26,423</u>
Operating expenses:			
Salaries and employee benefits	14,439	14,304	13,938
Supplies, fees, and purchased services	5,595	5,433	5,915
Other expenses	6,565	5,751	5,543
Depreciation and amortization	<u>847</u>	<u>807</u>	<u>881</u>
Total operating expenses	<u>27,446</u>	<u>26,295</u>	<u>26,277</u>
Profit (loss) from operations	<u>(1,084)</u>	<u>(110)</u>	<u>146</u>
COVID-19 grant awards	-0-	680	1,245
Interest income and expense, net	423	322	(77)
Gain on disposal of assets	2	-0-	-0-
Property taxes	<u>1,053</u>	<u>966</u>	<u>989</u>
Excess of revenue over expenses	394	1,858	2,303
Capital grants	<u>217</u>	<u>819</u>	<u>-0-</u>
Changes in net position	611	2,677	2,303
Beginning net position	<u>19,767</u>	<u>17,090</u>	<u>14,787</u>
Ending net position	\$ <u>20,378</u>	\$ <u>19,767</u>	\$ <u>17,090</u>

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

Management's Discussion and Analysis

Source of Revenue

Net Patient Revenue

During fiscal year 2024, the Medical Center derived the majority, or approximately 72%, of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or patients with other third-party coverage, who receive care in the Medical Center's facilities. Reimbursement from the Medicare and Medicaid programs and other third-party payors is based upon established contracts. The difference between the covered charges and the established contract rates is recognized as a contractual allowance. Total net patient service revenue decreased by approximately \$478,000 or 2.3% in fiscal year 2024, following a decrease of \$1.5 million, or 6.7% in fiscal year 2023, and a decrease of \$722,000, or 3.1% in fiscal year 2022.

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

TABLE 3
Payor Mix by Percentage

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Medicare	45%	41%	41%
Medicaid	36%	40%	39%
Blue Cross Blue Shield	10%	10%	10%
Commercial insurance	6%	7%	7%
Self-pay	<u>3%</u>	<u>2%</u>	<u>3%</u>
Total patient revenue	<u>100%</u>	<u>100%</u>	<u>100%</u>

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

Management's Discussion and Analysis

Other Revenue

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

TABLE 4
Other Revenue
(in thousands)

	Years Ended September 30,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Other revenue:			
Medical records	\$ 1	\$ 2	\$ 4
Vending machines	5	4	4
Rentals	30	13	22
Pharmacy sales to employees	38	37	20
340 B program	718	217	493
Miscellaneous	<u>38</u>	<u>15</u>	<u>40</u>
Total other revenue	\$ <u>830</u>	\$ <u>288</u>	\$ <u>583</u>

Operating Grant Income

Operating grant income increased by approximately \$17,383 or 9.1%, during fiscal year 2024, compared to a decrease of approximately \$2.5 million, or 92.8%, during fiscal year 2023, and increase of approximately \$1.5 million, or 118.5%, during fiscal year 2022. The Hospital received intergovernmental grants of \$-0-, \$51,363, and \$2,501,379, in fiscal years 2024, 2023, and 2022, respectively, to be used solely to provide adequate and essential medically necessary health care services to the citizens in its community who are low income and/or indigent patients.

For state fiscal year (SFY) 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 quarterly supplemental payments to hospitals based upon certain assumptions under a direct payment plan (DPP). The Hospital has recognized \$4.4 million under the directed payment plan during fiscal year 2024.

Non-operating Income

Property tax revenue increased by approximately \$86,000 or 9.0%, during fiscal year 2024, compared to a decrease of approximately \$23,000 or 2.3%, during fiscal year 2023, and decrease of approximately \$32,000 or 3.1%, during fiscal year 2022.

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

Management's Discussion and Analysis

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

TABLE 5
Adjustment Summary
(in thousands)

	<u>2024</u>	September 30, <u>2023</u>	<u>2022</u>
Adjustments:			
Commercial and other adjustments	\$ 4,795	\$ 4,795	\$ 5,147
Medicaid contractual adjustments	11,092	12,242	13,170
Medicare contractual adjustments	16,408	16,280	15,617
Discounts	121	208	250
Provision for bad debts	<u>2,478</u>	<u>3,427</u>	<u>1,768</u>
Total adjustments and allowances	\$ <u>34,894</u>	\$ <u>36,952</u>	\$ <u>35,952</u>

Medicaid contractual adjustments decreased in fiscal year 2024 by approximately \$1.2 million or 9.4%, and a decrease of 7.0% or approximately \$928,000 in fiscal year 2023, compared to an increase of 9.4% or approximately \$1,137,000 in fiscal year 2022. The decrease in Medicaid contractual adjustments is due to the decrease in the volume. As noted in Table 6, the Medicaid days decreased in fiscal year 2024 and 2023 compared to an increase in 2022.

Operating Expenses

Salaries increased by \$34,238 or 0.3% in fiscal year 2024 following an increase of \$319,741 or 2.6% in fiscal year 2023, compared to a decrease of \$102,866 or 0.8% in fiscal year 2022. As a percentage of net patient service revenue, salary expense was approximately 62.2%, 61.4%, and 55.9%, for the fiscal years ended September 30, 2024, 2023, and 2022, respectively.

Employee benefits expense increased by \$100,716 or 6.4% in fiscal year 2024, following an increase of \$47,015 or 3.1% during fiscal year 2023, compared to a decrease of \$180,250 or 10.5% during fiscal year 2022. Employee benefit expenses represented 13.1%, 12.4%, and 12.3%, of salary expenses in the current and prior two fiscal years, respectively. Also, the Hospital has a self-funded health plan. The plan's cost varies according to the number of claims filed. The Hospital's plan is structured to capture and perform 90% of the claims within the facility to minimize cost.

Supplies expense increased by \$329,586 or 15.3% during fiscal year 2024, compared to a decrease of \$762,211 or 26.1% during fiscal year 2023, and increase of \$72,145 or 2.5% during fiscal year 2022. The increase in supplies is due to the increase in volume of 340B sales.

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

Management's Discussion and Analysis

Professional fees decreased during fiscal year 2024 by approximately \$166,869 or 5.1%, compared to an increase during fiscal year 2023 of approximately \$280,063 or 9.4%, and an increase of approximately \$198,596 or 7.1% in fiscal year 2022.

Total overall operating expenses for 2024 increased approximately by \$1.2 million or 4.4%, following an increase of approximately \$18,468 or 0.07% in fiscal year 2023, and an increase of approximately \$477,216 or 1.8%, in fiscal year 2022.

Operating and Financial Performance

The following financial information summarizes the Medical Center's statements of revenue, expenses, and changes in net assets for 2024 through 2022:

Overall activity at the Medical Center, as measured by patient discharges, increased by 27 during fiscal year 2024, compared to a decrease of 110 during fiscal year 2023, and a decrease of 76 during fiscal year 2022. Patient days increased by 1.4% in 2024, compared to a decrease of 17% in 2023, and decrease of 15% in 2022.

TABLE 6
Patient and Hospital Statistical Data

	<u>2024</u>	Year Ended September 30, <u>2023</u>	<u>2022</u>
Discharges:			
Acute care	395	372	484
Swing bed	27	23	21
Patient days:			
Acute - Medicare	704	676	896
Acute - Medicaid	237	263	390
Acute - Commercial	822	828	828
Acute - Self pay	17	11	44
Swing bed	280	254	254
Operating room patients	766	1,250	1,521
Emergency room visits	7,552	7,650	7,439
Average daily census:			
Adult and pediatric	4.9	4.9	5.9
Swing bed	0.8	0.7	0.7

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

Management's Discussion and Analysis

TABLE 6 (Continued)
Patient and Hospital Statistical Data

	<u>2024</u>	Year Ended September 30, <u>2023</u>	<u>2022</u>
Average length of stay:			
Acute care	4.5	4.8	4.5
Swing bed	10.4	11.0	12.1
Percentage of total acute patient days:			
Medicare	40%	38%	42%
Medicaid	13%	15%	18%
Rural health clinic visits	29,159	29,622	28,692
Full-time equivalents (FTEs)	203.4	202.8	223.9

Capital Assets

During the 2024 fiscal year, the Medical Center invested approximately \$297,717 in capital assets, included in Table 7 below:

TABLE 7
Capital Assets
(in thousands)

	<u>2024</u>	Year Ended September 30, <u>2023</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
Land and improvements	\$ 147	\$ 126	\$ 21	16.7%
Building and equipment	23,582	23,460	122	0.5%
Right-of-use capital assets	<u>966</u>	<u>1,155</u>	<u>(189)</u>	<u>-16.4%</u>
Subtotal	24,695	24,741	(46)	-0.2%
Less accumulated depreciation and amortization	<u>18,973</u>	<u>18,500</u>	<u>473</u>	<u>2.6%</u>
Net	\$ <u><u>5,722</u></u>	\$ <u><u>6,241</u></u>	\$ <u><u>(519)</u></u>	<u><u>-8.3%</u></u>

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

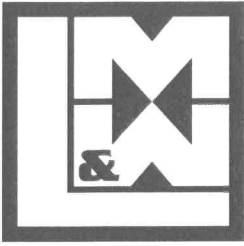
Management's Discussion and Analysis

Long-Term Debt (Excluding Capital Leases)

At 2024 fiscal year end, the Medical Center had \$2,103,187 in short-term and long-term debt. The Medical Center had \$518,094 in short-term and long-term lease obligation liabilities. Additionally, the Medical Center had \$327,322 in short-term and long-term subscription liabilities.

Contacting the Medical Center's Financial Manager

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



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hospital Service District No. 1B, Parish of Richland d/b/a Richardson Medical Center (the Hospital), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of September 30, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Richland Parish Hospital Service District No. 1B and do not purport to, and do not, present fairly the financial position of the Richland Parish Police Jury as of September 30, 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.

Required Supplementary Information

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

Supplementary Information

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



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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

March 21, 2025



RICHARDSON MEDICAL CENTER
STATEMENTS OF NET POSITION
SEPTEMBER 30,

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current		
Cash and cash equivalents (Note 3)	\$ 5,482,473	\$ 4,760,301
Certificates of deposit	338,014	330,429
Accounts receivable, net (Note 4)	3,101,297	3,090,906
Other receivables	1,563,721	1,763,367
Estimated third-party payor settlements	873,817	1,926,943
Inventory	736,843	782,662
Prepaid expenses	<u>334,466</u>	<u>354,761</u>
Total Current Assets	12,430,631	13,009,369
Nondepreciable capital assets (Note 5)	34,531	34,531
Depreciable capital assets, net (Note 5)	5,253,587	5,627,138
Right-of-use capital assets, net (Note 5)	434,009	579,068
Subscription assets, net (Note 6)	334,911	-0-
Limited use assets (Note 7)	6,398,175	5,042,257
Other assets	<u>63,900</u>	<u>53,026</u>
Total Assets	\$ <u>24,949,744</u>	\$ <u>24,345,389</u>
 <u>LIABILITIES AND NET POSITION</u>		
Current		
Accounts payable	\$ 620,707	\$ 660,143
Accrued expenses	802,497	772,140
Estimated third-party payor settlements	200,000	12,794
Current portion of lease liabilities (Note 9)	146,652	148,095
Current portion of subscription liabilities (Note 10)	112,193	-0-
Current portion of long-term debt (Note 8)	<u>300,686</u>	<u>395,887</u>
Total Current Liabilities	2,182,735	1,989,059
Long-Term Liabilities		
Lease liabilities (Note 9)	371,442	518,094
Subscription liabilities (Note 10)	215,129	-0-
Long-term debt, net of current maturities (Note 8)	<u>1,802,501</u>	<u>2,069,832</u>
Total Liabilities	<u>4,571,807</u>	<u>4,576,985</u>
Net Position		
Invested in capital assets, net of related debt	3,100,846	3,108,829
Unrestricted	<u>17,277,091</u>	<u>16,659,575</u>
Total Net Position	<u>20,377,937</u>	<u>19,768,404</u>
Total Liabilities and Net Position	\$ <u>24,949,744</u>	\$ <u>24,345,389</u>

See accompanying notes to financial statements.

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

	<u>2024</u>	<u>2023</u>
Revenues		
Net patient service revenues	\$ 20,248,343	\$ 20,725,627
Medicaid supplemental payments	5,075,218	4,979,956
Grants	208,850	140,104
Intergovernmental transfer grants	-0-	51,363
Other operating revenues	<u>829,833</u>	<u>288,006</u>
Total Revenues	<u>26,362,244</u>	<u>26,185,056</u>
Expenses		
Salaries	12,762,456	12,728,218
Benefits and payroll taxes	1,676,837	1,576,121
Supplies and drugs	2,489,002	2,159,416
Professional fees	3,106,104	3,272,973
Other expenses	5,760,621	4,961,268
Insurance	804,752	789,971
Depreciation and amortization	<u>846,772</u>	<u>807,184</u>
Total Expenses	<u>27,446,544</u>	<u>26,295,151</u>
Operating Income (Loss)	<u>(1,084,300)</u>	<u>(110,095)</u>
Nonoperating Revenues (Expenses)		
COVID-19 grant awards	-0-	680,355
Interest income	563,107	468,405
Interest expense	(140,106)	(146,297)
Gain (loss) on disposal of assets	1,500	(26)
Property taxes	<u>1,052,595</u>	<u>966,404</u>
Excess of revenues (expenses) before capital grants	392,796	1,858,746
Capital grants	<u>216,737</u>	<u>818,542</u>
Changes in net position	609,533	2,677,288
Beginning net position	<u>19,768,404</u>	<u>17,091,116</u>
Ending net position	\$ <u>20,377,937</u>	\$ <u>19,768,404</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER
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	\$ 21,478,284	\$ 20,390,476
Other receipts from operations	6,313,547	3,738,854
Cash payments to employees and for employee-related cost	(14,408,936)	(14,293,416)
Cash payments for other operating expenses	<u>(11,679,522)</u>	<u>(10,804,109)</u>
Net cash provided (used) by operating activities	<u>1,703,373</u>	<u>(968,195)</u>
Cash flows from investing activities:		
Cash proceeds (invested) from certificates of deposit	(7,585)	(5,362)
Cash proceeds (invested) from limited use assets	(1,355,918)	(1,156,869)
Interest income	<u>563,107</u>	<u>468,405</u>
Net cash provided (used) by investing activities	<u>(800,396)</u>	<u>(693,826)</u>
Cash flows from non-capital financing activities:		
Property taxes	<u>1,052,595</u>	<u>966,404</u>
Net cash provided (used) by non-capital financing activities	<u>1,052,595</u>	<u>966,404</u>
Cash flows from capital and related financing activities:		
Acquisition of property, plant, and equipment	(297,717)	(1,391,278)
Proceeds from sales of capital assets	1,500	(26)
Principal payments on lease liability obligations	(148,095)	(232,464)
Principal payments on subscription liability obligations	(38,035)	-0-
Principal payments on long-term debt	(827,684)	(658,041)
Proceeds from capital grant	216,737	818,542
Interest expense	<u>(140,106)</u>	<u>(146,297)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,233,400)</u>	<u>(1,609,564)</u>
Net increase (decrease) in cash and cash equivalents	722,172	(2,305,181)
Beginning cash and cash equivalents	<u>4,760,301</u>	<u>7,065,482</u>
Ending cash and cash equivalents	\$ <u>5,482,473</u>	\$ <u>4,760,301</u>

See accompanying notes to financial statements.

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

	<u>2024</u>	<u>2023</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (1,084,300)	\$ (110,095)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:		
Depreciation and amortization	846,773	807,184
Change in current assets (increase) decrease		
Patient accounts receivable, net	(10,391)	(396,580)
Other receivables	199,646	(1,720,575)
Estimated third-party payor settlements	1,053,126	359,706
Inventory	45,819	(172,773)
Prepaid expenses	485,447	487,247
Change in current liabilities increase (decrease)		
Accounts payable	(39,436)	62,836
Accrued expenses	30,357	10,923
Estimated third-party payor settlements	187,206	(17,755)
Medicare advance payments	-0-	(280,522)
Change in other assets (increase) decrease	<u>(10,874)</u>	<u>2,209</u>
Net cash provided (used) by operating activities	\$ <u>1,703,373</u>	\$ <u>(968,195)</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ <u>140,973</u>	\$ <u>147,135</u>
Subscription assets acquired under agreements	\$ <u>365,357</u>	\$ <u>-0-</u>
Insurance premiums acquired via note obligation	\$ <u>465,152</u>	\$ <u>541,930</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

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

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

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

Nature of Business

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

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

Basis of Accounting

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Credit Risk

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

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients. The Hospital also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 13. Changes in federal and state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenues

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

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

Inventory

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

Income Taxes

The District is a political subdivision and exempt from taxation.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

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

Subscription Assets and Liabilities

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

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

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

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The Hospital classifies net position into three components: invested in capital assets, net of related debt; restricted and unrestricted. Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowing used to finance the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted. When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

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

Patient Accounts Receivable

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

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended September 30, 2024 and 2023 totaled \$3,469 and \$7,467, respectively.

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify, with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At September 30, 2024 and 2023, management is not aware of any liability resulting from environmental matters.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Revenues

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

Grants and Contributions

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

Charity Care

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

Use of Estimates

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

Reclassifications

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

Risk Management

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 but 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.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

	<u>2024</u>	<u>2023</u>
Carrying amount		
Deposits	\$ 11,880,648	\$ 9,802,558
Certificates of deposit	<u>338,014</u>	<u>330,429</u>
	\$ <u>12,218,662</u>	\$ <u>10,132,987</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 5,482,473	\$ 4,760,301
Certificates of deposit	338,014	330,429
Limited use assets	<u>6,398,175</u>	<u>5,042,257</u>
	\$ <u>12,218,662</u>	\$ <u>10,132,987</u>

Account balances according to banks' records at September 30, 2024, for the Hospital are as follows:

	<u>Business First Bank</u>	<u>CrossKeys Bank</u>
Cash in bank	\$ <u>726,386</u>	\$ <u>11,666,376</u>
Insured by FDIC	\$ <u>478,314</u>	\$ <u>360,330</u>
Collateralization by fair market value	\$ <u>248,072</u>	\$ <u>11,306,046</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2024</u>	<u>2023</u>
Patient accounts receivable	\$ 5,153,296	\$ 4,840,906
Estimated uncollectibles	<u>(2,051,999)</u>	<u>(1,750,000)</u>
Net patient accounts receivable	\$ <u>3,101,297</u>	\$ <u>3,090,906</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 4 - ACCOUNTS RECEIVABLE (Continued)

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

	<u>2024</u>	<u>2023</u>
Medicare	29%	34%
Medicaid	25%	21%
Blue Cross Blue Shield	6%	7%
Commercial and other third-party payors	10%	13%
Patients	<u>30%</u>	<u>25%</u>
 Total	 <u>100%</u>	 <u>100%</u>

NOTE 5 - CAPITAL ASSETS

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

	September 30, <u>2023</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers</u>		September 30, <u>2024</u>
Nondepreciable capital assets									
Land	\$ 34,531	\$	-0-	\$	-0-	\$	-0-	\$	34,531
Construction in progress	<u>-0-</u>		<u>-0-</u>		<u>-0-</u>		<u>-0-</u>		<u>-0-</u>
Total nondepreciable capital assets	\$ <u>34,531</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>34,531</u>
Depreciable capital assets									
Land improvements	\$ 91,292	\$	21,227	\$	-0-	\$	-0-	\$	112,519
Buildings and improvements	8,332,600		57,693		-0-		-0-		8,390,293
Major movable equipment	<u>15,127,692</u>		<u>218,797</u>		<u>155,249</u>		<u>-0-</u>		<u>15,191,240</u>
Total depreciable capital assets	23,551,584		297,717		155,249		-0-		23,694,052
Accumulated depreciation	<u>17,924,446</u>		<u>671,268</u>		<u>155,249</u>		<u>-0-</u>		<u>18,440,465</u>
Total depreciable capital assets, net	\$ <u>5,627,138</u>	\$	<u>(373,551)</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>5,253,587</u>
Right-of-use capital assets									
Buildings	\$ 317,759	\$	-0-	\$	-0-	\$	-0-	\$	317,759
Equipment	<u>837,063</u>		<u>-0-</u>		<u>188,703</u>		<u>-0-</u>		<u>648,360</u>
Total right-of-use capital assets	1,154,822		-0-		188,703		-0-		966,119
Accumulated amortization	<u>575,754</u>		<u>145,059</u>		<u>188,703</u>		<u>-0-</u>		<u>532,110</u>
Total right-of-use capital assets, net	\$ <u>579,068</u>	\$	<u>(145,059)</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>434,009</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 5 - CAPITAL ASSETS (Continued)

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

NOTE 6 - SUBSCRIPTION ASSETS

	September 30, 2023	Additions	Disposals	Transfers	September 30, 2024
Subscription-based assets	\$ -0-	\$ 365,357	\$ -0-	\$ -0-	\$ 365,357
Accumulated amortization	<u>-0-</u>	<u>30,446</u>	<u>-0-</u>	<u>-0-</u>	<u>30,446</u>
Total subscription-based assets, net	<u>\$ -0-</u>	<u>\$ 334,911</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 334,911</u>
	September 30, 2022	Additions	Disposals	Transfers	September 30, 2023
Subscription-based assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Accumulated amortization	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total subscription-based assets, net	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 7 - ASSETS WHOSE USE IS LIMITED

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

	<u>2024</u>	<u>2023</u>
Restricted by Hospital Board		
To be used for asset additions and replacements - Certificates of deposit	\$ <u>6,398,175</u>	\$ <u>5,042,257</u>
Non-current limited use assets	\$ <u>6,398,175</u>	\$ <u>5,042,257</u>

NOTE 8 - LONG-TERM DEBT

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

	September 30, <u>2023</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2024</u>	Due Within <u>One Year</u>
Revenue Bonds, Series 2014	\$ 1,932,030	\$ -0-	\$ 146,633	\$ 1,785,397	\$ 151,838
Revenue Bonds, Series 2020	258,555	-0-	64,000	194,555	65,000
Note Payable - First Insurance	136,978	465,152	568,775	33,355	33,355
Note Payable - Stryker	<u>138,156</u>	<u>-0-</u>	<u>48,276</u>	<u>89,880</u>	<u>50,493</u>
Total	\$ <u>2,465,719</u>	\$ <u>465,152</u>	\$ <u>827,684</u>	\$ <u>2,103,187</u>	\$ <u>300,686</u>

	September 30, <u>2022</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2023</u>	Due Within <u>One Year</u>
Revenue Bonds, Series 2014	\$ 2,073,636	\$ -0-	\$ 141,606	\$ 1,932,030	\$ 146,633
Revenue Bonds, Series 2020	320,555	-0-	62,000	258,555	64,000
Note Payable - First Insurance	-0-	541,930	404,952	136,978	136,978
Note Payable - KSB	3,328	-0-	3,328	-0-	-0-
Note Payable - Stryker	<u>184,311</u>	<u>-0-</u>	<u>46,155</u>	<u>138,156</u>	<u>48,276</u>
Total	\$ <u>2,581,830</u>	\$ <u>541,930</u>	\$ <u>658,041</u>	\$ <u>2,465,719</u>	\$ <u>395,887</u>

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

- Series 2014 Hospital Revenue Bond at 3.55% collateralized by a pledge and dedication of hospital revenue payable in annual installments of \$215,220 which includes principal and interest through July 25, 2034.
- Series 2020 Hospital Revenue Bond at 2.89% collateralized by a pledge and dedication of hospital revenue payable in annual principal installments ranging from \$59,000 to \$69,000 plus interest through March 1, 2027.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 8 - LONG-TERM DEBT (Continued)

- Stryker financed lease purchase of operating room equipment at 4.50% due in 48 monthly installments of \$4,459 through June 1, 2026, secured by equipment.
- Five separate finance agreements with First Insurance Funding with interest rates ranging from 4.95% to 10.249% each due in 10 monthly installments ranging from \$1,702 to \$27,404 through July 31, 2024.

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

<u>Year Ending September 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 300,686	\$ 46,831
2026	263,616	40,645
2027	225,365	34,448
2028	168,590	28,030
2029	174,575	21,385
2030-2034	<u>970,355</u>	<u>105,745</u>
Totals	\$ <u>2,103,187</u>	\$ <u>277,084</u>

NOTE 9 - LEASE LIABILITY

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

	<u>September 30, 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30, 2024</u>	<u>Due Within One Year</u>
Building	\$ 272,317	\$ -0-	\$ 34,526	\$ 237,791	\$ 36,383
Equipment	<u>393,872</u>	<u>-0-</u>	<u>113,569</u>	<u>280,303</u>	<u>110,269</u>
Total	\$ <u>666,189</u>	\$ <u>-0-</u>	\$ <u>148,095</u>	\$ <u>518,094</u>	\$ <u>146,652</u>

	<u>September 30, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30, 2023</u>	<u>Due Within One Year</u>
Building	\$ 296,217	\$ -0-	\$ 23,900	\$ 272,317	\$ 34,526
Equipment	<u>602,436</u>	<u>-0-</u>	<u>208,564</u>	<u>393,872</u>	<u>113,569</u>
Total	\$ <u>898,653</u>	\$ <u>-0-</u>	\$ <u>232,464</u>	\$ <u>666,189</u>	\$ <u>148,095</u>

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

- Lease liability obligation for building at an imputed interest rate of 5.25% with a total monthly payment of \$2,000 from inception to September 30, 2021, then a monthly payment of \$2,500 from October 1, 2021 to March 31, 2023, and then a monthly payment of \$4,000 through June 30, 2030.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 9 - LEASE LIABILITY (Continued)

- Various lease liability obligations for equipment at imputed interest rates ranging from 3.72% to 5.25% with total monthly payments ranging from \$93 to \$5,655 through June 30, 2030.

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

<u>Year Ending</u> <u>September 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 146,652	\$ 23,704
2026	148,815	15,842
2027	99,962	9,305
2028	42,575	5,425
2029	44,865	3,135
2030	<u>35,225</u>	<u>775</u>
Totals	\$ <u>518,094</u>	\$ <u>58,186</u>

NOTE 10 - SUBSCRIPTION LIABILITIES

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

	<u>September 30,</u> <u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30,</u> <u>2024</u>	<u>Due Within</u> <u>One Year</u>
Totals	\$ <u>-0-</u>	\$ <u>365,357</u>	\$ <u>38,035</u>	\$ <u>327,322</u>	\$ <u>112,193</u>
	<u>September 30,</u> <u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30,</u> <u>2023</u>	<u>Due Within</u> <u>One Year</u>
Totals	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The District began recognizing subscription liability obligations related to the adoption of GASB 96 during fiscal year 2024. The subscription liability obligations relate to subscription-based information technology arrangements at imputed interest rates of 10.5% with a maturity date of May 24, 2027.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 10 - SUBSCRIPTION LIABILITIES (Continued)

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

<u>Year Ending</u> <u>September 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 112,193	\$ 29,071
2026	124,557	16,707
2027	<u>90,572</u>	<u>3,603</u>
Totals	\$ <u>327,322</u>	\$ <u>49,381</u>

NOTE 11 - PENSION PLAN

The District elected to withdraw from the Social Security System effective January 1, 1994. In place of Social Security, the District established a defined contribution annuity plan, called the Richardson Medical Center Retirement Plan. Employees are eligible to participate upon the date of employment and after one year of service the employee is fully vested in the employer's matching contribution. Contributions to the plan by the Hospital are determined by the Board of Commissioners. The plan requires a minimum total contribution by the Hospital and the employee of at least 6.2%. The amounts charged to pension expense under this plan were \$758,392 and \$743,192 for the years ended September 30, 2024 and 2023, respectively. The employees contributed \$635,462 and \$631,628 for the years ended September 30, 2024 and 2023, respectively.

NOTE 12 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid time off and sick days depending on length of service. The Hospital accrued \$390,108 and \$413,227 of paid time off at September 30, 2024 and 2023, respectively. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of unvested sick pay when actually paid to employees.

NOTE 13 - NET PATIENT SERVICE REVENUES

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010 until September 30, 2024, if not extended by Congress. The additional payments received under the Medicare low volume add-on was \$311,669 and \$293,666 for the years ended September 30, 2024 and 2023.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 13 - NET PATIENT SERVICE REVENUES (Continued)

Because the Hospital qualified as a Medicare Dependent Hospital (MDH), it receives additional reimbursement. The benefits related to MDH designation are set to expire on March 31, 2025, if not extended by Congress. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed routine services are reimbursed based on a prospectively determined rate per patient day. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2020.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through September 30, 2018.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 10% and 9% of the total charges for the years ended September 30, 2024 and 2023, respectively.

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

	<u>2024</u>	<u>2023</u>
Gross charges	\$ 55,670,334	\$ 58,102,622
Less charges associated with charity patients	<u>527,584</u>	<u>424,485</u>
Gross patient service revenue	55,142,750	57,678,137
Less deductions from revenue:		
Contractual adjustments	32,294,764	33,317,448
Discounts	<u>121,250</u>	<u>208,124</u>
Patient service revenue (net of contractual adjustments)	22,726,736	24,152,565
Less provision for bad debts	<u>2,478,393</u>	<u>3,426,938</u>
Net patient service revenue less provision for bad debts	\$ <u>20,248,343</u>	\$ <u>20,725,627</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 13 - NET PATIENT SERVICE REVENUES (Continued)

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

	<u>2024</u>	<u>2023</u>
Medicare and Medicaid charges	\$ 44,935,829	\$ 47,033,511
Contractual adjustments	<u>(27,499,458)</u>	<u>(27,962,432)</u>
Program patient service revenue	\$ <u>17,436,371</u>	\$ <u>19,071,079</u>
Percent of total gross patient charges	<u>81%</u>	<u>81%</u>
Percent of total net patient revenues	<u>86%</u>	<u>92%</u>

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. These adjustments resulted in a decrease in net patient service revenue of \$44,934 and \$355,462 in 2024 and 2023, respectively.

NOTE 14 - GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement with a regional public hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$-0- and \$51,363 for the fiscal years 2024 and 2023, respectively.

The Hospital also received a \$1 million grant from the U.S. Department of Agriculture via the Community Facilities Loans and Grants program. The Hospital spent approximately \$212,000 and \$788,000 in fiscal years 2024 and 2023, respectively.

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

NOTE 15 - PROFESSIONAL LIABILITY RISK

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 16 - CONTINGENCIES

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

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 13) - The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

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

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

Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 15) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

NOTE 17 - COOPERATIVE ENDEAVOR AGREEMENT

The District has agreed to a cooperative endeavor (CEA) with other like-minded Louisiana hospitals, per Louisiana's Rural Hospital Preservation Act. The intent of this agreement is to pool hospital resources across the State to support access to healthcare in rural Louisiana. Under the CEA, the District deposits an amount, determined annually by the Rural Hospital Coalition (RHC), into an account, from which RHC is permitted to withdraw funds and make distributions to participating hospitals using a predetermined formula. Although the payments are formulaic in nature, they are not guaranteed, nor are they directly related to Medicaid reimbursement for provisions of goods and healthcare services to patients. Accordingly, the deposits made by the District to RHC were more than the amount received by the District under this program, resulting in a net amount of \$720,592. This was recorded as an expense called Access to Care Payments.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 18 - EMPLOYEE MEDICAL BENEFIT PLAN

The Hospital is self-insured to provide group medical coverage for its employees. A third-party administers the group medical coverage for the Hospital. The Hospital funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of \$45,000. There were no significant changes in insurance coverage from the prior year. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term. The following is a summary of the changes in the Hospital's claims liability for the year ended September 30:

	<u>2024</u>	<u>2023</u>
Beginning of the year	\$ 50,895	\$ 71,781
Plus: Claims incurred and changes in estimate	725,305	645,330
Less: Claims paid	<u>736,039</u>	<u>666,216</u>
End of the year	\$ <u>40,161</u>	\$ <u>50,895</u>

NOTE 19 - AD VALOREM TAXES

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

NOTE 20 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a per-diem based on the patient's level of income. Accordingly, the Hospital does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The cost of caring for charity care patients were approximately \$261,000 and \$193,000 for the years ended September 30, 2024 and 2023, respectively.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 21 - MEDICAID SUPPLEMENTAL PAYMENTS

For state fiscal year (SFY) 2023 and 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 quarterly supplemental payments to hospitals based upon certain assumptions under a directed payment plan (DPP). Annually thereafter, LDH must submit the assumptions to CMS for approval in future years. The basis for interim supplemental payments is the Hospital's historical paid claims and other factors. In future state fiscal years, actual paid claims and other factors will be used to reconcile interim payments to final settled DPP amounts. LDH anticipates increasing or decreasing future DPP payments by the reconciliation amounts. The Hospital has recognized approximately \$4.4 million and \$4.3 million for fiscal year 2024 and 2023, respectively, as Medicaid supplemental income after consideration was given for future adjustments which the Hospital determined necessary. To the extent income recognized in the current period differs from actual results, Medicaid supplemental income will be adjusted.

The Hospital entered into an Intergovernmental Transfer Agreement (IGT) with the Louisiana Department of Health (LDH) as part of Louisiana Physician IPA, Inc. which is a physician supplemental program. In fiscal year 2024, the Hospital received approximately \$651,000 in Medicaid supplemental payments of which approximately \$258,000 was submitted to LDH as an IGT. In fiscal year 2023, the Hospital received approximately \$695,000 in Medicaid supplemental payments of which approximately \$277,000 was submitted to LDH as an IGT.

NOTE 22 - SUBSEQUENT EVENTS

Events have been evaluated through March 21, 2025, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

	<u>2024</u>	<u>2023</u>
Routine Services:		
Adult and pediatric	\$ 2,585,804	\$ 2,470,851
Intensive care unit	19,518	97,879
Swing bed	<u>157,538</u>	<u>118,442</u>
Total Routine Services	<u>2,762,860</u>	<u>2,687,172</u>
Other Professional Services:		
Operating and recovery room	3,406,415	3,656,981
Anesthesia	578,890	718,630
Radiology	15,502,873	17,423,606
Laboratory	6,364,976	7,038,527
Blood	245,651	211,838
Respiratory therapy	1,850,106	1,064,911
Occupational therapy	1,515,810	1,491,381
Electrocardiology	1,077,837	775,966
Central supply	279,169	394,212
Pharmacy	2,765,883	2,727,311
Cardiac cath lab	266,434	380,154
Emergency room	7,753,682	7,975,949
Intensive outpatient program	1,840,586	1,605,522
Observation	1,466,205	1,535,593
Rural health clinics	6,171,258	5,902,474
Hospitalist	440,058	522,584
School based health clinic	149,369	179,565
Family health clinic	844,636	659,261
Surgery clinic	<u>387,636</u>	<u>1,150,985</u>
Total Other Professional Services	<u>52,907,474</u>	<u>55,415,450</u>
Gross Charges	55,670,334	58,102,622
Less charges associated with charity patients	<u>(527,584)</u>	<u>(424,485)</u>
Gross patient service revenue	55,142,750	57,678,137
Less deductions from revenue:		
Contractual adjustments	(32,294,764)	(33,317,448)
Discounts	<u>(121,250)</u>	<u>(208,124)</u>
Patient service revenue	22,726,736	24,152,565
Less provision for bad debts	<u>(2,478,393)</u>	<u>(3,426,938)</u>
Net Patient Service Revenue	\$ <u>20,248,343</u>	\$ <u>20,725,627</u>

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

	<u>2024</u>	<u>2023</u>
Medical records	\$ 1,061	\$ 2,652
Vending machines	4,795	4,494
Rentals	30,000	12,528
Pharmacy sales to employees	37,581	36,740
340B program	717,960	216,879
Miscellaneous	<u>38,436</u>	<u>14,713</u>
 Total Other Operating Revenue	 \$ <u>829,833</u>	 \$ <u>288,006</u>

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

	<u>2024</u>	<u>2023</u>
Administrative and general	\$ 1,655,716	\$ 1,816,745
Plant operations and maintenance	127,873	128,554
Housekeeping	235,823	217,475
Nursing administration	125,686	85,192
Central supply	87,607	92,835
Pharmacy	504,553	481,614
Medical records	319,471	319,890
Nursing services	1,706,372	1,510,446
Intensive care unit	13,248	42,978
Operating room	517,837	561,769
Radiology	576,769	564,840
Laboratory	612,623	623,258
Respiratory therapy	417,405	432,700
Physical therapy	31,466	36,182
EKG and EEG	30,944	29,557
Intensive outpatient program	277,160	256,084
Emergency room	1,001,636	1,137,770
Rural health clinics	3,037,009	2,983,156
Family health clinic	509,700	413,884
Surgery clinic	780,210	789,020
School based health clinic	<u>193,348</u>	<u>204,269</u>
 Total Salaries	 <u>12,762,456</u>	 <u>12,728,218</u>
 Payroll taxes	 172,710	 168,678
Hospitalization insurance	725,305	645,330
Retirement	758,392	743,192
Other	<u>20,430</u>	<u>18,921</u>
 Total Benefits	 <u>1,676,837</u>	 <u>1,576,121</u>
 Total Salaries and Benefits	 \$ <u>14,439,293</u>	 \$ <u>14,304,339</u>

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

	<u>2024</u>	<u>2023</u>
Nursing	\$ -0-	\$ 570
Operating room	11,627	-0-
Anesthesiology	280,000	290,769
Radiology	782,111	952,019
Laboratory	179,813	228,851
Respiratory therapy	795	795
EKG	19,500	58,500
Cardiac cath lab	110,000	37,500
Emergency room	1,715,906	1,690,136
Rural health clinics	6,352	11,000
School-based health clinic	<u>-0-</u>	<u>2,833</u>
 Total Professional Fees	 \$ <u>3,106,104</u>	 \$ <u>3,272,973</u>

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

	<u>2024</u>	<u>2023</u>
Contract services	\$ 3,007,223	\$ 2,896,201
Legal and accounting	129,802	127,470
Supplies	364,414	330,415
Repairs and maintenance	394,568	527,968
Utilities	391,048	352,781
Telephone	(4,783)	36,647
Travel	22,407	24,712
Rentals	208,810	96,695
Education	19,059	20,134
Recruitment and advertising	6,543	15,908
Dues and subscriptions	204,373	217,795
Inter-governmental transfer	293,485	314,378
Access to care payments	720,592	-0-
Miscellaneous	<u>3,080</u>	<u>164</u>
 Total Other Expenses	 \$ <u>5,760,621</u>	 \$ <u>4,961,268</u>

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

	-----TERM-----			
	<u>BEGAN</u>	<u>ENDING</u>	<u>2024</u>	<u>2023</u>
Mrs. Beth Green	09/08/08	05/03/27	NONE	NONE
Mr. Bill Worsely	05/06/13	05/06/25	NONE	NONE
Ms. Phyllis Dorsey	12/02/24	12/02/27	NONE	NONE
Mr. Oliver Holland	04/18/89	09/08/26	NONE	NONE
Mr. Jason Bruyninckx	03/07/22	01/01/26	NONE	NONE
Dr. Addison Thompson	11/05/13	11/06/25	NONE	NONE

RICHARDSON MEDICAL CENTER
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO CHIEF EXECUTIVE OFFICER
YEAR ENDED SEPTEMBER 30, 2024

Agency Head Name: James Barrett, Jr.
Position: CEO
Time Period: For the year ended September 30, 2024

<u>Purpose</u>	<u>Amount</u>
Salary	214,991
Health insurance	1,776
Retirement (FICA replacement plan)	-0-
Car allowance	3,600
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	232
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-



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Bobby G. Lester, CPA
(1949-2023)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Richland Parish Hospital Service District No. 1B, Parish of Richland (the District), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 21, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

The District's Response to Findings

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

Purpose of this Report

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

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

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

March 21, 2025



RICHARDSON MEDICAL CENTER
SCHEDULE OF 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 – None noted

Compliance:

- Noncompliance issues noted – None noted

Management letter issued – No

Federal Awards – N/A

Section II. Financial Statement Findings

FINDING 2024-001 - Medicare and Medicaid Cost Report Receivables

Criteria: An estimate of the current year Medicare and Medicaid cost reports should be made and recorded along with changes to prior cost report settlements due to intermediary exams.

Condition: Management did not calculate and record an estimate for the current year Medicare and Medicaid cost reports and adjust for prior cost report settlements.

Cause: Due to the complexity of the calculation, management elected not to estimate Medicare and Medicaid cost report settlements for the current year.

Effect: By not recording an estimate for the current year Medicare and Medicaid cost report settlements, the net patient service revenue and current assets were understated by approximately \$400,000. The prior year cost report settlements were overstated by approximately \$166,000.

Recommendation: We recommend calculating an estimate for the current year Medicare and Medicaid cost reports and recording the results on an interim basis. Adjustments to prior cost report settlements should be recorded when exams by the intermediary are completed.

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



RICHARDSON MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

FINDING 2024-002 - Subscription Based Information Technology Arrangements “(SBITAs)”

Criteria: SBITAs should be capitalized along with recognizing the related liability in accordance to GASB 96.

Condition: Management did not record a SBITA.

Cause: Management overlooked a new noncancelable information technology arrangement that was greater than 12 months.

Effect: As of September 30, 2024, assets were understated by approximately \$335,000, while liabilities were understated by \$327,000.

Recommendation: We recommend reviewing new information technology arrangements to determine how to record the transaction.

Response: The CFO will record the SBITA and adjust the payments on a monthly basis, while also recording the monthly amortization of the asset.

FINDING 2024-003 - Payroll

Criteria: Employees should be paid based on their employment agreement.

Condition: One employee was paid for two separate job positions at the same time. While another employee was paid an additional amount labeled “severance pay” after dismissal from employment.

Cause: The hours related to filling a nursing vacancy were added to the supervisor’s regular salary hours. The total hours were not reviewed independently. The “severance pay” was requested by the CEO to circumvent a lawsuit.

Effect: The Hospital overpaid one employee based on time reported. The “severance pay” may not be compliant with Louisiana State Law.

Recommendation: We recommend that all time reported and adjusted for payroll be reviewed and approved by one level above the employee’s current position. Any additional payments to employees should be researched to determine if appropriate under State law.

Response: The Hospital has recouped some of the additional pay and the employee has entered into an agreement to repay the balance. All time is being approved by supervisors to ensure proper payments to employees.

Section III. Federal Awards Findings and Questioned Costs

Not Applicable

Section IV. Management Letter

Not Applicable



RICHARDSON MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

Section I. Financial Statement Findings

Finding 2023-001 - Medicare and Medicaid Cost Report Receivables

Fiscal Year Initially Reported: September 30, 2020

Condition: An estimate of the current year Medicare and Medicaid cost reports were not estimated and recorded. Additionally, management did not adjust for prior cost report settlements due to intermediary exams. This resulted in assets and revenues being understated by approximately \$233,000.

Resolution: Not resolved - See finding 2024-001.

Finding 2023-002 - Allowances for Patient Receivables

Fiscal Year Initially Reported: September 30, 2020

Condition: An estimate of the allowances for accounts receivable was properly estimated; however, the entry was not recorded properly and did not tie to the estimate. Therefore, patient receivables and the net patient service revenue were overstated by approximately \$1,600,000.

Resolution: Resolved.

Finding 2023-003 - Capital Assets

Fiscal Year Initially Reported: September 30, 2022

Finding: Management did not implement GASB 87. Right-of-use assets were overstated by approximately \$240,000 and lease liabilities were overstated by approximately \$232,000.

Resolution: Resolved.

Finding 2023-004 - Grant Revenue Recognition

Fiscal Year Initially Reported: September 30, 2022

Condition: Grant revenue was not recorded when earned. Revenue was understated by approximately \$1.1 million.

Resolution: Resolved.

Finding 2023-005 - Prepaid Insurance

Fiscal Year Initially Reported: September 30, 2023

Condition: Management did not maintain a prepaid insurance schedule. Insurance expense was understated by approximately \$290,000.

Resolution: Resolved.



RICHARDSON MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

Finding 2023-006 – State Bond Commission

Fiscal Year Initially Reported: September 30, 2023

Condition: Management entered into five separate commercial premium finance agreements to finance its insurance policy premiums. Management did not acquire State Bond Commission approval as required by Louisiana R.S. 39:140.60.

Resolution: Resolved.

Section II. Federal Awards Findings and Questioned Costs

Not Applicable

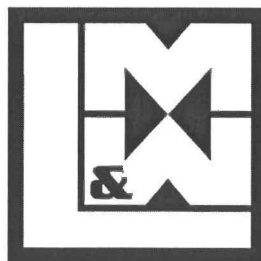
Section III. Management Letter

Not Applicable



RICHARDSON MEDICAL CENTER
INDEPENDENT AUDITORS' REPORT
ON APPLYING AGREED UPON
PROCEDURES

FOR THE YEAR ENDED
SEPTEMBER 30, 2024



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS



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(1949-2023)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 01, 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: During FY 2024, the board did not receive written updates on the progress of resolving prior year's audit findings.

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

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation 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 of the five bank reconciliations tested contained reconciling items of over one year old that were not documented as being researched by management.

Management's Response: Management will update and enforce policies and procedures to ensure reconciling items that have been outstanding for more than twelve months will be researched by management.

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: One of the employees responsible for collecting cash is also responsible for preparing deposits at one of the collection sites.

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



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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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



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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exceptions: Two of the ten credit card receipts did not have written documentation of business purpose.

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

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those



individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

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

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

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law;
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;



- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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

10) *Ethics*

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

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



11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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

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

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and



observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The Requirements are as follows:
 - Hired before June 9, 2020 – completed the training; and
 - Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

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

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

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

We were engaged by the Hospital to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an



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of Richardson Medical Center
and the Louisiana Legislative Auditor

opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

December 26, 2024



