



Financial Statements

September 30, 2023 and 2022

**Concordia Parish Hospital Service  
District Number One of the Parish of  
Concordia, State of Louisiana  
d/b/a Trinity Medical**

Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
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September 30, 2023 and 2022

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## Independent Auditor's Report

Board of Commissioners  
Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
Ferriday, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital), and its component unit, Concordia Hospital Foundation, as of and for the years then ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital as of September 30, 2023 and 2022, and the respective 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's 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 auditor's 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 GAAS 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 GAAS 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 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 GAAS, 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.

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

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa  
February 27, 2024

This section of the Hospital's annual financial report presents background information and management's analysis of the Hospital's financial performance during the fiscal years ended September 30, 2023, 2022, and 2021. Please read it in conjunction with the financial statements beginning on page 9 and notes to the financial statements beginning on page 14 in this report.

### **Overview of the Financial Statements**

The financial statements are comprised of the statements of net position; statements of revenues, expenses, and changes in net position; and the statements of cash flows. The financial statements also include notes that explain in more detail some of the information in the financial statements. The financial statements are designed to provide readers with a broad overview of the Hospital's finances.

The Hospital's financial statements offer short- and long-term information about its activities. The statement of net position includes all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital's creditors (liabilities). The statement of net position also provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Hospital.

All of the current year's revenues and expenses are accounted for in the statements of revenues, expenses, and changes in net position. These statements measure the success of the Hospital's operations over the past year and can be used to determine whether the Hospital has successfully recovered all of its costs through its patient service revenue and other revenue sources. Revenues and expenses are reported on an accrual basis, which means the related cash could be received or paid in a subsequent period.

The final statement is the statement of cash flows. These statements report cash receipts, cash payments and net changes in cash resulting from operating, investing, and financing activities. They also provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

### **Financial Highlights**

The statement of net position and the statement of revenues, expenses, and changes in net position report the net position and the changes in it. The net position - the difference between assets and liabilities - is a way to measure financial health or financial position. Over time, sustained increases or decreases in the net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic condition, population growth, and new or changed governmental legislation should also be considered.

- The statement of net position at September 30, 2023 indicates total assets of \$76,636,012, total liabilities of \$61,121,174, and net position of \$15,514,838. The statement of net position at September 30, 2022 indicates total assets of \$76,598,567, total liabilities of \$63,346,135, and net position of \$13,252,432. The statement of net position at September 30, 2021 indicates total assets of \$75,954,799, total liabilities of \$62,879,312, and total net position of \$13,075,487.

- The statement of revenues, expenses, and changes in net position for the year ended September 30, 2023, indicates total operating revenues of \$31,359,755 (which includes net patient service revenue of \$26,474,539 and other operating revenues of \$4,885,216), which increased 18% over the previous year, and total operating expenses of \$30,203,790, which increased 17% over the previous fiscal year, resulting in a gain from operations of \$1,155,965. A net non-operating gain of \$1,106,441, brings the increase in net position to \$2,262,406.
- The statement of revenues, expenses, and changes in net position for the year ended September 30, 2022, indicates total operating revenues of \$26,527,884 (which includes net patient service revenue of \$23,207,506 and other operating revenues of \$3,320,378), which increased 9% over the previous year, and total operating expenses of \$25,785,243, which increased 8% over the previous fiscal year, resulting in a gain from operations of \$742,641. A net non-operating loss of \$565,696 brings the increase in net position to \$176,945.
- The statement of revenues, expenses, and changes in net position for the year ended September 30, 2021, indicates total operating revenues of \$24,430,626 (which includes net patient service revenue of \$21,875,334 and other operating revenues of \$2,555,292), which increased 39% over the previous year, and total operating expenses of \$23,944,913, which increased 34% over the previous fiscal year, resulting in a gain from operations of \$485,713. A net non-operating gain of \$4,092,406 and capital grants and contributions of \$600,621, brings the increase in net position to \$5,178,740.
- The current assets exceeded current liabilities by \$17,140,594 at September 30, 2023, providing a current ratio of 7.36. The current assets exceeded current liabilities by \$15,687,563 at September 30, 2022, providing a current ratio of 4.52. The current assets exceeded current liabilities by \$14,344,678 at September 30, 2021, providing a current ratio of 4.93.
- The net capital assets at September 30, 2023, 2022, and 2021 were \$32,393,238, \$33,866,610, and \$36,485,904, respectively.
- The net position increased by \$2,262,406 from September 30, 2022 to September 30, 2023 and the net position increased by \$176,945 from September 30, 2021 to September 30, 2022.

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

	2023	2022	2021
<b>Assets</b>			
Current Assets	\$ 19,833,681	\$ 20,149,276	\$ 17,993,750
Noncurrent Cash and Investments	4,424,313	2,597,901	1,490,365
Capital Assets, Net	32,393,238	33,866,610	36,485,904
Other Assets	19,984,780	19,984,780	19,984,780
Total assets	\$ 76,636,012	\$ 76,598,567	\$ 75,954,799
<b>Liabilities and Net Position</b>			
Current Liabilities	\$ 2,693,087	\$ 4,461,713	\$ 3,649,072
Noncurrent Liabilities	58,428,087	58,884,422	59,230,240
Total liabilities	61,121,174	63,346,135	62,879,312
<b>Net Position</b>			
Net investment (deficit) in capital assets	(6,000,677)	(4,578,897)	(1,400,679)
Restricted			
Expendable for debt service	2,224,118	2,413,432	639,445
Unrestricted	19,291,397	15,417,897	13,836,721
Total net position	15,514,838	13,252,432	13,075,487
Total liabilities and net position	\$ 76,636,012	\$ 76,598,567	\$ 75,954,799



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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 31,359,755	\$ 26,527,884	\$ 24,430,626
Operating Expenses	<u>30,203,790</u>	<u>25,785,243</u>	<u>23,944,913</u>
Operating Income	1,155,965	742,641	485,713
Nonoperating Revenues (Expenses), Net	<u>1,106,441</u>	<u>(565,696)</u>	<u>4,092,406</u>
Revenues in Excess of Expenses	2,262,406	176,945	4,578,119
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>600,621</u>
Change in Net Position	2,262,406	176,945	5,178,740
Net Position, Beginning of Year	<u>13,252,432</u>	<u>13,075,487</u>	<u>7,896,747</u>
Net Position, End of Year	<u><u>\$ 15,514,838</u></u>	<u><u>\$ 13,252,432</u></u>	<u><u>\$ 13,075,487</u></u>

### Operating Revenue

A majority of the total revenue is derived from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payers, who receive care at the hospital.

Reimbursement for the Medicare and Medicaid programs and the third-party payers is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes medical records revenue, sales tax revenue and home health joint venture payments.

### Capital Assets and Right-to-Use Assets

During fiscal year 2023, total net capital assets decreased by approximately \$1,473,000. This decrease was related to changes in accumulated depreciation in excess of current year capital acquisitions.

### **Long-term Debt and Lease Liabilities**

The noncurrent portion of long-term debt and lease liabilities were approximately \$58,428,000 and \$58,884,000 at end of fiscal years 2023 and 2022, respectively. The current portion of long-term debt and lease liabilities were approximately \$754,000 and \$500,000 at the end of fiscal years 2023 and 2022. At September 30, 2023, \$28,131,000 and \$2,958,000 were owed on Certificate of Indebtedness Series 2021A Revenue Bonds and Series 2021B Revenue Bonds, respectively. Also included in total long-term debt is debt obligations of \$27,670,000 that is owed on debt transactions to access additional funds through the New Market Tax Credits Program. Current portion of long-term debt outstanding represents less than one percent of the Hospital's total assets at September 30, 2023.

### **Contacting the Hospital's Financial Department**

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

Trinity Medical  
Statements of Net Position  
September 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 10,356,531	\$ 8,542,144
Restricted cash for provider relief funds	-	1,913,489
Restricted cash for debt service	884,611	1,012,768
Receivables		
Patient, net of estimated uncollectibles of \$3,748,000 in 2023 and \$2,924,000 in 2022	5,701,880	6,882,396
Other receivables	569,113	173,984
Estimated third-party payor settlements	1,039,993	219,283
Supplies	887,666	830,218
Prepaid expenses	393,887	574,994
Total current assets	19,833,681	20,149,276
<b>Noncurrent Cash and Investments</b>		
Internally designated for future capital improvements	2,087,466	50,000
Restricted for debt related costs	112,729	134,469
Restricted for debt service	2,224,118	2,413,432
Total noncurrent cash and investments	4,424,313	2,597,901
<b>Capital Assets</b>		
Capital assets not being depreciated	1,520,140	638,517
Capital assets, net of accumulated depreciation	30,467,643	33,027,012
Right to use leased assets, net of accumulated amortization	405,455	201,081
Total capital assets and right to use assets, net	32,393,238	33,866,610
<b>Other Assets</b>		
LHA Trust Fund	152,258	152,258
Investment in Ferriday Campus Redevelopment Company, LLC	41,250	41,250
Note receivable	19,791,272	19,791,272
Total other assets	19,984,780	19,984,780
Total assets	\$ 76,636,012	\$ 76,598,567

Trinity Medical  
Statements of Net Position  
September 30, 2023 and 2022

	2023	2022
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 559,993	\$ 426,838
Current portion of lease liabilities	194,447	72,756
Accounts payable		
Trade	899,609	741,221
Accrued expenses		
Salaries and wages	141,795	62,359
Compensated absences	440,152	430,702
Estimated health claims payable	396,252	267,184
Payroll taxes and other	35,738	88,577
Interest	25,101	458,587
Refundable advance - provider relief funds	-	1,913,489
Total current liabilities	2,693,087	4,461,713
<b>Noncurrent Liabilities</b>		
Lease liabilities, less current portion	229,713	141,260
Long-term debt, less current maturities	58,198,374	58,743,162
Total noncurrent liabilities	58,428,087	58,884,422
Total liabilities	61,121,174	63,346,135
<b>Net Position</b>		
Net investment (deficit) in capital assets	(6,000,677)	(4,578,897)
Restricted		
Expendable for debt service	2,224,118	2,413,432
Unrestricted	19,291,397	15,417,897
Total net position	15,514,838	13,252,432
Total liabilities and net position	\$ 76,636,012	\$ 76,598,567

Trinity Medical  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended September 30, 2023 and 2022

	2023	2022
Operating Revenues		
Net patient service revenue (net of provision for bad debts of \$3,464,000 in 2023 and \$2,883,000 in 2022)	\$ 26,474,539	\$ 23,207,506
Sales tax revenue	979,507	834,600
Grant revenue	33,973	25,000
Intergovernmental transfer grant	2,333,219	1,877,849
Other operating revenues	1,538,517	582,929
Total operating revenues	31,359,755	26,527,884
Operating Expenses		
Salaries and benefits	12,115,348	10,859,421
Supplies and other expenses	14,880,748	11,905,745
Depreciation and amortization	3,207,694	3,020,077
Total operating expenses	30,203,790	25,785,243
Operating Income	1,155,965	742,641
Nonoperating Revenues (Expenses)		
Interest expense	(1,086,968)	(1,030,836)
Provider relief funds	1,913,489	255,197
Investment income	276,854	209,443
Gain on disposal of capital assets	3,066	500
Nonoperating revenues (expenses), net	1,106,441	(565,696)
Revenues in Excess of Expenses and Changes in Net Position	2,262,406	176,945
Net Position, Beginning of Year	13,252,432	13,075,487
Net Position, End of Year	\$ 15,514,838	\$ 13,252,432

Trinity Medical  
Statements of Cash Flows  
Years Ended September 30, 2023 and 2022

	2023	2022
Operating Activities		
Receipts from and on behalf of patients	\$ 26,834,345	\$ 22,368,226
Payments to and on behalf of employees	(11,950,233)	(11,335,140)
Payments to suppliers and contractors	(14,863,701)	(13,216,233)
Other receipts	4,855,087	3,977,026
Net Cash from Operating Activities	4,875,498	1,793,879
Noncapital Financing Activities		
Proceeds from provider relief funds	-	1,968,686
Capital and Related Financing Activities		
Purchase of capital assets	(1,462,864)	(790,124)
Proceeds from sale of capital assets	3,066	500
Proceeds from issuance of long-term debt	-	153,777
Principal paid on long-term debt	(411,633)	(39,000)
Interest paid on long-term debt	(1,515,250)	(1,033,753)
Principal payments on lease liabilities	(161,314)	(71,477)
Interest payments on lease liabilities	(5,204)	(5,204)
Interest income on note receivable	197,913	197,913
Net Cash used for Capital and Related Financing Activities	(3,355,286)	(1,587,368)
Investing Activities		
Deposits for future capital improvements	(2,037,466)	(50,000)
Investment income	78,941	11,530
Net Cash used for Investing Activities	(1,958,525)	(38,470)
Net Change in Cash and Cash Equivalents	(438,313)	2,136,727
Cash and Cash Equivalents, Beginning of Year	14,016,302	11,879,575
Cash and Cash Equivalents, End of Year	\$ 13,577,989	\$ 14,016,302
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 10,356,531	\$ 8,542,144
Restricted cash for provider relief funds	-	1,913,489
Restricted cash for debt service - current	884,611	1,012,768
Restricted cash for debt service - noncurrent	2,224,118	2,413,432
Restricted cash for debt related costs	112,729	134,469
Total cash and cash equivalents	\$ 13,577,989	\$ 14,016,302

Trinity Medical  
Statements of Cash Flows  
Years Ended September 30, 2023 and 2022

	2023	2022
Reconciliation of Operating Income to Net Cash from		
Operating Activities		
Operating income	\$ 1,155,965	\$ 742,641
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation and amortization	3,207,694	3,020,077
Provision for bad debts	3,463,931	2,882,942
Changes in assets and liabilities		
Receivables	(2,283,415)	(6,134,530)
Estimated third-party payor settlements	(820,710)	2,412,308
Other receivables	(395,129)	78,736
Supplies	(57,448)	(285,825)
Prepaid expense	181,107	(29,966)
Accounts payable	258,388	(416,785)
Accrued expenses	165,115	(475,719)
Net Cash from Operating Activities	\$ 4,875,498	\$ 1,793,879
Supplemental Disclosure of Noncash Capital and Capital Related Financing Activities		
Accounts payable for equipment	\$ -	\$ 100,000
Right to use equipment acquisitions	\$ 371,458	\$ -

## **Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

The financial statements of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Hospital are described below.

### **Reporting Entity**

The Hospital was created by an ordinance of the Concordia Parish Police Jury on April 26, 1961, and was referred to as the Concordia Parish Hospital until January 13, 1986, when the name was changed to Riverland Medical Center until February 23, 2021, when the name was changed again to Trinity Medical. The Hospital is a 23-bed critical access hospital that provides inpatient, outpatient, emergency, private physician clinic, rural health clinic, and behavioral health services to patients in Ferriday, Louisiana, and the surrounding area.

The Hospital is a political subdivision of the Concordia Parish Police Jury whose jurors are elected officials. Its commissioners are appointed by the Concordia Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Concordia Parish Police Jury is the financial reporting entity for the Hospital. Accordingly, the Hospital was determined to be a component unit of the Concordia Parish Police Jury based on GASB Statement No. 14.

For financial reporting purposes, the Hospital has included all funds, organizations, agencies, boards, commissions, and authorities. The Hospital has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Hospital are such that exclusion would cause the Hospital's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability.

### **Blended Component Unit**

Concordia Hospital Foundation (Foundation) is included as a blended component unit of the Hospital. The financial statements include only the financial activity of the Hospital and the Foundation, collectively referred to as the Hospital.

### **Tax Exempt Status**

The Foundation is organized as a Louisiana non-profit corporation and has been recognized by the Internal Revenue Service as exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). The Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose, as applicable.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.



### **Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Hospital is treated as an enterprise fund for accounting purposes. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

### **Basis of Presentation**

The statement of net position displays the Hospital's assets and liabilities, with the difference reported as net position. Net position is reported in the following categories/components:

*Net investment (deficit) in capital assets* consists of net capital assets reduced by the outstanding balances of any related debt obligations attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of debt obligations.

*Restricted net position:*

Expendable – Expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Hospital.

*Unrestricted net position* consists of net position which does not meet the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Hospital's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

### **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 disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Hospital considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

### **Patient Receivables**

Patient receivables are uncollateralized patient and third-party payor obligations. Unpaid patient receivables are not charged interest on amounts owed. Payments of patient receivables are allocated to the specific claim identified on the remittance advice or, if unspecified, are applied to the earliest claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision.

### **Supplies**

Supplies are stated at lower of cost (first-in, first-out) or market and are expensed when used.

### **Noncurrent Cash and Investments**

Noncurrent cash and investments include project funds received by the Foundation to fund project related expenses and amounts restricted for future debt service and debt related costs.

Restricted funds are used to differentiate resources, the use of which is restricted by donors or grantors, from resources of general funds on which donors or grantors place no restriction or which arise as a result of the operations of the Hospital for its stated purposes.

### **Investment Income**

Interest on cash and deposits and note receivable is included in nonoperating revenues when earned.

### Capital Assets

Capital assets acquisitions in excess of \$5,000 are capitalized and recorded at cost. Capital assets donated for the Hospital's operations are recorded as additions to net position at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of capital assets are as follows:

Land improvements	5-15 years
Buildings and improvements	5-40 years
Equipment	3-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are excluded from revenues in excess of expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

Right to use leased assets are recognized at the lease commencement date and represent the Hospital's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, plus any indirect costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. Amortization for right to use leased assets are included in depreciation and amortization in the financial statements. The amortization period for these assets can vary from 2 to 10 years.

### LHA Trust Fund

The Hospital participates in the Louisiana Hospital Association (LHA) Self-Insurance Workers' Compensation Trust Fund, which requires the Hospital to maintain certain deposit levels based on actual historical experience. The purpose of this agreement is to provide a means for participating members of the LHA a means of sharing the cost and administration of workers' compensation and employers' liability insurance by pooling such risk; jointly purchasing such insurance; reducing risk of loss through safety engineering and other loss prevention and control techniques; by providing for the processing and defense of claims brought against such members; and, to create a fund to pay specified losses or expenses incurred by such participating members under the Louisiana Workers' Compensation Law or employers' liability statutes; to purchase reinsurance or excess insurance contracts for the benefit of the Fund from domestic or foreign insurers; to provide essential protection to members; and to affect and return to Participants cost savings in the administration of such a fund, thereby reducing the cost of healthcare to the patient-consumer.

The Hospital considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the years ended September 30, 2023 and 2022.

### **Investment in Ferriday Campus Redevelopment Company, LLC**

In 2021, the Hospital transferred the right, title, and interest of the old hospital campus to the Ferriday Campus Redevelopment Company, LLC, in exchange for 15% membership interest in the Ferriday Campus Redevelopment Company, LLC. This 15% membership interest is recorded at cost on the Hospital's statement of net position.

### **Notes Receivable**

The Hospital issued a note receivable to an unrelated third-party in connection with the New Market Tax Credits. The note is repayable over a 25-year period and was issued at an interest rate of 1.00%.

### **Debt Issuance Costs**

Debt issuance costs are expensed as incurred and included as a nonoperating activity, similar to interest expense, on the statements of revenues, expenses, and changes in net position.

### **Compensated Absences**

The Hospital's employees earn paid time-off days at varying rates depending on years of service. Employees may accumulate paid time-off up to a specified maximum. Employees are paid for accumulated paid time-off upon termination. The liability for compensated absences is included on the statements of net position. The compensated absences liability has been computed based on rates of pay in effect at September 30, 2023 and 2022.

### **Estimated Health Claims Payable**

The Hospital provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in current liabilities on the statements of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

### **Lease Liabilities**

Lease liabilities represent the Hospital's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Hospital.

### **Pension**

The Hospital contributes to a qualified defined contribution plan, Trinity Medical Money Purchase Pension Plan, as authorized under Internal Revenue Code of 1986, Section 401(a), 402(g), and other Code sections. The plan is intended to be a social security replacement plan. An employee is 100% vested upon entry to the plan with retirement age being 59 ½.

### **Operating Revenues and Expenses**

The Hospital's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses result from exchange transactions associated with providing health care services – the Hospital's principal activity, and the costs of providing those services, including depreciation, excluding interest costs. All other revenues and expenses are reported as nonoperating.

### **Net Patient Service Revenue**

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors and a provision for uncollectible accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

### **Charity Care**

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts at less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The Hospital was unable to identify any patients that qualified for charity care during the years ended September 30, 2023 and 2022. Charges for services and supplies furnished to patients who may qualify for charity care but are not documented according to the Hospital's policy are included in the provision for bad debts. See Note 10 for funds received through grants, which offset the cost of providing care to uninsured patients.

### **Grants and Contributions**

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

**Note 2 - Net Patient Service Revenue**

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**

The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare intermediary. The Hospital's Medicare cost reports have been audited by the Medicare Administrative Contractor through the year ended September 30, 2021. Clinic services are paid on a cost basis or fixed fee schedule.

**Medicaid**

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

**Other Payors**

The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Hospital under these agreements may include prospectively determined rates and discounts from established charges.

Concentration of gross revenues by major payor accounted for the following percentages of the Hospital's patient service revenues for the years ended September 30, 2023 and 2022:

	2023	2022
Medicare	45%	47%
Medicaid	31%	29%
Blue Cross	9%	9%
Other commercial	11%	11%
Private pay	4%	4%
Total	100%	100%

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended September 30, 2023 and 2022 increased by approximately \$91,000 and decreased by approximately \$221,000, respectively, due to the removal of allowances previously estimated that are no longer necessary as a result of final settlements, adjustments to amounts previously estimated and year that are no longer subject to audits, reviews, and investigations.

### Note 3 - Deposits and Investments

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

At September 30, 2023 and 2022 the Hospital's carrying amounts of deposits and investments are as follows:

	<u>2023</u>	<u>2022</u>
Carrying Amount		
Checking and savings accounts	\$ 15,560,502	\$ 13,962,794
Certificates of deposit	<u>104,953</u>	<u>103,508</u>
Total deposits	<u>\$ 15,665,455</u>	<u>\$ 14,066,302</u>

Deposits and investments are reported in the following statements of financial position captions:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 10,356,531	\$ 8,542,144
Internally designated for future capital improvements	2,087,466	50,000
Restricted for provider relief funds	-	1,913,489
Restricted for debt service	3,108,729	3,426,200
Restricted for debt related costs	<u>112,729</u>	<u>134,469</u>
Total deposits	<u>\$ 15,665,455</u>	<u>\$ 14,066,302</u>

#### Deposits – Custodial Credit Risk

Custodial credit risk for deposits 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 deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name at September 30, 2023 and 2022.

### **Interest Rate Risk**

Interest rate risk is the exposure to fair value losses resulting from rising interest rates. The primary objectives, in order of priority, of all investment activities involving the financial assets of the Hospital are:

1. Safety. Safety and preservation of principal in the overall portfolio.
2. Liquidity. Maintaining the necessary liquidity to match expected liabilities.
3. Return. Obtaining a reasonable return.

The Hospital attempts to limit its interest rate risk while investing within the guidelines of its investment policy.

### **Note 4 - Notes Receivable**

In connection with the New Market Tax Credit Program (NMTCP) financing, the Hospital, acting as leverage lender, entered into a leverage loan note receivable arrangement with an unrelated organization totaling \$19,791,272. The note bears interest at 1.00% over a 25-year term. The repayment term and the collateral on the note approximate the terms and the collateral of the NMTCP notes payable. Interest income earned on the note receivable is included as a non-operating activity in the statements of revenues, expenses, and changes in net position and as a capital and related financing activity in the statements of cash flows as the Hospital considers this part of its NMTCP financing arrangement.



**Note 5 - Capital Assets**

Capital assets activity for the years ended September 30, 2023 and 2022 was as follows:

	September 30, 2022				September 30, 2023
	Balance	Additions	Retirements	Transfers	Balance
Capital Assets Not Being Depreciated					
Land	\$ 638,517	\$ 881,623	\$ -	\$ -	\$ 1,520,140
Capital Assets Being Depreciated					
Land improvements	25,751	42,400	-	-	68,151
Buildings and fixed equipment	32,347,655	69,363	-	-	32,417,018
Equipment	7,626,476	369,479	(58,000)	-	7,937,955
Total capital assets being depreciated	<u>39,999,882</u>	<u>481,242</u>	<u>(58,000)</u>	<u>-</u>	<u>40,423,124</u>
Less Accumulated Depreciation for					
Land improvements	18,678	4,470	-	-	23,148
Buildings and fixed equipment	3,598,532	1,928,028	-	-	5,526,560
Equipment	3,355,660	1,108,113	(58,000)	-	4,405,773
Total accumulated depreciation	<u>6,972,870</u>	<u>3,040,611</u>	<u>(58,000)</u>	<u>-</u>	<u>9,955,481</u>
Net capital assets	<u>33,027,012</u>	<u>(2,559,369)</u>	<u>-</u>	<u>-</u>	<u>30,467,643</u>
Right to use Leased Assets Being Amortized					
Right to use asset - building	124,189	-	-	-	124,189
Right to use asset - equipment	245,509	371,458	-	-	616,967
Total right to used leased assets being amortized	<u>369,698</u>	<u>371,458</u>	<u>-</u>	<u>-</u>	<u>741,156</u>
Less Accumulated Amortization					
Right to use asset - building	47,310	23,655	-	-	70,965
Right to use asset - equipment	121,307	143,429	-	-	264,736
Total accumulated amortization	<u>168,617</u>	<u>167,084</u>	<u>-</u>	<u>-</u>	<u>335,701</u>
Net right to use leased assets	<u>201,081</u>	<u>204,374</u>	<u>-</u>	<u>-</u>	<u>405,455</u>
Total Capital Assets and Right to Use Asset, net	<u>\$ 33,866,610</u>	<u>\$ (1,473,372)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,393,238</u>

	September 30, 2021 Balance	Additions	Retirements	Transfers	September 30, 2022 Balance
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 638,517	\$ -	\$ -	\$ -	\$ 638,517
Construction in progress	80,270	-	-	(80,270)	-
Total capital assets not being depreciated	<u>718,787</u>	<u>-</u>	<u>-</u>	<u>(80,270)</u>	<u>638,517</u>
<b>Capital Assets Being Depreciated</b>					
Land improvements	25,751	-	-	-	25,751
Buildings and fixed equipment	32,347,655	-	-	-	32,347,655
Equipment	7,145,423	400,783	-	80,270	7,626,476
Total capital assets being depreciated	<u>39,518,829</u>	<u>400,783</u>	<u>-</u>	<u>80,270</u>	<u>39,999,882</u>
<b>Less Accumulated Depreciation</b>					
Land improvements	18,164	514	-	-	18,678
Buildings and fixed equipment	1,672,528	1,926,004	-	-	3,598,532
Equipment	2,338,832	1,016,828	-	-	3,355,660
Total accumulated depreciation	<u>4,029,524</u>	<u>2,943,346</u>	<u>-</u>	<u>-</u>	<u>6,972,870</u>
Net capital assets	<u>35,489,305</u>	<u>(2,542,563)</u>	<u>-</u>	<u>80,270</u>	<u>33,027,012</u>
<b>Right to use Leased Assets Being Amortized</b>					
Right to use asset - building	124,189	-	-	-	124,189
Right to use asset - equipment	245,509	-	-	-	245,509
Total right to used leased assets being amortized	<u>369,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,698</u>
<b>Less Accumulated Amortization</b>					
Right to use asset - building	23,655	23,655	-	-	47,310
Right to use asset - equipment	68,231	53,076	-	-	121,307
Total accumulated amortization	<u>91,886</u>	<u>76,731</u>	<u>-</u>	<u>-</u>	<u>168,617</u>
Net right to use leased assets	<u>277,812</u>	<u>(76,731)</u>	<u>-</u>	<u>-</u>	<u>201,081</u>
<b>Total Capital Assets and Right to Use Asset, net</b>	<u>\$ 36,485,904</u>	<u>\$ (2,619,294)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,866,610</u>

## Note 6 - Lease Obligations

The Hospital has certain leasing arrangements for the use of building and equipment, which are summarized below.

The Hospital has entered into various agreements for office and medical equipment. The lease terms range from three-years to six-years. The lease terms began in various dates ranging from September 2020 through December 2022 with final payments due at various dates ranging from November 2023 through April 2026. At September 30, 2023 and 2022, the Hospital has recognized right to use assets of \$616,967 and \$245,509 and lease liabilities of \$367,575 and \$133,945, respectively, related to these agreements utilizing an incremental discount rate of approximately 4%, consistent with the Hospital's incremental borrowing rate.

Remaining obligations associated with equipment leases are as follows:

Years Ending September 30,	Equipment		Total
	Principal	Interest	
2024	\$ 169,956	\$ 15,586	\$ 185,542
2025	153,859	7,195	161,054
2026	43,760	635	44,395
	<u>\$ 367,575</u>	<u>\$ 23,416</u>	<u>\$ 390,991</u>

The Hospital has also entered into a building lease agreement for the purpose of clinic space. The lease term is three years, with three-year renewals. The original lease term began in January 2017. At September 30, 2023 and 2022, the Hospital has recognized right to use assets of \$124,189 and lease liabilities of \$56,585 and \$102,592, respectively, related to this agreement utilizing an incremental discount rate of approximately 4%, consistent with the Hospital's incremental borrowing rate. Remaining obligations associated with building leases are as follows:

Years Ending September 30,	Buildings		Total
	Principal	Interest	
2024	\$ 24,491	\$ 1,909	\$ 26,400
2025	25,540	860	26,400
2026	6,554	46	6,600
	<u>\$ 56,585</u>	<u>\$ 2,815</u>	<u>\$ 59,400</u>

Remaining lease obligations associated with equipment and building leases are as follows:

Years Ending September 30,	Total		Total
	Principal	Interest	
2024	\$ 194,447	\$ 17,495	\$ 211,942
2025	179,399	8,055	187,454
2026	50,314	681	50,995
	<u>\$ 424,160</u>	<u>\$ 26,231</u>	<u>\$ 450,391</u>

**Note 7 - Long-Term Debt**

A schedule of changes in long-term debt at September 30, 2023 is as follows:

	September 30, 2022	Additions	Payments	September 30, 2023	Due Within One Year
Series 2021A Bonds	\$ 28,500,000	\$ -	\$ (369,189)	\$ 28,130,811	\$ 501,486
Series 2021B Bonds	3,000,000	-	(42,444)	2,957,556	58,507
Hope Loan A	7,006,704	-	-	7,006,704	-
Hope Loan B	2,693,296	-	-	2,693,296	-
The Reinvestment Fund A	10,742,556	-	-	10,742,556	-
The Reinvestment Fund B	4,257,444	-	-	4,257,444	-
USB Loan A	2,042,012	-	-	2,042,012	-
USB Loan B	927,988	-	-	927,988	-
	<u>\$ 59,170,000</u>	<u>\$ -</u>	<u>\$ (411,633)</u>	<u>\$ 58,758,367</u>	<u>\$ 559,993</u>

A schedule of changes in long-term debt at September 30, 2022 is as follows:

	September 30, 2021	Additions	Payments	September 30, 2022	Due Within One Year
Series 2012 Bonds	\$ 39,000	\$ -	\$ (39,000)	\$ -	\$ -
Series 2021A Bonds	28,346,223	153,777	-	28,500,000	369,189
Series 2021B Bonds	3,000,000	-	-	3,000,000	57,649
Hope Loan A	7,006,704	-	-	7,006,704	-
Hope Loan B	2,693,296	-	-	2,693,296	-
The Reinvestment Fund A	10,742,556	-	-	10,742,556	-
The Reinvestment Fund B	4,257,444	-	-	4,257,444	-
USB Loan A	2,042,012	-	-	2,042,012	-
USB Loan B	927,988	-	-	927,988	-
	<u>\$ 59,055,223</u>	<u>\$ 153,777</u>	<u>\$ (39,000)</u>	<u>\$ 59,170,000</u>	<u>\$ 426,838</u>

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

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 559,993	\$ 1,021,403	\$ 1,581,396
2025	573,644	1,007,752	1,581,396
2026	1,433,181	992,092	2,425,273
2027	1,672,146	967,394	2,639,540
2028	1,697,977	941,565	2,639,542
2029-2033	8,901,329	4,296,377	13,197,706
2034-2038	9,635,701	3,562,001	13,197,702
2039-2043	10,446,517	2,751,184	13,197,701
2044-2048	11,344,072	1,853,633	13,197,705
2049-2053	5,178,499	1,043,015	6,221,514
2054-2058	4,948,613	523,387	5,472,000
2059-2063	2,366,695	58,269	2,424,964
Total	<u>\$ 58,758,367</u>	<u>\$ 19,018,072</u>	<u>\$ 77,776,439</u>

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

- The Series 2021A Revenue Bonds were approved up to \$28,500,000, with the Hospital using \$28,346,223 during 2021 to payoff the existing construction financing from the Series 2019A Revenue Bonds. The remaining \$153,777 was advanced to the Hospital in 2022 to fulfill the entire \$28,500,000 2021A Revenue Bonds. The 2021A Revenue Bonds carry an interest rate of 2.125%, with interest only payments through December 17, 2022, and monthly principal payments commenced on January 17, 2023, in the amount of \$91,200, with final payment due December 2060. The 2021A Revenue Bonds are secured by and payable in principal and interest by a pledge of the income and revenues of the Hospital's operations.
- The Series 2021B Revenue Bonds were approved up to \$3,000,000, with the Hospital using \$3,000,000 during 2021 to payoff the existing construction financing from the Series 2019A Revenue Bonds. The 2021B Revenue Bonds carry an interest rate of 4.20%, with interest only payments through December 17, 2022, and monthly principal payments commenced on January 17, 2023, in the amount of \$15,304, with final payment due December 2050. The 2021A Revenue Bonds are secured by and payable in principal and interest by a pledge of the income and revenues of the Hospital's operations.

On March 18, 2019, the Concordia Hospital Foundation entered into a debt transaction to access additional funds through the New Market Tax Credit (NMTC) Program. These funds were used toward the construction of a new hospital building located in Ferriday, Louisiana. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICI). The tax credits are claimed over a seven-year period and equate to 39% of the QLICI's. The Foundation has partnered with investors, US Bancorp Community Development Corporation; Twain Investment Fund 333, LLC; Hope New Markets 12, LLC (Sub-CDE); The Reinvestment Fund NMTC Fund XLVII, LP (Sub-CDE); and USB Sub-CDE 184, LLC (Sub-CDE) to utilize the NMTC Program.

- Note payable to Hope New Markets 12, LLC (Hope Loan A), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$19,204 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to Hope New Markets 12, LLC (Hope Loan B), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$7,382 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to The Reinvestment Fund New Market Tax Credit Fund XLVII, LP, (The Reinvestment Fund A), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$29,443 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to The Reinvestment Fund New Market Tax Credit Fund XLVII, LP, (The Reinvestment Fund B), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$11,669 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to USBCDE Sub-CDE 184, LLC, (USB Loan A), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$5,597 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to T USBCDE Sub-CDE 184, LLC, (USB Loan B), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$2,543 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.

The seven-year compliance period for the NMTCs will end in March 2026, at which time the Foundation anticipates forgiveness of a portion of the outstanding principal balance, which would net approximately \$4,000,000 for the Foundation, after fees. Expenses related directly to long-term debt, including interest and other fees that have not been capitalized as part of the replacement facility project are recorded as non-operating interest and financing expense for the years ended September 30, 2023 and 2022. The future maturities noted above are presented based on the full amortization periods described above, although the NMTC QLICI notes are subject to an early termination in 2026. The note agreements limit additional borrowings, impose certain financial performance covenants, and require the Hospital and Foundation to maintain certain deposits.

### **Note 8 - Provider Relief Funds**

The Hospital received \$5,968,820 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds and other similar federal and state grants over the past three years. The CARES funds are administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS and other funding sources. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has deadlines for incurring eligible expenses and lost revenues, varying based on the date the Hospital received the funds. Unspent funds will be expected to be repaid.

These funds are considered subsidies and recorded as a liability when received and are recognized as revenues in the accompanying statements of revenues, expenses, and changes in net position as all terms and conditions are considered met. As these funds are considered subsidies, they are considered nonoperating activities. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring, and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

As of September 30, 2023 and 2022, the Hospital has liability balances of \$-0- and \$1,913,489, which were included in current liabilities on the accompanying statements of net position. During the years ended September 30, 2023 and 2022, the Hospital recognized \$1,913,489 and \$255,197 as revenue, included as nonoperating revenues on the statements of revenues, expenses, and changes in net position.

### **Note 9 - Pension Plan**

The Hospital contributes to a qualified defined contribution plan, Trinity Medical Money Purchase Pension Plan as authorized under Internal Revenue Code of 1986, Section 401(a) and other Code sections. The Plan is intended to be a Social Security replacement plan. The Plan was restated July 1, 2015, to comply with the requirements of IRS Pre-approved Plan (PPA), pursuant to Revenue Procedure 2011-49. The Plan is administered by an unrelated third-party, Lincoln Financial Group.

An employee is 100% invested upon entry to the Plan with retirement age being age 59½. Plan benefits include death and disability provisions and choice of four payment options upon retirement. Plan provisions may be amended by the Plan trustee. The Hospital contributes 5% of salaries to the Plan. Employee mandatory contributions are 6% and employee voluntary contributions are up to 14%. Pension expense charged to operations was \$500,984, \$474,124, and \$441,490 in 2023, 2022, and 2021, respectively.

The Hospital restated the Riverland Medical Center Employee 403(b) Plan as of September 1, 2019 to comply with IRS PPA, pursuant to Revenue Procedure 2011-49. The Hospital does not contribute to this Plan. It is a salary only deferral plan. The Plan is administered by an unrelated third-party, Lincoln Financial Group.

**Note 10 - Intergovernmental Transfer Grant**

The Hospital entered into a cooperative endeavor agreement with a regional hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital’s service population subject to the availability of such grant funds. The aggregate IGT grant income is \$2,333,219 and \$1,877,849 for the fiscal years ended 2023 and 2022, respectively.

**Note 11 - Sales Tax Revenue**

During the year ended September 30, 1985, the voters of the Concordia Parish passed a one-fourth cent sales tax for the operation and maintenance of the Hospital, which was renewed for an additional ten years in 1995 and 2005. An additional ten-year renewal was approved by voters in November 2014. The sales tax is collected by the Concordia Parish School Board for a five percent collection fee. The sales tax revenue is \$979,507 and \$834,600 for the fiscal years ended 2023 and 2022, respectively.

**Note 12 - Concentration of Credit Risk**

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at September 30, 2023 and 2022 was as follows:

	2023	2022
Medicare	31%	32%
Medicaid	18%	29%
Commercial and other third-party payors	21%	19%
Self-pay	30%	20%
	100%	100%

**Note 13 - Contingencies**

**Risk Management**

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



### **Malpractice Insurance**

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 limitations on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability of \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

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

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.

### **Litigation, Claims, and Disputes**

The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its task under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Hospital.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations, specifically those relating to Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

### **Workers' Compensation Risk**

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

### Excess Liability Umbrella Insurance

The Hospital also has excess liability umbrella coverage on a claims-made basis subject to a limit of \$4,500,000 per occurrence and an annual aggregate limit of \$4,500,000. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

### Self-Funded Employee Health Insurance Plan

The Hospital is self-insured to provide group medical and drug coverage for its employees. The Hospital entered into an agreement with IMA to be the third-party administrator to administer the Plan. The Plan year runs from November 1 through October 31. The Hospital funds its losses based on actual claims. The stop-loss insurance contract was executed with an insurance carrier that provides for payment of 100% of claims in excess of \$75,000 per year up to specific individual maximums of \$1,063,000. A liability is accrued for self-insured employee health claims, including both claims report and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term. The following is a summary of changes in the Hospital's claims liability for the years ended September 30, 2023 and 2022:

<u>Years Ended June 30,</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2023	\$ 267,184	\$ 1,463,002	\$ (1,333,934)	\$ 396,252
2022	353,000	945,960	(1,031,776)	267,184

### Note 14 - Condensed Combining Information

Concordia Hospital Foundation (Foundation) was established in 2017 with the general intent to solicit and manage gifts of money and/or property primarily for the benefit of the Hospital. The following summarizes the combined information for the Hospital and Foundation, which has been presented as a blended component unit, as of and for the years ended September 30, 2023 and 2022.

Statements of Net Position as of September 30, 2023:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
<b>Assets</b>				
Current assets	\$ 19,655,202	\$ 178,479	\$ -	\$ 19,833,681
Noncurrent cash and investments	4,311,584	112,729	-	4,424,313
Capital assets	2,431,412	29,961,826	-	32,393,238
Other assets	<u>19,984,780</u>	<u>-</u>	<u>-</u>	<u>19,984,780</u>
<b>Total assets</b>	<b><u>\$ 46,382,978</u></b>	<b><u>\$ 30,253,034</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 76,636,012</u></b>
<b>Liabilities and Net Position</b>				
Current liabilities	\$ 2,667,808	\$ 25,279	\$ -	\$ 2,693,087
Noncurrent liabilities	<u>30,758,087</u>	<u>27,670,000</u>	<u>-</u>	<u>58,428,087</u>
<b>Total liabilities</b>	<b>33,425,895</b>	<b>27,695,279</b>	<b>-</b>	<b>61,121,174</b>
Net position	<u>12,957,083</u>	<u>2,557,755</u>	<u>-</u>	<u>15,514,838</u>
<b>Total liabilities and net position</b>	<b><u>\$ 46,382,978</u></b>	<b><u>\$ 30,253,034</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 76,636,012</u></b>

Statements of Revenue, Expenses, and Changes in Net Position for the year ended September 30, 2023:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
Operating Revenues	\$ 31,359,755	\$ 365,000	\$ (365,000)	\$ 31,359,755
Operating Expenses	<u>27,730,786</u>	<u>2,838,004</u>	<u>(365,000)</u>	<u>30,203,790</u>
Operating Income (Loss)	3,628,969	(2,473,004)	-	1,155,965
Nonoperating Revenues (Expenses)	<u>1,409,682</u>	<u>(303,241)</u>	<u>-</u>	<u>1,106,441</u>
Revenues in Excess of (Less Than) Expenses and Change in Net Position	5,038,651	(2,776,245)	-	2,262,406
Net Position, Beginning of Year	<u>7,918,432</u>	<u>5,334,000</u>	<u>-</u>	<u>13,252,432</u>
Net Position, End of Year	<b><u>\$ 12,957,083</u></b>	<b><u>\$ 2,557,755</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,514,838</u></b>

Statements of Cash Flows for the year ended September 30, 2023:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
Net Cash from Operating Activities	\$ 4,537,048	\$ 338,450	\$ -	\$ 4,875,498
Net Cash used for Capital and Related Financing Activities	(3,051,939)	(303,347)	-	(3,355,286)
Net Cash from (used for) Investing Activities	(1,958,630)	105	-	(1,958,525)
Net Change in Cash and Cash Equivalents	(473,521)	35,208	-	(438,313)
Cash and Cash Equivalents, Beginning of Year	13,760,302	256,000	-	14,016,302
Cash and Cash Equivalents, End of Year	<u>\$ 13,286,781</u>	<u>\$ 291,208</u>	<u>\$ -</u>	<u>\$ 13,577,989</u>

Statements of Net Position as of September 30, 2022:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
<b>Assets</b>				
Current assets	\$ 20,027,745	\$ 121,531	\$ -	\$ 20,149,276
Noncurrent cash and investments	2,463,432	134,469	-	2,597,901
Capital assets	1,093,331	32,773,279	-	33,866,610
Other assets	19,984,780	-	-	19,984,780
Total assets	<u>\$ 43,569,288</u>	<u>\$ 33,029,279</u>	<u>\$ -</u>	<u>\$ 76,598,567</u>
<b>Liabilities and Net Position</b>				
Current liabilities	\$ 4,436,434	\$ 25,279	\$ -	\$ 4,461,713
Noncurrent liabilities	31,214,422	27,670,000	-	58,884,422
Total liabilities	35,650,856	27,695,279	-	63,346,135
Net position	7,918,432	5,334,000	-	13,252,432
Total liabilities and net position	<u>\$ 43,569,288</u>	<u>\$ 33,029,279</u>	<u>\$ -</u>	<u>\$ 76,598,567</u>

Statements of Revenue, Expenses, and Changes in Net Position for the year ended September 30, 2022:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
Operating Revenues	\$ 26,527,884	\$ 365,000	\$ (365,000)	\$ 26,527,884
Operating Expenses	23,315,541	2,834,702	(365,000)	25,785,243
Operating Income (Loss)	3,212,343	(2,469,702)	-	742,641
Nonoperating Revenues	(262,600)	(303,096)	-	(565,696)
Revenues in Excess of (Less Than) Expenses	2,949,743	(2,772,798)	-	176,945
Transfer (to) from Affiliate	1,483,464	(1,483,464)	-	-
Change in Net Position	4,433,207	(4,256,262)	-	176,945
Net Position, Beginning of Year	3,485,225	9,590,262	-	13,075,487
Net Position, End of Year	\$ 7,918,432	\$ 5,334,000	\$ -	\$ 13,252,432

Statements of Cash Flows for the year ended September 30, 2022:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
Net Cash from (used for) Operating Activities	\$ 1,239,215	\$ 554,664	\$ -	\$ 1,793,879
Net Cash from Noncapital Financing Activities	1,968,686	-	-	1,968,686
Net Cash used for Capital and Related Financing Activities	199,442	(1,786,810)	-	(1,587,368)
Net Cash from Investing Activities	(38,720)	250	-	(38,470)
Net Change in Cash and Cash Equivalents	3,368,623	(1,231,896)	-	2,136,727
Cash and Cash Equivalents, Beginning of Year	10,391,679	1,487,896	-	11,879,575
Cash and Cash Equivalents, End of Year	\$ 13,760,302	\$ 256,000	\$ -	\$ 14,016,302



Supplementary Information  
September 30, 2023 and 2022

Concordia Parish Hospital Service  
District Number One of the Parish of  
Concordia, State of Louisiana  
d/b/a Trinity Medical



## Independent Auditor's Report on Supplementary Information

Board of Commissioners  
Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
Ferriday, Louisiana

We have audited the financial statements of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital), as of and for the years ended September 30, 2023 and 2022, and have issued our report thereon dated February 27, 2024, which contained an unmodified opinion on those financial statements, appears on pages 1 through 3. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole.

The schedules of net patient service revenue, other operating revenues, and operating expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. The supplementary information identified above is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 identified above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of per diem and other compensation paid to board members and schedule of compensation, benefits, and other payments to the Chief Executive Officer, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Dubuque, Iowa  
February 27, 2024

Trinity Medical  
Schedules of Net Patient Service Revenue  
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Patient Service Revenue		
Adults and pediatrics	\$ 7,073,243	\$ 5,972,510
Swing bed	814,500	1,056,150
Operating room	5,697,500	2,831,958
Recovery room	395,316	258,712
Anesthesia	165,266	114,488
Radiology	28,674,774	22,485,098
Laboratory	16,110,358	13,631,701
Blood bank	347,350	423,894
Respiratory therapy	7,846,302	5,067,574
Physical therapy	1,482,617	1,024,366
Occupational therapy	1,215,104	767,225
Speech therapy	732,022	421,950
EKG and EEG	1,152,652	1,011,603
Medical supplies	1,791,421	2,037,070
Pharmacy	6,067,461	5,176,936
Wound care	-	225,793
Emergency room	18,094,555	13,161,777
Behavioral health	176	7,284
Ferriday Clinic	1,393,491	1,197,364
Living Well Clinic	347,763	446,912
Trinity Clinic	668,050	514,642
	<u>\$ 100,069,921</u>	<u>\$ 77,835,007</u>
*Total Patient Service Revenue - Reclassified		
Inpatient revenue	\$ 19,856,271	\$ 17,589,133
Outpatient revenue	<u>80,213,650</u>	<u>60,245,874</u>
	<u>100,069,921</u>	<u>77,835,007</u>
Contractual Adjustments		
Medicare	(16,415,949)	(19,521,760)
Medicaid	(23,831,803)	(13,130,761)
Other	<u>(29,883,699)</u>	<u>(19,092,038)</u>
	<u>(70,131,451)</u>	<u>(51,744,559)</u>
Net Patient Service Revenue	29,938,470	26,090,448
Provision for Bad Debts	<u>(3,463,931)</u>	<u>(2,882,942)</u>
Net Patient Service Revenue (Net of Provision for Bad Debts)	<u>\$ 26,474,539</u>	<u>\$ 23,207,506</u>



Trinity Medical  
Schedules of Other Operating Revenues  
Years Ended September 30, 2023 and 2022

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	2023	2022
Other Operating Revenues		
340B pharmacy program	\$ 1,286,099	\$ 374,167
Hospital incentives	151,790	20,286
Clinic incentives	43,191	25,742
Medical records	10,793	14,777
Vending machine commissions	4,330	2,961
Clinic access payments	-	68,145
Other	42,314	76,851
Total Other Operating Revenues	\$ 1,538,517	\$ 582,929

Trinity Medical  
Schedules of Operating Expenses  
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Routine Services		
Salaries and wages	\$ 2,626,263	\$ 2,443,582
Supplies and other expenses	<u>952,068</u>	<u>465,846</u>
	<u>3,578,331</u>	<u>2,909,428</u>
Operating Room		
Salaries and wages	465,147	374,622
Supplies and other expenses	<u>801,499</u>	<u>433,430</u>
	<u>1,266,646</u>	<u>808,052</u>
Anesthesia		
Supplies and other expenses	<u>88,081</u>	<u>34,000</u>
Radiology		
Salaries and wages	656,398	583,449
Supplies and other expenses	<u>1,005,671</u>	<u>608,045</u>
	<u>1,662,069</u>	<u>1,191,494</u>
Laboratory		
Salaries and wages	672,355	569,138
Supplies and other expenses	<u>1,487,455</u>	<u>1,513,659</u>
	<u>2,159,810</u>	<u>2,082,797</u>
Blood Bank		
Supplies and other expenses	<u>103,993</u>	<u>129,088</u>
Respiratory Therapy		
Salaries and wages	657,188	526,682
Supplies and other expenses	<u>167,667</u>	<u>130,984</u>
	<u>824,855</u>	<u>657,666</u>
Physical Therapy		
Supplies and other expenses	<u>910,358</u>	<u>546,672</u>
Medical Supplies		
Salaries and wages	127,444	125,249
Supplies and other expenses	<u>197,658</u>	<u>75,312</u>
	<u>325,102</u>	<u>200,561</u>
Pharmacy		
Salaries and wages	297,709	339,847
Supplies and other expenses	<u>1,594,633</u>	<u>875,374</u>
	<u>1,892,342</u>	<u>1,215,221</u>

Trinity Medical  
Schedules of Operating Expenses  
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Wound Care		
Supplies and other expenses	\$ 10	\$ 35,180
Emergency Room		
Salaries and wages	1,454,916	1,298,383
Supplies and other expenses	<u>2,086,047</u>	<u>1,984,060</u>
	<u>3,540,963</u>	<u>3,282,443</u>
Behavioral Health		
Salaries and wages	-	19,830
Supplies and other expenses	<u>18</u>	<u>36,800</u>
	<u>18</u>	<u>56,630</u>
Ferriday Clinic		
Salaries and wages	557,143	562,709
Supplies and other expenses	<u>96,536</u>	<u>110,111</u>
	<u>653,679</u>	<u>672,820</u>
Living Well Clinic		
Salaries and wages	263,356	348,955
Supplies and other expenses	<u>55,910</u>	<u>37,782</u>
	<u>319,266</u>	<u>386,737</u>
Trinity Clinic		
Salaries and wages	370,487	288,588
Supplies and other expenses	<u>346,477</u>	<u>280,389</u>
	<u>716,964</u>	<u>568,977</u>
Medical Records		
Salaries and wages	281,905	270,424
Supplies and other expenses	<u>13,743</u>	<u>39,605</u>
	<u>295,648</u>	<u>310,029</u>
Dietary		
Supplies and other expenses	<u>353,843</u>	<u>353,312</u>
Plant Operation and Maintenance		
Salaries and wages	189,057	164,612
Supplies and other expenses	<u>1,200,901</u>	<u>1,085,170</u>
	<u>1,389,958</u>	<u>1,249,782</u>
Housekeeping		
Supplies and other expenses	<u>447,767</u>	<u>436,589</u>
Laundry		
Supplies and other expenses	<u>97,436</u>	<u>56,766</u>

Trinity Medical  
Schedules of Operating Expenses  
Years Ended September 30, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
Administrative Services		
Salaries and wages	\$ 1,338,833	\$ 1,379,636
Supplies and other expenses	<u>2,872,977</u>	<u>2,637,571</u>
	<u>4,211,810</u>	<u>4,017,207</u>
Unassigned Expenses		
Depreciation and amortization	3,207,694	3,020,077
Employee benefits	<u>2,157,147</u>	<u>1,563,715</u>
	<u>5,364,841</u>	<u>4,583,792</u>
Total Operating Expenses	<u><u>\$ 30,203,790</u></u>	<u><u>\$ 25,785,243</u></u>

Trinity Medical  
Schedules of Per Diem and Other Compensation Paid to Board Members  
Years Ended September 30, 2023 and 2022

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	2023	2022
Board Members:		
Mr. Jim Graves	\$ 1,500	\$ 900
Mr. Fred Butcher	1,300	600
Mr. Fred Marsalis	1,600	800
Mr. James King	1,500	900
Dr. Kevin Ingram	1,400	600
Ms. Cherie Lipsey	1,000	600
Mr. Ryan Crum	1,200	700
Totals	\$ 9,500	\$ 5,100

Trinity Medical

Schedules of Compensation, Benefits, and Other Payments to Chief Executive Officer  
Years Ended September 30, 2023 and 2022

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Agency Head Name: Nekeisha Smith  
 Position: CEO  
 Time Period: October 1, 2022 to September 30, 2023

Purpose	Amount
Salary	\$ 188,869
Health insurance	-
Retirement (FICA replacement plan)	9,443
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	2,456
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	\$ 200,768

Agency Head Name: Nekeisha Smith  
 Position: CEO  
 Time Period: October 1, 2021 to September 30, 2022

Purpose	Amount
Salary	\$ 186,961
Health insurance	-
Retirement (FICA replacement plan)	9,348
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	1,569
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	\$ 197,878



**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Board of Commissioners  
Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
Ferriday, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Hospital’s financial statements, and have issued our report thereon dated February 27, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hospital’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital’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 Hospital’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 over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Hospital's Responses to Findings**

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

### **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 result of that testing, and not to provide an opinion on the effectiveness of the Hospital'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 Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
February 27, 2023





**Independent Auditor’s Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures  
of Federal Awards Required by the Uniform Guidance**

Board of Commissioners  
Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
Ferriday, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical’s (Hospital) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Hospital’s major federal programs for the year ended September 30, 2023. The Hospital’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## **Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Hospital as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements. We issued our report thereon dated February 27, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Dubuque, Iowa  
February 27, 2024

Trinity Medical  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Agriculture			
Community Facilities Loans and Grants Cluster			
Community Facilities Loans and Grants - Direct	10.766		\$ 28,500,000
Community Facilities Loans and Grants - Indirect	10.766		<u>2,700,000</u>
Total Community Facilities Loans and Grants Cluster			<u>31,200,000</u>
Department of Health and Human Services			
COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution	93.498		1,713,488
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697		<u>200,000</u>
Total Department of Health and Human Services			<u>1,913,488</u>
Total Federal Financial Assistance			<u><u>\$ 33,113,488</u></u>

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes the federal award activity of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital) under programs of the federal government for the year ended September 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Hospital.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The Hospital does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

**Note 4 - Community Facilities Loans and Grants Program (Federal Assistance Listing 10.766)**

Total expenditures as reported on the schedule under the Community Facilities Loans and Grants – Direct represents the beginning of the year outstanding direct loan balance plus advances made on the loan during the year. The outstanding balance at September 30, 2023 was \$28,130,811.

Total expenditures as reported on the schedule under the Community Facilities Loans and Grants – Guaranteed represents 90% of the beginning of the year outstanding loan balance. The outstanding balance at September 30, 2023 was \$2,957,556. The guaranteed portion of the loan balance was \$2,661,800.

**Note 5 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution**

The Hospital received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (PRF) program (Federal Financial Assistance Listing #93.498) during the year ended June 30, 2022. The Medical Center incurred eligible expenses (including lost revenue) and, therefore recognized revenue totaling \$1,713,488 for the year ended September 30, 2023 on the financial statements. In accordance with the 2023 Compliance Supplement, the PRF expenditures recognized on the Schedule are based on the reporting to HHS for Periods 4 and 5, defined as payments received during July 1, 2021 to June 30, 2022 of \$1,713,488, plus interest earned of \$0, as required under the PRF program.

The amount of PRF expenditures included in the Schedule requires management to make estimates and assumptions that affect the reported amounts. Accordingly, such expenditures are considered a significant estimate. Estimates and assumptions may include reducing actual expenses by amounts that have been reimbursed or are obligated to be reimbursed by other sources and estimating marginal increases in expenses related to coronavirus. Actual amounts could differ from those estimates.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiency identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiency identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

**Identification of major programs:**

<u>Name of Federal Program</u>	Federal Financial Assistance Listing
Community Facilities Loans and Grants Cluster Community Facilities Loans and Grants	10.766
COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution	93.498
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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**2023-001 Preparation of Financial Statements  
Significant Deficiency**

**Criteria:** A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements, by internal personnel of the entity. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

**Condition:** The Hospital does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes and statement of cash flows, as required by GAAP. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

**Cause:** The outsourcing of these services is not unusual in an organization of your size. We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with GAAP, can be considered costly and ineffective.

**Effect:** The effect of this condition is that the year-end financial reporting is prepared by a party outside of the Hospital. The outside party does not have the constant contact with ongoing financial transactions that internal staff have. As a result, adjustments or reclassifications of interim financial statement amounts may be necessary. Furthermore, the preparation of the financial statements as part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by Hospital personnel. It is the responsibility of the Hospital's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Recommendation:** We recommend that management continue reviewing operating procedures in order to obtain the maximum internal control over financial reporting possible under the circumstances to enable staff to draft the financial statements internally.

**Views of Responsive Individuals:** Management agrees with the finding.



**2023-002 Segregation of Duties  
Significant Deficiency**

**Criteria:** One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

**Condition:** An effective system of internal control will be designed such that duties are performed by different employees, so that no one individual handles transactions from its inception to its completion.

**Cause:** The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure optimal internal control. This is not an unusual condition in organizations of your size.

**Effect:** Inadequate segregation of duties could adversely affect the Hospital's ability to detect and correct unintentional and intentional misstatements in a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:** We realize that with a limited number of office employees, complete segregation of duties is difficult. We also recognize that in some instances it may not be cost effective to employ additional personnel for the purpose of segregating duties. However, the Hospital should continually review its internal control procedures, other compensating controls and monitoring procedures to obtain the maximum internal control possible under the circumstances.

**Views of Responsive Individuals:** Management agrees with the finding.

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**Section III – Federal Award Findings and Questioned Costs**

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There were no federal findings and questioned costs to report.



Independent Auditor's Report on Applying Agreed Upon  
Procedures

September 30, 2023 and 2022

Concordia Parish Hospital Service  
District Number One of the Parish of  
Concordia, State of Louisiana  
d/b/a Trinity Medical



## Independent Auditor's Report on Applying Agreed-Upon Procedures

Board of Commissioners  
Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
Ferriday, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Concordia Parish Hospital Service District Number One and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The Hospital's management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the LLA on the C/C areas and we will report on findings based on the procedures performed as indicated below. 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:

### **Written Policies and Procedures**

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c. **Disbursements**, including processing, reviewing, and approving.

- d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Exceptions:** No exceptions noted in applying the above procedures.

### **Board or Finance Committee**

- 2. 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:
  - a. 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;
  - b. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-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;*

- c. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund; and
- d. 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 noted in applying the above procedures.

### **Bank Reconciliations**

3. Obtain a listing of client 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:
  - a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Exceptions:** No exceptions noted in applying the above procedures.

### **Collections**

4. 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).
5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:
  - a. Employees that are responsible for cash collections do not share cash drawers/registers;
  - b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., prenumbered receipts) to the deposit;

- c. Each employee responsible for collecting cash is not 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
  - d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6. 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.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). Alternately, 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:
  - a. Observe that receipts are sequentially pre-numbered;
  - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip;
  - c. Trace the deposit slip total to the actual deposit per the bank statement;
  - d. 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
  - e. Trace the actual deposit per the bank statement to the general ledger.

**Exceptions:** No exceptions noted in applying the above procedures.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
  - b. At least two employees are involved in processing and approving payments to vendors;
  - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

- e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
    - a. Observe that the disbursement matched the related original invoice/billing statement, and
    - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
  11. Using the entity's main operating account and the month selected in procedure #3 under "Bank Reconciliations" above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements

**Exceptions:** No exceptions noted in applying the above procedures.

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.
13. 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:
  - a. Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality): these instances should not be reported]; and
  - b. Observe that finance charges and late fees were not assessed on the selected statements.



14. Using the monthly statements or combined statements selected under #13 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Exceptions:** No exceptions noted in applying the above procedures.

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1g); and
  - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Exceptions:** EB noted one exception when applying the above procedures. An employee was erroneously underpaid per review of the employee's expense reimbursement form and related receipts. The client has since corrected this and issued a check to the employee for the amount owed to her. No additional exceptions noted.

### **Contracts**

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment; and

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Exceptions:** No exceptions noted in applying the above procedures.

### **Payroll and Personnel**

17. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
  - a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - b. Observe that supervisors approved the attendance and leave of the selected employees/officials;
  - c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - d. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
19. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
20. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Exceptions:** No exceptions noted in applying the above procedures.

### **Ethics**

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period; and
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Exceptions:** No exceptions noted in applying the above procedures.

### **Debt Service**

23. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. 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 noted in applying the above procedures.

### **Fraud Notice**

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

**Exceptions:** No exceptions noted in applying the above procedures.

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

27. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
28. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
29. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
30. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19 under "Payroll and Personnel" above. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Exceptions:** We performed the procedure and discussed the results with management. No exceptions noted.

### Prevention of Sexual Harassment

31. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #17 above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
32. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
33. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

**Exceptions:** No exceptions noted in applying the above 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. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana, d/b/a Trinity Medical and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is 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.

*Eide Bailly LLP*

Dubuque, Iowa  
February 27, 2024