

HOSPITAL SERVICE DISTRICT NO. 1B
PARISH OF RICHLAND
D/B/A RICHARDSON MEDICAL CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED SEPTEMBER 30, 2025
AND 2024



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

HOSPITAL SERVICE DISTRICT NO. 1B
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 d/b/a RICHARDSON MEDICAL CENTER
 YEARS ENDED SEPTEMBER 30, 2025 AND 2024

TABLE OF CONTENTS

	<u>Page No.</u>
Management's Discussion and Analysis	i-ix
Independent Auditors' Report on the Financial Statements and Supplementary Information.....	1-4
Financial Statements	
Statements of Net Position	5
Statements of Revenues, Expenses, and Changes in Net Position	6
Statements of Cash Flows	7-8
Notes to Financial Statements	9-27
Supplementary Information	
Schedules of Net Patient Service Revenues	29
Schedules of Other Operating Revenues	30
Schedules of Operating Expenses	31-33
Schedules of Per Diem and Other Compensation Paid to Board Members	34
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer	35
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36-37
Schedule of Findings and Responses	38-40

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, 2025. 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)

	<u>2025</u>	September 30, <u>2024</u>	<u>2023</u>
Total current assets	\$ 14,173	\$ 11,850	\$ 12,429
Nondepreciable capital assets	35	34	35
Depreciable capital assets	4,764	5,254	5,627
Right-of-use capital assets	297	434	579
Subscription assets	334	335	-0-
Limited use assets	7,430	6,399	5,041
Other assets	<u>27</u>	<u>64</u>	<u>53</u>
Total assets	\$ <u>27,060</u>	\$ <u>24,370</u>	\$ <u>23,764</u>
Current liabilities	\$ 3,601	\$ 2,443	\$ 1,989
Lease liabilities	222	371	518
Subscription liabilities	168	215	-0-
Long-term debt	<u>1,539</u>	<u>1,803</u>	<u>2,070</u>
Total liabilities	<u>5,530</u>	<u>4,832</u>	<u>4,577</u>
Invested in capital assets, net of related debt	2,922	3,101	3,109
Unrestricted	<u>18,608</u>	<u>16,437</u>	<u>16,078</u>
Total net position	<u>21,530</u>	<u>19,538</u>	<u>19,187</u>
Total liabilities and net position	\$ <u>27,060</u>	\$ <u>24,370</u>	\$ <u>23,764</u>

As shown in Table 1, the Medical Center's total assets increased by approximately \$2,691,000 or 11.0% during fiscal year 2025, following an increase of approximately \$604,000 or 2.5% during fiscal year 2024, and an increase of approximately \$843,000 or 3.7% during fiscal year 2023. The Medical Center's capital assets decreased approximately \$626,000, or 10.9% from fiscal year 2024 to 2025, followed by a decrease of approximately \$519,000, or 8.3% from fiscal year 2023 to 2024. Subscription assets decreased by \$1,000 in fiscal year 2025. Limited use assets increased by approximately \$1.0 million or 16.1% in fiscal year 2025, following an increase of \$1.4 million or 26.9% in fiscal year 2024, and an increase of \$1.2 million or 29.7% in fiscal year 2023. Total liabilities increased by approximately \$698,000 or 14.4% in 2025, following an increase of \$255,000 or 5.6% in 2024, and a decrease of approximately \$1.3 million or 21.5% during fiscal year 2023. The increase in total current assets is due to an increase in cash due to the Hospital receiving an employee retention tax credit.

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>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenue:			
Net patient service revenue	\$ 18,597	\$ 20,248	\$ 20,726
Medicaid supplemental payments and operating grants	7,559	5,284	5,171
Other revenue	<u>1,865</u>	<u>830</u>	<u>288</u>
Total operating revenue	<u>28,021</u>	<u>26,362</u>	<u>26,185</u>
Operating expenses:			
Salaries and employee benefits	14,622	14,466	14,304
Supplies, fees, and purchased services	5,397	5,595	5,433
Other expenses	6,648	6,565	5,751
Depreciation and amortization	<u>890</u>	<u>847</u>	<u>807</u>
Total operating expenses	<u>27,557</u>	<u>27,473</u>	<u>26,295</u>
Profit (loss) from operations	<u>464</u>	<u>(1,111)</u>	<u>(110)</u>
COVID-19 grant awards	-0-	-0-	680
Interest income and expense, net	419	423	322
Gain on disposal of assets	7	2	-0-
Property taxes	<u>1,064</u>	<u>1,053</u>	<u>966</u>
Excess of revenue over expenses	1,954	367	1,858
Capital grants	<u>38</u>	<u>217</u>	<u>819</u>
Changes in net position	1,992	584	2,677
Beginning net position	19,538	19,187	17,090
GASB 101 & accounts receivable restatement	-0-	(233)	(580)
Ending net position	<u>\$ 21,530</u>	<u>\$ 19,538</u>	<u>\$ 19,187</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 2025, the Medical Center derived the majority, or approximately 66%, of its total operating revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or patients with other third-party coverage, who receive care in the Medical Center's facilities. Reimbursement from the Medicare and Medicaid programs and other third-party payors is based upon established contracts. The difference between the covered charges and the established contract rates is recognized as a contractual allowance. Total net patient service revenue decreased by approximately \$1.7 million or 8.2% in fiscal year 2025, following a decrease of \$478,000, or 2.3% in fiscal year 2024, and a decrease of \$1.5 million, or 6.7% in fiscal year 2023.

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>2025</u>	<u>2024</u>	<u>2023</u>
Medicare and Medicare managed care plans	45%	45%	41%
Medicaid and Medicaid managed care plans	32%	36%	40%
Blue Cross Blue Shield	12%	10%	10%
Commercial insurance	8%	6%	7%
Self-pay	<u>3%</u>	<u>3%</u>	<u>2%</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>2025</u>	<u>2024</u>	<u>2023</u>
Other revenue:			
Medical records	\$ 1	\$ 1	\$ 2
Vending machines	4	5	4
Rentals	30	30	13
Pharmacy sales to employees	34	38	37
340 B program	1,722	718	217
Miscellaneous	<u>73</u>	<u>38</u>	<u>15</u>
 Total other revenue	 \$ <u>1,864</u>	 \$ <u>830</u>	 \$ <u>288</u>

Operating Grant Income

Operating grant income increased by approximately \$3.0 million or 1449%, during fiscal year 2025, following an increase of 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. The Hospital received an employee retention credit during FY 2025 of approximately \$3.0 million. The Hospital received intergovernmental grants of \$-0-, \$-0-, and \$51,363, in fiscal years 2025, 2024, and 2023, 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) 2025 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 direct payment plan (DPP) The Hospital has recognized \$4.2 and \$4.4 million under the directed payment plan during fiscal year 2025 and 2024, respectively.

Non-operating Income

Property tax revenue increased by approximately \$11,733 or 1.1%, during fiscal year 2025, following an increase of 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.

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>2025</u>	September 30, <u>2024</u>	<u>2023</u>
Adjustments:			
Commercial and other adjustments	\$ 5,509	\$ 4,795	\$ 4,795
Medicaid contractual adjustments	10,272	11,092	12,242
Medicare contractual adjustments	16,441	16,408	16,280
Discounts	200	121	208
Provision for bad debts	<u>3,553</u>	<u>2,478</u>	<u>3,427</u>
 Total adjustments and allowances	 \$ <u>35,975</u>	 \$ <u>34,894</u>	 \$ <u>36,952</u>

Medicaid contractual adjustments decreased in fiscal year 2025 by approximately \$820,000 or 7.4%, with a decrease of 9.4% or approximately \$1.2 million in fiscal year 2024, and a decrease of 7.0% or approximately \$928,000 in fiscal year 2023. 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 2025, 2024, and 2023.

Operating Expenses

Salaries increased by \$11,631 or 0.1% in fiscal year 2025, following an increase of \$59,722 or 0.5% in fiscal year 2024, and an increase of \$319,741 or 2.6% in fiscal year 2023. As a percentage of net patient service revenue, salary expense was approximately 68.8%, 63.2%, and 61.4%, for the fiscal years ended September 30, 2025, 2024, and 2023, respectively.

Employee benefits expense increased by \$144,526 or 8.6% in fiscal year 2025, following an increase of \$100,716 or 6.4% during fiscal year 2024, and an increase of \$47,015 or 3.1% during fiscal year 2023. Employee benefit expenses represented 14.2%, 13.1%, and 12.4%, of salary expenses in the current and prior two fiscal years, respectively. Also, the Hospital has a self-funded health plan. The plan's cost varies according to the number of claims filed. The Hospital's plan is structured to capture and perform 90% of the claims within the facility to minimize cost.

Supplies expense decreased by \$192,773 or 7.7% during fiscal year 2025, compared to an increase of \$329,586 or 15.3% during fiscal year 2024, and a decrease of \$762,211 or 26.1% during fiscal year 2023. The decrease in supplies is due to the decrease in patient volume.

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

Management's Discussion and Analysis

Professional fees decreased during fiscal year 2025 by approximately \$5,385 or 0.2%, following a decrease during fiscal year 2024 of approximately \$166,869 or 5.1%, and an increase of approximately \$280,063 or 9.4% in fiscal year 2023.

Total overall operating expenses for 2025 increased approximately by \$83,602 or 0.3%, following an increase of approximately \$1.2 million or 4.4% in fiscal year 2024, and an increase of approximately \$18,468 or 0.07%, in fiscal year 2023.

Operating and Financial Performance

The following financial information summarizes the Medical Center's statements of revenue, expenses, and changes in net assets for 2025 through 2023:

Overall activity at the Medical Center, as measured by patient discharges, increased by 13 during fiscal year 2025, following an increase of 27 during fiscal year 2024, compared to a decrease of 110 during fiscal year 2023. Patient days decreased by 1.8% in 2025, compared to an increase of 1.4% in 2024, and a decrease of 17% in 2023.

TABLE 6
Patient and Hospital Statistical Data

	<u>2025</u>	Year Ended September 30, <u>2024</u>	<u>2023</u>
Discharges:			
Acute care	404	395	372
Swing bed	31	27	23
Patient days:			
Acute - Medicare	569	704	676
Acute - Medicaid	154	237	263
Acute - Commercial	859	822	828
Acute - Self pay	25	17	11
Swing bed	416	280	254
Operating room patients	804	766	1,250
Emergency room visits	7,017	7,552	7,650
Average daily census:			
Adult and pediatric	4.4	4.9	4.9
Swing bed	1.1	0.8	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

	Year Ended September 30,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Average length of stay:			
Acute care	4.0	4.5	4.8
Swing bed	13.4	10.4	11.0
Percentage of total acute patient days:			
Medicare	35%	40%	38%
Medicaid	10%	13%	15%
Rural health clinic visits	29,561	29,159	29,622
Full-time equivalents (FTEs)	196.4	203.4	202.8

Capital Assets

During the 2025 fiscal year, the Medical Center invested approximately \$143,426 in capital assets, included in Table 7 below:

TABLE 7
Capital Assets
(in thousands)

	Year Ended September 30,		Dollar Change	Percentage Change
	<u>2025</u>	<u>2024</u>		
Land and improvements	\$ 147	\$ 147	\$ -0-	0.0%
Building and equipment	23,709	23,582	127	0.5%
Right-of-use capital assets	<u>966</u>	<u>966</u>	<u>-0-</u>	<u>0.0%</u>
Subtotal	24,822	24,695	127	0.5%
Less accumulated depreciation and amortization	<u>19,726</u>	<u>18,973</u>	<u>753</u>	<u>4.0%</u>
Net	<u>\$ 5,096</u>	<u>\$ 5,722</u>	<u>\$ (626)</u>	<u>-10.9%</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 2025 fiscal year end, the Medical Center had \$1,802,501 in short-term and long-term debt. The Medical Center had \$371,441 in short-term and long-term lease obligation liabilities. Additionally, the Medical Center had \$312,034 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.



LESTER, MILLER & WELLS

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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, 2025 and 2024, 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, 2025 and 2024, 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.

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

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, 2025 and 2024, 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 30, 2026, 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 30, 2026



RICHARDSON MEDICAL CENTER
STATEMENTS OF NET POSITION
SEPTEMBER 30,

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current		
Cash and cash equivalents (Note 3)	\$ 7,015,005	\$ 5,482,473
Certificates of deposit	348,638	338,014
Accounts receivable, net (Note 4)	3,309,485	2,521,297
Other receivables	1,281,408	1,563,721
Estimated third-party payor settlements	1,178,551	873,817
Inventory	777,223	736,843
Prepaid expenses	<u>262,696</u>	<u>334,466</u>
Total Current Assets	14,173,006	11,850,631
Nondepreciable capital assets (Note 5)	34,531	34,531
Depreciable capital assets, net (Note 5)	4,764,315	5,253,587
Right-of-use capital assets, net (Note 5)	297,212	434,009
Subscription assets, net (Note 6)	334,024	334,911
Limited use assets (Note 7)	7,430,308	6,398,175
Other assets	<u>26,927</u>	<u>63,900</u>
Total Assets	<u>\$ 27,060,323</u>	<u>\$ 24,369,744</u>
<u>LIABILITIES AND NET POSITION</u>		
Current		
Accounts payable	\$ 643,508	\$ 620,707
Accrued expenses	1,200,586	1,062,766
Estimated third-party payor settlements	1,200,000	200,000
Current portion of lease liabilities (Note 9)	148,815	146,652
Current portion of subscription liabilities (Note 10)	144,361	112,193
Current portion of long-term debt (Note 8)	<u>263,616</u>	<u>300,686</u>
Total Current Liabilities	3,600,886	2,443,004
Long-Term Liabilities		
Lease liabilities (Note 9)	222,626	371,442
Subscription liabilities (Note 10)	167,673	215,129
Long-term debt, net of current maturities (Note 8)	<u>1,538,885</u>	<u>1,802,501</u>
Total Liabilities	<u>5,530,070</u>	<u>4,832,076</u>
Net Position		
Invested in capital assets, net of related debt	2,922,116	3,100,846
Unrestricted	<u>18,608,137</u>	<u>16,436,822</u>
Total Net Position	<u>21,530,253</u>	<u>19,537,668</u>
Total Liabilities and Net Position	<u>\$ 27,060,323</u>	<u>\$ 24,369,744</u>

See accompanying notes to financial statements.

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

	<u>2025</u>	<u>2024</u>
Revenues		
Net patient service revenues	\$ 18,596,829	\$ 20,248,343
Medicaid supplemental payments	4,323,688	5,075,218
Grants	3,235,555	208,850
Other operating revenues	<u>1,864,658</u>	<u>829,833</u>
Total Revenues	<u>28,020,730</u>	<u>26,362,244</u>
Expenses		
Salaries	12,799,571	12,787,940
Benefits and payroll taxes	1,822,259	1,677,733
Supplies and drugs	2,296,229	2,489,002
Professional fees	3,100,719	3,106,104
Other expenses	5,819,621	5,760,621
Insurance	828,186	804,752
Depreciation and amortization	<u>889,941</u>	<u>846,772</u>
Total Expenses	<u>27,556,526</u>	<u>27,472,924</u>
Operating Income (Loss)	<u>464,204</u>	<u>(1,110,680)</u>
Nonoperating Revenues (Expenses)		
Interest income	545,269	563,107
Interest expense	(126,744)	(140,106)
Gain (loss) on disposal of assets	6,952	1,500
Property taxes	<u>1,064,328</u>	<u>1,052,595</u>
Excess of revenues (expenses) before capital grants	1,954,009	366,416
Capital grants	<u>38,576</u>	<u>216,737</u>
Changes in net position	1,992,585	583,153
Beginning net position	<u>19,537,668</u>	<u>18,954,515</u>
Ending net position	<u>\$ 21,530,253</u>	<u>\$ 19,537,668</u>

See accompanying notes to financial statements.

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

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 18,503,907	\$ 21,478,284
Other receipts from operations	9,706,214	6,313,547
Cash payments to employees and for employee-related cost	(14,484,010)	(14,408,936)
Cash payments for other operating expenses	<u>(11,953,591)</u>	<u>(11,679,522)</u>
Net cash provided (used) by operating activities	<u>1,772,520</u>	<u>1,703,373</u>
Cash flows from investing activities:		
Cash proceeds (invested) from certificates of deposit	(10,624)	(7,585)
Cash proceeds (invested) from limited use assets	(1,032,133)	(1,355,918)
Interest income	<u>545,269</u>	<u>563,107</u>
Net cash provided (used) by investing activities	<u>(497,488)</u>	<u>(800,396)</u>
Cash flows from non-capital financing activities:		
Property taxes	<u>1,064,328</u>	<u>1,052,595</u>
Net cash provided (used) by non-capital financing activities	<u>1,064,328</u>	<u>1,052,595</u>
Cash flows from capital and related financing activities:		
Acquisition of property, plant, and equipment	(143,426)	(297,717)
Proceeds from sales of capital assets	12,463	1,500
Principal payments on lease liability obligations	(146,653)	(148,095)
Principal payments on subscription liability obligations	(140,358)	(38,035)
Principal payments on long-term debt	(300,686)	(827,684)
Proceeds from capital grant	38,576	216,737
Interest expense	<u>(126,744)</u>	<u>(140,106)</u>
Net cash provided (used) by capital and related financing activities	<u>(806,828)</u>	<u>(1,233,400)</u>
Net increase (decrease) in cash and cash equivalents	1,532,532	722,172
Beginning cash and cash equivalents	<u>5,482,473</u>	<u>4,760,301</u>
Ending cash and cash equivalents	\$ <u>7,015,005</u>	\$ <u>5,482,473</u>

See accompanying notes to financial statements.

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

	<u>2025</u>	<u>2024</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 464,204	\$ (1,110,680)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:		
Depreciation and amortization	889,941	846,773
Change in current assets (increase) decrease		
Patient accounts receivable, net	(788,188)	(10,391)
Other receivables	282,313	199,646
Estimated third-party payor settlements	(304,734)	1,053,126
Inventory	(40,380)	45,819
Prepaid expenses	71,770	485,447
Change in current liabilities increase (decrease)		
Accounts payable	22,801	(39,436)
Accrued expenses	137,820	56,737
Estimated third-party payor settlements	1,000,000	187,206
Change in other assets (increase) decrease	<u>36,973</u>	<u>(10,874)</u>
Net cash provided (used) by operating activities	\$ <u>1,772,520</u>	\$ <u>1,703,373</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ <u>122,810</u>	\$ <u>140,973</u>
Subscription assets acquired under agreements	\$ <u>125,070</u>	\$ <u>365,357</u>
Insurance premiums acquired via note obligation	\$ <u>-0-</u>	\$ <u>465,152</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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, 2025 AND 2024

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, 2025 AND 2024

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, 2025 AND 2024

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, 2025 and 2024 totaled \$5,949 and \$3,469, 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, 2025 and 2024, management is not aware of any liability resulting from environmental matters.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

The District implemented GASB Statement No. 101, *Compensated Absences* in fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The new standard is to be applied to all compensated absences as of the beginning of the earliest period presented and therefore, the September 30, 2024 financial statements have been restated, as discussed in Note 22.

The District implemented GASB Statement No. 102, *Certain Risk Disclosures* in fiscal year 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations of constraints and enhance transparency by requiring disclosures about these risks.

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of the Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The Statement is effective for fiscal years beginning after June 15, 2026.

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.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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, 2025 and 2024.

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.

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

	<u>2025</u>	<u>2024</u>
Carrying amount		
Deposits	\$ 14,445,313	\$ 11,880,648
Certificates of deposit	<u>348,638</u>	<u>338,014</u>
	\$ <u>14,793,951</u>	\$ <u>12,218,662</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 7,015,005	\$ 5,482,473
Certificates of deposit	348,638	338,014
Limited use assets	<u>7,430,308</u>	<u>6,398,175</u>
	\$ <u>14,793,951</u>	\$ <u>12,218,662</u>

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2025</u>	<u>2024</u>
Patient accounts receivable	\$ 5,925,484	\$ 5,153,296
Estimated uncollectibles	<u>(2,615,999)</u>	<u>(2,631,999)</u>
Net patient accounts receivable	\$ <u>3,309,485</u>	\$ <u>2,521,297</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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>2025</u>	<u>2024</u>
Medicare and Medicare managed care plans	32%	29%
Medicaid and Medicaid managed care plans	21%	25%
Blue Cross Blue Shield	7%	6%
Commercial and other third-party payors	13%	10%
Patients	<u>27%</u>	<u>30%</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>2024</u>		<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2025</u>	
Nondepreciable capital assets							
Land	\$ 34,531	\$	-0-	\$	-0-	\$	34,531
Construction in progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total nondepreciable capital assets	<u>\$ 34,531</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>34,531</u>
Depreciable capital assets							
Land improvements	\$ 112,519	\$	-0-	\$	-0-	\$	112,519
Buildings and improvements	8,390,293	66,498	9,636	-0-	8,447,155		
Major movable equipment	<u>15,191,240</u>	<u>76,928</u>	<u>6,000</u>	<u>-0-</u>	<u>15,262,168</u>		
Total depreciable capital assets	23,694,052	143,426	15,636	-0-	23,821,842		
Accumulated depreciation	<u>18,440,465</u>	<u>627,187</u>	<u>10,125</u>	<u>-0-</u>	<u>19,057,527</u>		
Total depreciable capital assets, net	<u>\$ 5,253,587</u>	<u>\$ (483,761)</u>	<u>\$ 5,511</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>4,764,315</u>
Right-of-use capital assets							
Buildings	\$ 317,759	\$	-0-	\$	-0-	\$	317,759
Equipment	<u>648,360</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>648,360</u>		
Total right-of-use capital assets	966,119	-0-	-0-	-0-	966,119		
Accumulated amortization	<u>532,110</u>	<u>136,797</u>	<u>-0-</u>	<u>-0-</u>	<u>668,907</u>		
Total right-of-use capital assets, net	<u>\$ 434,009</u>	<u>\$ (136,797)</u>	<u>\$ -0-</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>297,212</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

NOTE 5 - CAPITAL ASSETS (Continued)

	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>

NOTE 6 - SUBSCRIPTION ASSETS

	September 30, <u>2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2025</u>
Subscription-based assets	\$ 365,357	\$ 125,070	\$ -0-	\$ -0-	\$ 490,427
Accumulated amortization	<u>30,446</u>	<u>125,957</u>	<u>-0-</u>	<u>-0-</u>	<u>156,403</u>
Total subscription-based assets, net	<u>\$ 334,911</u>	<u>\$ (887)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 334,024</u>
	September 30, <u>2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2024</u>
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>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

NOTE 7 - ASSETS WHOSE USE IS LIMITED

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

	<u>2025</u>	<u>2024</u>
Restricted by Hospital Board To be used for asset additions and replacements - Certificates of deposit	\$ <u>7,430,308</u>	\$ <u>6,398,175</u>
Non-current limited use assets	\$ <u>7,430,308</u>	\$ <u>6,398,175</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>2024</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2025</u>	Due Within <u>One Year</u>
Revenue Bonds, Series 2014	\$ 1,785,397	\$ -0-	\$ 151,838	\$ 1,633,559	\$ 157,229
Revenue Bonds, Series 2020	194,555	-0-	65,000	129,555	67,000
Note Payable - First Insurance	33,355	-0-	33,355	-0-	-0-
Note Payable - Stryker	<u>89,880</u>	<u>-0-</u>	<u>50,493</u>	<u>39,387</u>	<u>39,387</u>
Total	\$ <u>2,103,187</u>	\$ <u>-0-</u>	\$ <u>300,686</u>	\$ <u>1,802,501</u>	\$ <u>263,616</u>
	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>

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.
- 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.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

NOTE 8 - LONG-TERM DEBT (Continued)

- 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</u> <u>September 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 263,616	\$ 61,695
2027	225,365	53,407
2028	168,590	46,630
2029	174,575	40,645
2030	180,772	34,448
2031-2035	<u>789,583</u>	<u>71,297</u>
 Totals	 \$ <u>1,802,501</u>	 \$ <u>308,122</u>

NOTE 9 - LEASE LIABILITY

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

	<u>September 30,</u> <u>2024</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30,</u> <u>2025</u>	<u>Due Within</u> <u>One Year</u>
Building	\$ 237,791	\$ -0-	\$ 36,383	\$ 201,408	\$ 38,339
Equipment	<u>280,303</u>	<u>-0-</u>	<u>110,270</u>	<u>170,033</u>	<u>110,476</u>
 Total	 \$ <u>518,094</u>	 \$ <u>-0-</u>	 \$ <u>146,653</u>	 \$ <u>371,441</u>	 \$ <u>148,815</u>
	<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>
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>

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

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

NOTE 9 - LEASE LIABILITY (Continued)

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

<u>Year Ending</u> <u>September 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 148,815	\$ 15,842
2027	99,962	9,305
2028	42,575	5,425
2029	44,865	3,135
2030	<u>35,224</u>	<u>775</u>
Totals	<u>\$ 371,441</u>	<u>\$ 34,482</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>2024</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30,</u> <u>2025</u>	<u>Due Within</u> <u>One Year</u>
Totals	\$ <u>327,322</u>	\$ <u>125,070</u>	\$ <u>140,358</u>	\$ <u>312,034</u>	\$ <u>144,361</u>
	<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>

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 ranging from 9.5% of 10.5% with total monthly payments ranging from \$11,772 to \$28,165 through August 1, 2029.

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>
2026	\$ 144,361	\$ 25,913
2027	113,128	10,928
2028	25,595	5,182
2029	<u>28,950</u>	<u>2,750</u>
Totals	<u>\$ 312,034</u>	<u>\$ 44,773</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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 401(a) pension plan with an employer match. In addition, the employees can also contribute to the District's 457 elective deferral compensation plan. The plan is called the Richardson Medical Center FICA Replacement Plan. The plan administrator is Empower.

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 at a minimum of 6.2%. The plan requires a contribution by the employees of at least 5.27%. The amounts charged to pension expense under this plan were \$749,038 and \$759,136 for the years ended September 30, 2025 and 2024, respectively. The employees contributed \$635,359 and \$635,462 in the 401(a) plan for the years ended September 30, 2025 and 2024, respectively. The employees contributed \$125,152 and \$129,933 in the 457 plan for the years ended September 30, 2025 and 2024, 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 recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave for liability recognition for compensated absences are – vacation and sick leave. The liability for compensated absences includes salary-related benefits.

Paid time off – the District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick leave – the District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the District and, upon separation of service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

A summary of compensated absences at September 30, follows:

	<u>2024</u>	<u>Net Change</u>	<u>2025</u>	<u>Current Portion</u>
Paid time off	\$ 418,546	\$ 18,169	\$ 436,715	\$ 436,715
Sick leave	<u>231,831</u>	<u>26,742</u>	<u>258,573</u>	<u>258,573</u>
Totals	<u>\$ 650,377</u>	<u>\$ 44,911</u>	<u>\$ 695,288</u>	<u>\$ 695,288</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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 December 31, 2025, if not extended by Congress. The additional payments received under the Medicare low volume add-on was \$277,585 and \$311,669 for the years ended September 30, 2025 and 2024.

Because the Hospital qualified as a Medicare Dependent Hospital (MDH), it receives additional reimbursement. The benefits related to MDH designation are set to expire on December 31, 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, 2021.

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, 2019.

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 12% and 10% of the total charges for the years ended September 30, 2025 and 2024, respectively.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

NOTE 13 - NET PATIENT SERVICE REVENUES (Continued)

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

	<u>2025</u>	<u>2024</u>
Medicare and Medicare managed care plans	\$ 24,843,326	\$ 25,084,765
Medicaid and Medicaid managed care plans	17,999,865	19,851,064
Blue Cross Blue Shield	6,467,671	5,706,193
Commercial	4,272,275	3,596,890
Uninsured	1,600,649	1,431,422
Gross charges	<u>55,183,786</u>	<u>55,670,334</u>
Less charges associated with charity patients	612,995	527,584
Gross patient service revenue	<u>54,570,791</u>	<u>55,142,750</u>
Less deductions from revenue:		
Contractual adjustments	32,221,609	32,294,764
Discounts	<u>199,695</u>	<u>121,250</u>
Patient service revenue (net of contractual adjustments)	<u>22,149,487</u>	<u>22,726,736</u>
Less provision for bad debts	<u>3,552,658</u>	<u>2,478,393</u>
Net patient service revenue less provision for bad debts	<u>\$ 18,596,829</u>	<u>\$ 20,248,343</u>

As noted in the summary above, the Medicare and Medicaid plans are 78% and 81% of the total gross charges for the years ended September 30, 2025 and 2024, respectively. 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 \$23,747 and \$44,934 in 2025 and 2024, respectively.

NOTE 14 - GRANT REVENUE

The Hospital received approximately \$3.0 million through the Employee Retention Tax Credit (ERTC), which is recorded as operating grant revenue. The Hospital showed the revenue as earned when it substantially met the program's eligibility conditions. The ERTC is a refundable tax credit for businesses and tax-exempt organizations that had employees and were affected during the COVID-19 pandemic. Since the Hospital amended on the first and second quarter of the 2021 payroll tax reports, the Internal Revenue Service (IRS) has three years from date of amending the payroll tax returns to audit the ERTC. An IRS examination could result in an overpayment of the claim, which could be material.

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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.

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.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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 \$350,914 and \$720,592, for the years ended September 30, 2025 and 2024. This was recorded as an expense called Access to Care Payments.

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>2025</u>	<u>2024</u>
Beginning of the year	\$ 40,161	\$ 50,895
Plus: Claims incurred and changes in estimate	901,288	725,305
Less: Claims paid	<u>901,288</u>	<u>736,039</u>
End of the year	\$ <u>40,161</u>	\$ <u>40,161</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.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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 \$311,000 and \$261,000 for the years ended September 30, 2025 and 2024, respectively.

NOTE 21 - MEDICAID SUPPLEMENTAL PAYMENTS

For state fiscal year (SFY) 2024 and 2025, 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 \$4.2 million and \$4.4 million for fiscal year 2025 and 2024, 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 2025, the Hospital received approximately \$151,000 in Medicaid supplemental payments of which approximately \$60,000 was submitted to LDH as an IGT. 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.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

NOTE 22 - ACCOUNTING CHANGES AND PRIOR PERIOD ADJUSTMENTS

Change in Method of Accounting for Compensated Absences - As discussed in Note 2, the Hospital implemented GASB 101, *Compensated Absences* on October 1, 2024. In addition to the value of unused vacation time owed to employees upon separation of employment, the Hospital now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized in the "Restated – GASB 101 Implementation" column in the table below.

Correction of Prior Period Error - During fiscal year 2025, the Hospital determined that the allowances for accounts receivable did not have an estimate for insurance denials and the percentage for collections from patients was not adequate. The effect of this error correction resulted in adjustments to and restatements of beginning net position and accounts receivable as shown in the table below.

	2024 As Previously Reported	Restated - GASB 101 Implementation	Error Correction	2024 As Restated
Accounts receivable, net	\$ 3,101,297	\$ -0-	\$ (580,000)	\$ 2,521,297
Accrued expenses	\$ 802,497	\$ 260,269	\$ -0-	\$ 1,062,766
Net Position (Unrestricted)	\$ 17,277,091	\$ (260,269)	\$ (580,000)	\$ 16,436,822
Salaries	\$ 12,762,456	\$ 25,484	\$ -0-	\$ 12,787,940

NOTE 23 - SUBSEQUENT EVENTS

Events have been evaluated through March 30, 2026, 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>2025</u>	<u>2024</u>
Routine Services:		
Adult and pediatric	\$ 2,258,718	\$ 2,585,804
Intensive care unit	25,574	19,518
Swing bed	<u>228,592</u>	<u>157,538</u>
Total Routine Services	<u>2,512,884</u>	<u>2,762,860</u>
Other Professional Services:		
Operating and recovery room	3,881,635	3,406,415
Anesthesia	714,825	578,890
Radiology	15,381,033	15,502,873
Laboratory	6,141,837	6,364,976
Blood	217,558	245,651
Respiratory therapy	2,233,128	1,850,106
Occupational therapy	1,533,992	1,515,810
Electrocardiology	1,251,388	1,077,837
Central supply	275,264	279,169
Pharmacy	2,221,940	2,765,883
Cardiac cath lab	83,284	266,434
Emergency room	7,097,358	7,753,682
Intensive outpatient program	1,610,449	1,840,586
Observation	1,451,460	1,466,205
Rural health clinics	6,109,161	6,171,258
Hospitalist	412,733	440,058
School based health clinic	184,636	149,369
Family health clinic	824,591	844,636
Surgery clinic	<u>1,044,630</u>	<u>387,636</u>
Total Other Professional Services	<u>52,670,902</u>	<u>52,907,474</u>
Gross Charges	55,183,786	55,670,334
Less charges associated with charity patients	<u>(612,995)</u>	<u>(527,584)</u>
Gross patient service revenue	54,570,791	55,142,750
Less deductions from revenue:		
Contractual adjustments	(32,221,609)	(32,294,764)
Discounts	<u>(199,695)</u>	<u>(121,250)</u>
Patient service revenue	22,149,487	22,726,736
Less provision for bad debts	<u>(3,552,658)</u>	<u>(2,478,393)</u>
Net Patient Service Revenue	<u>\$ 18,596,829</u>	<u>\$ 20,248,343</u>

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

	<u>2025</u>	<u>2024</u>
Medical records	\$ 1,290	\$ 1,061
Vending machines	4,068	4,795
Rentals	29,892	30,000
Pharmacy sales to employees	34,100	37,581
340B program	1,722,255	717,960
Miscellaneous	<u>73,053</u>	<u>38,436</u>
 Total Other Operating Revenue	 \$ <u>1,864,658</u>	 \$ <u>829,833</u>

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

	<u>2025</u>	<u>2024</u>
Administrative and general	\$ 1,561,300	\$ 1,681,200
Plant operations and maintenance	160,977	127,873
Housekeeping	190,768	235,823
Nursing administration	146,122	125,686
Central supply	87,753	87,607
Pharmacy	479,995	504,553
Medical records	317,345	319,471
Nursing services	1,679,406	1,706,372
Intensive care unit	21,322	13,248
Operating room	559,588	517,837
Radiology	585,642	576,769
Laboratory	641,531	612,623
Respiratory therapy	425,938	417,405
Physical therapy	31,451	31,466
EKG and EEG	33,816	30,944
Intensive outpatient program	299,485	277,160
Emergency room	1,021,962	1,001,636
Rural health clinics	3,051,778	3,037,009
Family health clinic	494,702	509,700
Surgery clinic	738,303	780,210
School based health clinic	<u>270,387</u>	<u>193,348</u>
 Total Salaries	 <u>12,799,571</u>	 <u>12,787,940</u>
 Payroll taxes	 169,252	 172,862
Hospitalization insurance	901,288	725,305
Retirement	749,038	759,136
Other	<u>2,681</u>	<u>20,430</u>
 Total Benefits	 <u>1,822,259</u>	 <u>1,677,733</u>
 Total Salaries and Benefits	 \$ <u>14,621,830</u>	 \$ <u>14,465,673</u>

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

	<u>2025</u>	<u>2024</u>
Nursing	\$ 1,050	\$ -0-
Operating room	5,585	11,627
Anesthesiology	280,000	280,000
Radiology	784,378	782,111
Laboratory	160,297	179,813
Respiratory therapy	1,844	795
EKG	24,000	19,500
Cardiac cath lab	90,000	110,000
Pharmacy	30,600	-0-
Emergency room	1,712,465	1,715,906
Rural health clinics	<u>10,500</u>	<u>6,352</u>
 Total Professional Fees	 \$ <u>3,100,719</u>	 \$ <u>3,106,104</u>

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

	<u>2025</u>	<u>2024</u>
Management fees	\$ 782,327	\$ -0-
Contract services	2,857,185	3,007,223
Legal and accounting	114,128	129,802
Supplies	400,651	361,380
Repairs and maintenance	426,051	397,602
Utilities	392,014	391,048
Telephone	290	(4,783)
Travel	26,407	22,407
Rentals	165,236	208,810
Education	20,419	19,059
Recruitment and advertising	11,179	6,543
Dues and subscriptions	206,876	204,373
Inter-governmental transfer	59,963	293,485
Access to care payments	350,914	720,592
Miscellaneous	<u>5,981</u>	<u>3,080</u>
 Total Other Expenses	 \$ <u>5,819,621</u>	 \$ <u>5,760,621</u>

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

	-----TERM-----		<u>2025</u>	<u>2024</u>
	<u>BEGAN</u>	<u>ENDING</u>		
Mrs. Beth Green	09/08/08	05/03/27	NONE	NONE
Mr. Bill Worsely	05/06/13	05/06/31	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	11/06/31	NONE	NONE

RICHARDSON MEDICAL CENTER
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
 PAYMENTS TO CHIEF EXECUTIVE OFFICER
 YEAR ENDED SEPTEMBER 30, 2025

Agency Head Name: Karl Broussard From 5/1/2025 to 9/30/2025
 Position: CEO
 Time Period: For the year ended September 30, 2025

<u>Purpose</u>	<u>Amount</u>
Salary	85,275
Health insurance	1,789
Retirement (FICA replacement plan)	5,287
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	11
Travel	3,169
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	9,900
Housing	-0-
Unvouchered expenses	-0-
Special meals	598

Agency Head Name: James Barrett From 10/1/2024 to 4/30/2025
 Position: CEO
 Time Period: For the year ended September 30, 2025

<u>Purpose</u>	<u>Amount</u>
Salary	90,748
Health insurance	-0-
Retirement (FICA replacement plan)	5,626
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	16
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-



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

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, 2025 and 2024, 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 30, 2026.

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 responses as item 2025-001 and 2025-002 that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.



Certified Public Accountants
Alexandria, Louisiana

March 30, 2026



RICHARDSON MEDICAL CENTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2025

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 2025-001 - 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 \$500,000. The prior year cost report settlements were overstated by approximately \$40,000.

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 RESPONSES
YEAR ENDED SEPTEMBER 30, 2025

FINDING 2025-002 - 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, 2025, assets were understated by approximately \$121,000, while liabilities were understated by \$97,000.

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.

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 RESPONSES
YEAR ENDED SEPTEMBER 30, 2025

Section I. Financial Statement Findings

Finding 2024-001 - 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 \$400,000.

Resolution: Not resolved - See finding 2025-001.

Finding 2024-002 - Subscription Based Information Technology Arrangements ("SBITAs")

Fiscal Year Initially Reported: September 30, 2024

Condition: Management did not record a SBITA. This resulted in assets be understated by approximately \$335,000 and liabilities being understated by approximately \$327,000.

Resolution: Not resolved - See finding 2025-002.

Finding 2024-003 - Payroll

Fiscal Year Initially Reported: September 30, 2024

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 dismal from employment.

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, 2025



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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, 2024 through September 30, 2025. 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, 2024 through September 30, 2025. 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) *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

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

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.*

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

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

3) 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: At all collection locations tested, employees responsible for collecting cash are also responsible for preparing and posting their own deposits. One deposit tested did not have written proof of the deposit being made within one business day of the receipt.

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

4) 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: Of the ten transactions tested, one transaction did not have a written business purpose listed.

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

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

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



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

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

October 6, 2025



