Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)

Independent Auditor's Reports, Financial Statements

September 30, 2023 and 2022

Hospital Service District No.1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
September 30, 2023 and 2022

Contents

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / F 972.702.0673
forvis.com

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Board of Commissioners
Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
New Iberia, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hospital Service District No. 1, a Component Unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center, as of September 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Medical Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, on October 1, 2022, the Medical Center adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinion is not modified with respect to this matter.

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 Medical Center's ability to continue as a going concern for 12 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 Medical Center'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 Medical Center'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 and pension information 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Medical Center's basic financial statements. The Schedule of Compensation, Reimbursements, Benefits and Other Payments to the Chief Executive Officer, Schedule of Insurance Policies and Schedule of Board Members listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The Schedule of Compensation, Reimbursements, Benefits and Other Payments to the Chief Executive Officer 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Insurance Policies and Schedule of Board Members have not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the Medical Center'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 Medical Center'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 Medical Center's internal control over financial reporting and compliance.

FORVIS, LLP

Dallas, Texas
February 29, 2024

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Management's Discussion and Analysis (Unaudited)
Years Ended September 30, 2023 and 2022

Introduction

This management's discussion and analysis of the financial performance of Hospital Service District No. 1, a component unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center), provides an overview of the Medical Center's financial activities for the years ended September 30, 2023 and 2022. It should be read in conjunction with the accompanying financial statements of the Medical Center.

The 2021 balances included in this management discussion and analysis have not been restated to reflect the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, that was adopted by the Medical Center on October 1, 2022 and presented retrospectively to October 1, 2021.

Financial Highlights

- Cash and cash held under bond trust indenture decreased by $2,175,000 or 6.6 percent in 2023 compared to 2022 which decreased by $13,198,000 or 28.5 percent in 2022 compared to 2021.
- The Medical Center's net position increased $2,811,000 or 4.6 percent in 2023 and increased $5,807,000 or 10.6 percent in 2022.
- The Medical Center reported an operating loss in 2023 of $2,812,000 and operating income in 2022 of $5,116,000, a decrease in income of $7,928,000 or 155.0 percent. The operating income in 2022 increased by $812,000 or 18.9 percent compared to the operating income reported in 2021.
- Net nonoperating revenues increased by $5,108,000 or 991.4 percent in 2023 compared to 2022 and net nonoperating revenues increased $3,845,000 or 88.2 percent in 2022 compared to 2021.

Using This Annual Report

The Medical Center's financial statements consist of three statements – a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Medical Center, including resources held by the Medical Center but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Medical Center is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

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Management's Discussion and Analysis (Unaudited)
Years Ended September 30, 2023 and 2022

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any Medical Center's finances is "Is the Medical Center as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the Medical Center's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, all liabilities and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center's net position and changes in it. The Medical Center's total net position—the difference between assets, liabilities and deferred inflows and outflows of resources—is one measure of the Medical Center's financial health or financial position. Over time, increases or decreases in the Medical Center's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Medical Center's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the Medical Center.

The Statement of Cash Flows

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The Medical Center's Net Position

The Medical Center's net position is the difference between its assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in the balance sheet. The Medical Center's change in net position increased by $2,811,000 or 4.6 percent in 2023 over 2022 and increased by $5,807,000 or 10.6 percent in 2021 over 2021, as shown in *Table 1*. The Medical Center's change in net position in 2023 as compared to 2022 decreased primarily due to increases in pension expense due to plan asset performance as compared to projected amounts.

Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

	2023	2022 As Restated	2021
Assets			
Cash and cash held under bond trust indenture	$ 30,987,396	$ 33,162,853	$ 46,360,735
Patient accounts receivable, net	12,082,520	10,740,521	11,680,136
Other current assets	14,996,448	11,282,864	11,564,309
Capital assets, net	43,668,986	41,135,103	42,400,926
Lease assets, net	1,305,638	1,904,520	2,531,799
Net pension asset	-	22,727,312	8,102,788
Other noncurrent assets	1,756,838	2,717,181	2,457,928
Total assets	104,797,826	123,670,354	125,098,621
Deferred Outflows of Resources	24,392,420	5,754,818	7,902,286
Total assets and deferred outflows of resources	$ 129,190,246	$ 129,425,172	$ 133,000,907
Liabilities			
Long-term debt	$ 26,300,000	$ 28,225,000	$ 30,145,000
Lease liabilities	1,306,117	1,994,625	2,588,210
Net pension liability	18,711,877	-	-
Other current and noncurrent liabilities	15,434,218	14,846,160	25,378,517
Total liabilities	61,752,212	45,065,785	58,111,727
Deferred Inflows of Resources	3,959,292	23,691,485	20,027,872
Net Position			
Net investment in capital assets	19,150,452	16,251,429	16,694,254
Restricted expendable	4,524,401	4,716,901	4,832,252
Restricted for pension	-	22,727,312	8,102,788
Unrestricted	39,803,889	16,972,260	25,232,014
Total net position	63,478,742	60,667,902	54,861,308
Total liabilities, deferred inflows of resources and net position	$ 129,190,246	$ 129,425,172	$ 133,000,907

The most significant change in the Medical Center's financial position in 2023 resulted from the change in the net pension asset of approximately $22,727,000 in 2022 to a net pension liability of approximately $18,712,000 in 2023 for a total unfavorable change of approximately $41,439,000 or 182.3 percent. Such change also resulted in a significant increase in deferred outflows of resources from approximately $5,755,000 in 2022 to approximately $24,392,000 in 2023 and a significant decrease in deferred inflows of resources from approximately $23,691,000 in 2022 to approximately $3,959,000 in 2023. The total unfavorable change in net deferred inflows and outflows of resources from 2022 to 2023 was approximately $38,370,000 or 213.9 percent. The change from a net pension asset to a net pension liability and the net change in deferred inflows and outflows of resources in 2023 was due to unfavorable return on the plan assets. The impact of such change is recognized as a deferred outflow of resources and recognized over 5 years through pension expense. The pension plan and its performance is discussed more fully in *Note 18*.

In addition, another significant change in the Medical Center's assets in 2023 is the increase in the other current assets of approximately $3,714,000 or 32.9 percent due to increases in receivables from Medicaid Supplemental Funding programs discussed more fully in *Note 14 and 16*.

The most significant changes in the Medical Center's assets in 2022 is the decrease in cash and cash held under bond trust indenture of approximately $13,198,000 or 28.5%. The decrease is largely due to the repayment of the Medicare Advance Payments of approximately $9,819,000 during 2022 discussed more fully in *Note 21*.

In addition, another significant change in the Medical Center's assets in 2022 was the increase in the net pension asset of approximately $14,625,000 or 180.5% from 2021 to 2022 due to favorable returns on the plan assets in 2022 discussed more fully in *Note 18.*

The most significant change in the Medical Center's liabilities in 2022 was the decrease of other current and noncurrent liabilities of approximately $10,532,000 or 41.5% due primarily to the repayment of the Medicare Advance Payments of approximately $9,818,000 during 2022. The Medicare Advance Payments are discussed more fully in *Note 21.*

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Management's Discussion and Analysis (Unaudited)
Years Ended September 30, 2023 and 2022

Table 2: Operating Results and Changes in Net Position

	2023	2022 As Restated	2021
Operating Revenues			
Net patient service revenue	$ 96,768,215	$ 93,061,429	$ 93,177,358
Other operating revenues	29,803,924	21,369,711	18,607,774
Total operating revenues	126,572,139	114,431,140	111,785,132
Operating Expenses			
Pension expense	8,206,461	(3,757,698)	954,828
Salaries, wages and employee benefits	51,073,518	45,526,700	44,661,151
Total salaries, wages and employee benefits	59,279,979	41,769,002	45,615,979
Supplies, professional fees and purchased services	65,103,331	62,204,365	57,139,773
Depreciation and amortization	5,000,668	5,341,336	4,724,789
Total operating expenses	129,383,978	109,314,703	107,480,541
Operating Income (Loss)	(2,811,839)	5,116,437	4,304,591
Nonoperating Revenues (Expenses)			
Interest income	646,609	171,306	153,411
Interest expense	(913,244)	(1,086,446)	(1,097,051)
Income from investments in joint ventures	157,019	105,602	168,919
Provider Relief Funds	-	1,324,695	5,134,638
Gain from insurance proceeds, net of asset impairment	5,732,295	-	-
Total nonoperating revenues (expenses)	5,622,679	515,157	4,359,917
Income Before Capital Gifts	2,810,840	5,631,594	8,664,508
Capital Gifts	-	175,000	-
Increase in Net Position	$ 2,810,840	$ 5,806,594	$ 8,664,508

Operating Results

The first component of the overall change in the Medical Center's net position is its operating income - generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past 20 years, excluding 2016 and 2023, the Medical Center has reported operating income. The 2016 operating results were impacted by an anticipated increase in expenses due to the acquisition and licensure of a second hospital campus. In 2023, the Medical Center reported an operating loss of $2,812,000. See below for components that make up the operating loss in the current year.

The operating loss of $2,812,000 in 2023 changed from operating income in 2022 of $5,116,000 or $7,928,000 or 155.0 percent of additional net expense. The primary components of the change from operating income in 2022 to operating loss in 2023 are:

- A slight increase in net patient service revenue of $3,707,000 or 4.0 percent.
- An increase in other operating revenues of $8,434,000 or 39.5 percent.
- An increase in salaries wages and employee benefits of $17,511,000 or 41.92 percent of which $11,964,000 was attributable to an increase in pension expense.
- An increase in supplies, professional fees and purchased services of $2,899,000 or 4.7 percent.

Patient care services provided by the Medical Center for the years ended September 30, 2023, 2022 and 2021, are as follows:

	2023	2022	2021
Patient Care Services Provided			
Inpatient days (acute and psych)	20,983	21,605	21,605
Surgery cases	3,963	4,016	3,927
Emergency room visits	42,249	38,571	33,644
Other outpatient visits	85,064	85,371	84,411
Increase (Decrease) From Prior Year As A Percentage			
Inpatient days (acute and psych)	-2.88%	0.00%	
Surgery cases	-1.32%	2.27%	
Emergency room visits	9.54%	14.64%	
Other outpatient visits	-0.36%	1.14%	

The increase in emergency room visits in 2023 and 2022 was due to the opening of a second emergency room at the north campus hospital in 2022.

Below is a summary of operating expenses as a percent of operating revenues for 2023, 2022 and 2021:

	2023	2022	2021
Operating Revenues	100.0%	100.0%	100.0%
Operating Expenses			
Pension expense	6.5%	-3.3%	0.9%
Salaries, wages and employee benefits	40.4%	39.8%	40.0%
Total salaries, wages and employee benefits	46.8%	36.5%	40.8%
Supplies, professional fees and purchased services	51.4%	54.4%	51.1%
Depreciation and amortization	4.0%	4.7%	4.2%
Total operating expenses	102.2%	95.5%	96.1%
Operating Income (Loss)	-2.2%	4.5%	3.9%

Other operating revenues increased $8,434,000 or 39.5 percent in 2023 as compared to 2022 due to additional funding and income received associated with the Cooperative Endeavor Agreement program of approximately $11,097,000 in 2023 as compared to 2022. The Cooperative Endeavor Agreement program is discussed more fully in *Note 16*.

Pension expense increased $11,964,000 or 318.4 percent in 2023 as compared to 2022 due to unfavorable performance of the plan assets compared to actuarily projected amounts during the year. Further discussion about the pension balances are included in *Note 18*. The remaining expenses associated with salaries, wages and employee benefits increased approximately $5,547,000 or 12.2 percent due to a reduction in contract labor as replaced by employed positions in 2023 as compared to 2022.

Supplies, purchased services and professional fees increased $2,899,000 or 4.6 percent in 2023 as compared to 2022 due to an increase in overall volumes in 2023, primarily driven by emergency room visits.

The operating income in 2022 of approximately $5,116,000 increased as compared to the operating income reported in 2021 of $4,305,000, an increase of $812,000 or 18.9 percent. The increase in operating income from 2021 to 2022 was primarily the result of a decrease in pension expense in 2022, due to the favorable performance of the plan assets compared to actuarily projected amounts during the year.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of interest income, interest expense, income from investments in joint ventures, gain from insurance recoveries and Provider Relief Fund revenues.

The largest change in nonoperating revenues in 2023 as compared to 2022 is the recognition of $5,732,000 of gain from insurance proceeds net of asset impairment. In December 2022, the Medical Center was hit by a tornado resulting in damage to the main campus and medical office building. The Medical Center filed insurance claims to repair and restore such property resulting in recoveries of approximately $7,982,000. The Medical Center recognized an impairment in the main campus and medical office building of $1,200,000 and incurred $1,000,000 in costs to restore and repair the building in 2023 resulting in a net gain from insurance proceeds of $5,732,000. The Medical Center continues to evaluate the damage with their insurance carriers and it is possible that additional repairs will be necessary and recoveries will be received under insurance policies in place. The Medical Center anticipates that all repairs related to the tornado damage will be completed during the year ended September 30, 2024.

In addition, there was a reduction of $1,325,000 or 100 percent in amounts recognized related to the Provider Relief Funds. Interest income increased $475,000 or 277.5 percent in 2023 due to improved interest rates in 2023 as compared to 2022. Interest expense of $913,000 in 2023 remained consistent with interest expense in 2022. Income from investment in joint ventures in 2023 of $157,000 remained consistent with income from investment in joint ventures in 2022.

Capital Gift

The Medical Center received capital gifts of a building and land with an acquisition value of $175,000 from the Village of Jeanerette and Iberia Parish in 2022. The Medical Center did not receive any capital gifts in 2023.

The Medical Center's Cash Flows

Changes in the Medical Center's cash flows are consistent with changes in operating income and nonoperating revenues and expenses for 2023, 2022 and 2021, discussed earlier, with one exception. Cash provided by operating activities was greater than the operating loss in 2023 due to the noncash changes in the net pension liability and deferred inflows and outflows of resources discussed above.

Cash used by operating activities was less than operating income in 2022 due to the repayment of the Medicare Advance Payments in 2022 and the deferred inflows recognized due to the positive pension plan asset performance in 2022 discussed above.

Capital, Lease and Subscription Assets

At the end of 2023, the Medical Center had $43,669,000 invested in capital assets, net of accumulated depreciation, $1,306,000 of lease assets, net of accumulated amortization and $639,000 of subscription assets, net of accumulated amortization as detailed in *Note 5* to the financial statements. In 2023, the Medical Center purchased new capital assets costing $7,675,000 and entered into new subscription agreements for subscription assets of $56,000. The Medical Center did not enter into new lease agreements in 2023.

At the end of 2022, the Medical Center had $41,135,000 invested in capital assets, net of accumulated depreciation, $1,905,000 of lease assets, net of accumulated amortization and $1,023,000 of subscription assets, net of accumulated amortization as detailed in *Note 5* to the financial statements. In 2022, the Medical Center purchased new capital assets costing $2,889,000, entered into new lease agreements for lease assets of $128,000 and entered into new subscription agreements for subscription assets of $735,000.

Debt

At September 30, 2023, the Medical Center had $26,300,000 in revenue bonds, $1,306,000 in lease obligations outstanding and $878,000 in subscription liabilities outstanding. In 2022, the Medical Center refinanced all of the 2015B bonds and $3,510,000 of the 2015A bonds with the Series 2022 bonds totaling $8,350,000. The Medical Center's formal debt issuances, revenue bonds, are subject to limitations imposed by state law.

Contacting the Medical Center's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Medical Center Administration by telephoning 337.364.0441.

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Balance Sheets
September 30, 2023 and 2022

Assets and Deferred Outflows of Resources

	2023	2022 (As Restated)
Current Assets		
Cash	$ 24,201,307	$ 24,989,028
Cash held under bond trust indenture, current portion	2,789,491	2,789,491
Patient accounts receivable, net of allowance; 2023 – $8,625,000, 2022 – $7,748,000	12,082,520	10,740,521
Estimated amounts due from third-party payers	1,830,900	1,667,230
Leases receivable	583,978	735,621
Supplies	3,817,551	3,803,414
Prepaid expenses and other receivables	8,764,019	5,076,599
Total current assets	54,069,766	49,801,904
Noncurrent Cash		
Held by trustee for debt service	4,588,382	4,773,403
Held by trustee for capital acquisitions	2,197,707	3,400,422
	6,786,089	8,173,825
Less amount required to meet current obligations	(2,789,491)	(2,789,491)
Total noncurrent cash	3,996,598	5,384,334
Capital Assets, Net	43,668,986	41,135,103
Lease Assets, Net	1,305,638	1,904,520
Leases Receivable	792,267	1,246,710
Subscription Assets, Net	639,422	1,023,139
Investments in Joint Ventures	325,149	447,332
Net Pension Asset	-	22,727,312
Total assets	104,797,826	123,670,354
Deferred Outflows of Resources - Pension	24,392,420	5,754,818
Total assets and deferred outflows of resources	$ 129,190,246	$ 129,425,172

See Notes to Financial Statements

Liabilities, Deferred Inflows of Resources and Net Position

	2023	2022 (As Restated)
Current Liabilities		
Current maturities of long-term debt	$ 2,005,000	$ 1,925,000
Lease liabilities, current	404,844	591,590
Subscription liabilities, current	302,685	409,590
Accounts payable and accrued expenses	8,118,964	5,778,373
Accrued salaries, wages and benefits	6,409,048	5,895,080
Estimated amounts due to third-party payers	372,241	311,325
Medicare advance payments, current portion	-	1,982,891
Total current liabilities	17,612,782	16,893,849
Lease Liabilities, Noncurrent	901,273	1,403,035
Subscription Liabilities	231,280	468,901
Net Pension Liability	18,711,877	-
Long-term Debt	24,295,000	26,300,000
Total liabilities	61,752,212	45,065,785
Deferred Inflows of Resources		
Pension	2,544,610	21,671,975
Leases	1,414,682	2,019,510
Total deferred inflows of resources	3,959,292	23,691,485
Net Position		
Net investment in capital assets	19,150,452	16,251,429
Restricted expendable	4,524,401	4,716,901
Restricted for pension	-	22,727,312
Unrestricted	39,803,889	16,972,260
Total net position	63,478,742	60,667,902
Total liabilities, deferred inflows of resources and net position	$ 129,190,246	$ 129,425,172

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2023 and 2022

	2023	2022 (As Restated)
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2023 - $8,088,000 2022 - $6,995,000	$ 96,768,215	$ 93,061,429
Other	29,803,924	21,369,711
Total operating revenues	126,572,139	114,431,140
Operating Expenses		
Salaries and wages	45,063,775	40,458,326
Employee benefits	14,216,204	1,310,676
Purchased services and professional fees	27,887,551	27,351,892
Supplies and other	34,326,242	32,714,740
Insurance	2,889,538	2,137,733
Depreciation and amortization	5,000,668	5,341,336
Total operating expenses	129,383,978	109,314,703
Operating Income (Loss)	(2,811,839)	5,116,437
Nonoperating Revenues (Expenses)		
Interest income	646,609	171,306
Interest expense	(913,244)	(1,086,446)
Income from investments in joint ventures	157,019	105,602
Provider Relief Funds	-	1,324,695
Gain from insurance proceeds, net of asset impairment	5,732,295	-
Total nonoperating revenues (expenses)	5,622,679	515,157
Income Before Capital Gifts	2,810,840	5,631,594
Capital Gifts	-	175,000
Increase in Net Position	2,810,840	5,806,594
Net Position, Beginning of Year	60,667,902	54,861,308
Net Position, End of Year	$ 63,478,742	$ 60,667,902

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	2023	2022 (As Restated)
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	$ 93,108,053	$ 82,938,955
Payments to suppliers and contractors	(66,276,926)	(60,739,142)
Payments to employees	(55,091,789)	(49,773,641)
Cash received from insurance recoveries for operating expenses	1,000,000	-
Other receipts, net	27,635,482	19,418,346
Net cash provided by (used in) operating activities	374,820	(8,155,482)
Cash Flows from Noncapital Financing Activities		
Cash received from Provider Relief Funds	-	1,324,695
Net cash provided by noncapital financing activities	-	1,324,695
Cash Flows from Capital and Related Financing Activities		
Repayment of amounts due under revenue bonds payable	(1,925,000)	(1,920,000)
Interest paid on debt obligations	(780,199)	(962,325)
Principal payments received on leases receivable	770,835	903,177
Interest payments received on leases receivable	60,135	33,009
Principal payments made on lease liabilities	(688,508)	(721,840)
Interest payments made on lease liabilities	(73,403)	(99,016)
Principal payments made on subscription liabilities	(400,083)	(449,607)
Interest payments made on subscription liabilities	(16,426)	(23,013)
Purchases of capital assets	(7,267,347)	(3,278,465)
Cash received from insurance recoveries for asset loss	6,932,295	-
Net cash used in capital and related financing activities	(3,387,701)	(6,518,080)
Cash Flows from Investing Activities		
Interest income	586,474	138,297
Distributions received from joint ventures	250,950	12,688
Net cash provided by investing activities	837,424	150,985
Decrease in Cash	(2,175,457)	(13,197,882)
Cash, Beginning of Year	33,162,853	46,360,735
Cash, End of Year	$ 30,987,396	$ 33,162,853

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Statements of Cash Flows (Continued)
Years Ended September 30, 2023 and 2022

	2023	2022 (As Restated)
Reconciliation of Cash to the Balance Sheets		
Cash	$ 24,201,307	$ 24,989,028
Cash held under bond indenture, current portion	2,789,491	2,789,491
Cash held under bond indenture, noncurrent portion	3,996,598	5,384,334
Total cash	$ 30,987,396	$ 33,162,853
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities		
Operating income (loss)	$ (2,811,839)	$ 5,116,437
Depreciation and amortization	5,000,668	5,341,336
Amortization of deferred inflows and outflows related to net pension (asset) liability	4,662,964	(5,812,510)
Provision for uncollectible accounts	8,087,804	6,695,106
Loss on disposal of capital assets	6,786	99
Changes in operating assets and liabilities		
Patient accounts receivable, net	(9,429,803)	(5,755,491)
Estimated amounts due from and to third-party payers	(102,754)	(1,095,699)
Accounts payable and accrued expenses	2,403,763	(840,368)
Medicare Advance Payment	(1,982,891)	(9,818,817)
Net pension asset	41,439,189	(14,624,524)
Deferred outflows of resources - pension	(24,594,814)	(44,378)
Deferred inflows of resources - pension	(17,833,117)	12,528,889
Deferred inflows of resources - leases	(769,577)	(865,998)
Other assets and liabilities	(3,701,559)	1,020,436
Net cash provided by (used in) operating activities	$ 374,820	$ (8,155,482)
Noncash Investing, Capital and Financing Activities		
Capital asset additions in accounts payable	$ 521,219	$ 113,639
Capital gifts	$ -	$ 175,000
Lease obligations incurred for lease assets	$ -	$ 128,255
Subscription obligations incurred for subscription assets	$ 55,557	$ 735,201

In June 2022, the Medical Center refinanced $8,350,000 of the Series 2015B and 2015A bonds with the issuance of the Series 2022 bonds.

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Hospital Service District No. 1, a component unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center) is a 166-bed acute care medical center located in New Iberia, Louisiana. The Medical Center is a component unit of Iberia Parish (Parish) and a political subdivision of the State of Louisiana. The Iberia Parish Government Board of Commissioners appoints seven members of a nine-member Board of Commissioners who operate the Medical Center. The additional two members of the Board of Commissioners are appointed by Iberia Medical Center's medical staff. The Medical Center primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in the Parish area.

Iberia Medical Center's opened its initial hospital operations in September 1960. In January 2016, the Medical Center purchased a second hospital building and additional medical office buildings to expand inpatient and outpatient surgical services, behavioral health services, inpatient and outpatient rehabilitation, imaging, laboratory, wound care, physical rehabilitation, cardiac rehabilitation as well as other services to meet the healthcare needs of the Parish. The medical office buildings remained open after the purchase but the hospital building obtained licensure and commenced operations on April 27, 2016.

The Medical Center's financial statements include the operations of Iberia Medical Center Foundation (Foundation). The Foundation is a 501(c)3 nonprofit health organization, established in order to support the Medical Center and is included in the financial statements using the blending method. The financial activity of the Foundation is not significant.

Basis of Accounting and Presentation

The financial statements of the Medical Center have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as investment income and interest on capital asset-related debt) are included in nonoperating revenues and expenses. The Medical Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; 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.

The Medical Center is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Investments in Joint Ventures

The Medical Center holds a 20 percent interest in New Iberia Surgery Center, which provides outpatient surgery services to the community. This investment is carried on the equity method of accounting. The investment in New Iberia Surgery Center totaled $154,851 and $242,972 as of September 30, 2023 and 2022 respectively, and is included in investments in joint ventures on the accompanying balance sheets.

The Medical Center originally held a 15 percent ownership interest in Acadiana Diagnostic Imaging, LLC, which is a provider of imaging services. On May 1, 2015, the Medical Center purchased an additional 25 percent interest in Acadiana Diagnostic Imaging, LLC for a total of $395,000, increasing the Medical Center's ownership to 40 percent. This transaction resulted in goodwill of $282,536, which is being amortized over 10 years. Unamortized goodwill as of September 30, 2023 and 2022, was $44,735 and $72,988, respectively, and is included in investments in joint ventures on the accompanying balance sheets. Subsequent to the additional purchase of ownership interest in 2015, this investment is accounted for using the equity method of accounting. The investment in Acadiana Diagnostic Imaging, LLC, excluding unamortized goodwill, totaled $94,887 and $110,300 as of September 30, 2023 and 2022, respectively, and is included in investments in joint ventures on the accompanying balance sheets.

The Medical Center has a 25 percent membership interest in Acadian Homecare of New Iberia, LLC. The investment balance totaled $30,676 and $21,072 as of September 30, 2023 and 2022, respectively.

Using the equity method of accounting, the Medical Center's share of net income (loss) in joint ventures is recognized as nonoperating revenue (expense) in the Medical Center's statements of revenues, expenses and changes in net position and added to the investment account. The investment account is also reduced for any dividends received.

Patient Accounts Receivable

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Medical Center provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Supplies

Supply inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out method or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Medical Center:

Land improvements	15 - 25 years
Buildings and leasehold improvements	20 - 40 years
Equipment	3 - 20 years

Lease Assets

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

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease and Subscription Asset Impairment

The Medical Center evaluates capital, lease and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease or subscription asset has occurred. Asset impairment totaling $1,200,000 and $0, respectively was recognized during the years ended September 30, 2023 and 2022 (*Note 6*).

Cost-Sharing Defined Benefit Pension Plan

The Medical Center participates in a cost-sharing multiple-employer defined benefit pension plan, the Parochial Employees' Retirement System of Louisiana (Plan). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Compensation Plan

The Medical Center offers a deferred compensation plan through Empower Retirement in accordance with Internal Revenue Code Section 457. The 457 Plan provides employees an option to make pre-tax contributions to their plan. The Medical Center does not have any financial contribution obligations regarding this 457 Plan.

Deferred Outflows of Resources

The Medical Center reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

Deferred Inflows of Resources

The Medical Center reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet.

Compensated Absences

The Medical Center's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Position

Net position of the Medical Center is classified in four components on its balance sheets.

- Net investment in capital assets consists of capital, lease and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Medical Center, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Restricted for pension net position represents assets restricted for providing contributions to the cost-sharing defined benefit pension plan which provides pensions in accordance with the benefit terms of the plan.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Medical Center provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Income Taxes

As an essential government function of the Parish, the Medical Center is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. The Foundation has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and similar provision of state law. However, the Medical Center and the Foundation are subject to federal income tax on any unrelated business taxable income.

Change in Accounting Principle

On October 1, 2022, the Medical Center adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, using a retrospective method of adoption to all contracts in place and not yet completed at the beginning of the earliest period presented, which was October 1, 2021. The statement requires the Medical Center to recognize a subscription liability, measured at the present value of payments expected to be made during the contract term, and an intangible subscription asset. The 2022 financial statements and disclosures were restated to reflect the impact of this adoption.

The effect of the changes made to the accompanying balance sheet, statement of revenues, expenses, and changes in net position, and statement of cash flows as of and for the year ended September 30, 2022 are as follows:

	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
Balance Sheet			
Prepaid expenses and other receivables	$ 5,221,247	$ (144,648)	$ 5,076,599
Total current assets	$ 49,946,552	$ (144,648)	$ 49,801,904
Subscription assets, net	$ -	$ 1,023,139	$ 1,023,139
Total assets	$ 122,791,863	$ 878,491	$ 123,670,354
Total assets and deferred outflows of resources	$ 128,546,681	$ 878,491	$ 129,425,172
Subscription liabilities, current	$ -	$ 409,590	$ 409,590
Total current liabilities	$ 16,484,259	$ 409,590	$ 16,893,849
Subscription liabilities, noncurrent	$ -	$ 468,901	$ 468,901
Total liabilities	$ 44,187,294	$ 878,491	$ 45,065,785
Net investment in capital assets	$ 16,106,781	$ 144,648	$ 16,251,429
Unrestricted	$ 17,116,908	$ (144,648)	$ 16,972,260
Total liabilities, deferred inflows of resources and net position	$ 128,546,681	$ 878,491	$ 129,425,172
Statement of Revenue, Expenses and Changes in Net Position			
Purchased services and professional fees	$ 27,561,260	$ (209,368)	$ 27,351,892
Supplies and other	$ 32,931,685	$ (216,945)	$ 32,714,740
Depreciation and amortization	$ 4,938,036	$ 403,300	$ 5,341,336
Total operating expense	$ 109,337,716	$ (23,013)	$ 109,314,703
Operating income (loss)	$ 5,093,424	$ 23,013	$ 5,116,437
Interest expense	$ (1,063,433)	$ (23,013)	$ (1,086,446)
Total nonoperating revenues (expenses)	$ 538,170	$ (23,013)	$ 515,157
Statement of Cash Flows			
Payments to suppliers and contractors	$ (61,211,762)	$ 472,620	$ (60,739,142)
Net cash provided by (used in) operating activities	$ (8,628,102)	$ 472,620	$ (8,155,482)
Principal payments made on subscription liabilities	$ -	$ (449,607)	$ (449,607)
Interest payments made on subscription liabilities	$ -	$ (23,013)	$ (23,013)
Net cash used in capital and related financing activities	$ (6,045,460)	$ (472,620)	$ (6,518,080)
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities			
Operating income	$ 5,093,424	$ 23,013	$ 5,116,437
Depreciation and amortization	$ 4,938,036	$ 403,300	$ 5,341,336
Other assets and liabilities	$ 974,129	$ 46,307	$ 1,020,436
Net cash used in operating activities	$ (8,628,102)	$ 472,620	$ (8,155,482)
Noncash Investing, Capital and Financing Activities			
Subscription obligations incurred for subscription assets	$ -	$ -	$ 735,201

Note 2: Deposits

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Medical Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or other qualified investments in the state of Louisiana. At September 30, 2023 and 2022, the Medical Center's deposits were either insured or collateralized in accordance with state law.

Note 3: Patient Accounts Receivable

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, 2023 and 2022 consisted of:

	2023	2022
Medicare	$ 5,789,980	$ 5,377,160
Medicaid	1,459,463	1,388,911
Other third-party payers	4,176,357	4,261,115
Patients	8,921,421	7,460,987
	20,347,221	18,488,173
Less allowance for uncollectible accounts	8,264,701	7,747,652
	$ 12,082,520	$ 10,740,521

Note 4: Leases Receivable

The Medical Center leases a portion of its medical office space and clinics to various third parties, the terms of which expire 2023 through 2028. Payments increase annually based upon the onsumer Price Index (Index). The leases were measured based upon the Index at lease commencement.

Revenue recognized under lease contracts during the years ended September 30, 2023 and 2022, totaled approximately $1,249,000 and $1,375,000, respectively, which includes both lease revenue and interest.

Note 5: Capital, Lease and Subcription Assets

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

2023	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 1,896,704	$ -	$ -	$ -	$ 1,896,704
Land improvements	435,272	-	-	-	435,272
Buildings and leasehold improvements	62,629,378	54,000	(1,200,000)	44,916	61,528,294
Equipment	43,072,993	1,664,359	(113,585)	4,291,604	48,915,371
Construction in progress	728,176	5,956,568	-	(4,336,520)	2,348,224
	108,762,523	7,674,927	(1,313,585)	-	115,123,865
Less accumulated depreciation	(67,627,420)	(3,934,258)	106,799	-	(71,454,879)
Capital assets, net	$ 41,135,103	$ 3,740,669	$ (1,206,786)	$ -	$ 43,668,986

2022	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 1,896,704	$ -	$ -	$ -	$ 1,896,704
Land improvements	415,272	20,000	-	-	435,272
Buildings and leasehold improvements	60,529,121	187,604	-	1,912,653	62,629,378
Equipment	41,210,695	830,676	(18,903)	1,050,525	43,072,993
Construction in progress	1,841,110	1,850,244	-	(2,963,178)	728,176
	105,892,902	2,888,524	(18,903)	-	108,762,523
Less accumulated depreciation	(63,491,976)	(4,154,248)	18,804	-	(67,627,420)
Capital assets, net	$ 42,400,926	$ (1,265,724)	$ (99)	$ -	$ 41,135,103

As of September 30, 2023, the Medical Center had construction commitments outstanding of approximately $3,384,000 for various construction projects.

Lease assets activity for the years ended September 30, 2023 and 2022, was:

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	$ 3,379,785	$ -	$ (486,533)	$ -	$ 2,893,252
Less accumulated amortization					
Equipment	(1,475,265)	(598,882)	486,533	-	(1,587,614)
Lease assets, net	$ 1,904,520	$ (598,882)	$ -	$ -	$ 1,305,638

	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	$ 3,251,530	$ 128,255	$ -	$ -	$ 3,379,785
Less accumulated amortization					
Equipment	(719,731)	(755,534)	-	-	(1,475,265)
Lease assets, net	$ 2,531,799	$ (627,279)	$ -	$ -	$ 1,904,520

Subscription assets activity for the years ended September 30, 2023 and 2022, were:

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription information technology assets	$ 1,366,273	$ 55,557	$ (107,975)	$ -	$ 1,313,855
Less accumulated amortization	(343,134)	(439,274)	107,975	-	(674,433)
Subscription assets, net	$ 1,023,139	$ (383,717)	$ -	$ -	$ 639,422

	2022 (As Restated)				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription information technology assets	$ 691,238	$ 735,201	$ (60,166)	$ -	$ 1,366,273
Less accumulated amortization	-	(403,300)	60,166	-	(343,134)
Subscription assets, net	$ 691,238	$ 331,901	$ -	$ -	$ 1,023,139

Note 6: Insurance Recoveries

In December 2022, the Medical Center's main campus and medical office buildings were damaged by a tornado. Certain clinic operations were paused temporarily for the week following the tornado as clinic buildings received significant damage. Insurance proceeds were received in the following months to cover the costs of repairing the buildings, largely related to the replacement of windows and roofs. The total insurance recoveries to repair the building were approximately $7,932,000. The carrying value of the assets damaged due to the tornado was approximately $1,200,000 and costs incurred for various restoration services that were not capitalized were approximately $1,000,000.

Note 7: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at September 30, 2023 and 2022 consisted of:

	2023	2022
Payable to suppliers and contractors	$ 6,691,034	$ 4,555,738
Payable to employees (including payroll taxes and benefits)	6,409,048	5,895,080
Other	1,427,930	1,222,635
	$ 14,528,012	$ 11,673,453

Note 8: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Medical Center for the years ended September 30, 2023 and 2022:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable	$ 28,225,000	$ -	$ 1,925,000	$ 26,300,000	$ 2,005,000
Total long-term debt	28,225,000	-	1,925,000	26,300,000	2,005,000
Other long-term liabilities					
Medicare Advance Payments - *Note 21*	1,982,891	-	1,982,891	-	-
Total long-term obligations	$ 30,207,891	$ -	$ 3,907,891	$ 26,300,000	$ 2,005,000

	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable	$ 30,145,000	$ 8,350,000	$ 10,270,000	$ 28,225,000	$ 1,925,000
Total long-term debt	30,145,000	8,350,000	10,270,000	28,225,000	1,925,000
Other long-term liabilities					
Medicare Advance Payments - *Note 21*	14,885,215	-	9,818,817	1,982,891	1,982,891
Total long-term obligations	$ 45,030,215	$ 8,350,000	$ 20,088,817	$ 30,207,891	$ 3,907,891

Revenue Bonds Payable

Revenue bonds payable consist of the various series of the Iberia Parish, State of Louisiana Hospital Revenue Bonds, as shown below:

Bond Series	Original Issue Amount	Interest Rate	Final Maturity	Balance September 30, 2023	Balance September 30, 2022
Series 2013A	$ 8,265,000	2.48%	November 2023	$ 1,070,000	$ 2,115,000
Series 2013B	$ 3,520,000	2.24%	November 2023	445,000	880,000
Series 2015A	$ 6,000,000	2.75%	November 2025	925,000	1,145,000
Series 2015C	$ 5,215,000	4.75%	November 2035	4,760,000	4,835,000
Series 2019	$ 11,000,000	3.15%	November 2034	10,800,000	10,900,000
Series 2022	$ 8,350,000	3.20%	November 2035	8,300,000	8,350,000
				$ 26,300,000	$ 28,225,000

During 2013, the Series 2013A and 2013B bonds were issued to refinance the Series 2005C, 2005D, 2005E, 2008, 2009A and 2009B bonds at lower interest rates. The bonds are payable in semi-annual installments of principal and interest through final maturity.

The Series 2013A and Series 2013B bonds were paid off in November 2023 with the final annual installments of $1,070,000 and $445,000, respectively.

During 2016, the Medical Center issued the Series 2015A tax-exempt Hospital Revenue Bonds of $6,000,000, Series 2015B tax-exempt Hospital Revenue Bonds of $5,180,000 and Series 2015C taxable Hospital Revenue Bonds of $5,215,000 for the purpose of making improvements, extensions, additions, renewals, replacements or repairs to the Medical Center. In 2022, all of the outstanding Series 2015B bonds and $3,510,000 of the Series 2015A bonds were refinanced with the Series 2022 bonds.

The remaining Series 2015A bonds, after the 2022 bond refinancing, are payable in annual installments ranging from $255,000 to $340,000 through November 2025. The Series 2015C bonds are payable in annual installments ranging from $75,000 to $500,000 through November 2035.

During 2019, the Medical Center issued Series 2019 tax-exempt Hospital Revenue Bond of $11,000,000 for the purpose of making purchases of capital equipment, improvements, extensions, additions, renewals, replacements or repairs to the Medical Center. The Series 2019 bonds are payable in annual installments ranging from $100,000 to $1,170,000 through November 2034.

During 2022, the Medical Center refinanced all of the outstanding Series 2015B tax-exempt Hospital Revenue Bonds and a portion of the Series 2015A bonds with the Series 2022 bonds totaling $8,350,000. The Series 2022 bonds are payable in annual installments ranging from $60,000 to $875,000 through November 2035.

The revenue bonds payable requirements as of September 30, 2023 are as follows:

Year Ending September 30,	Total to be Paid	Principal	Interest
2024	$ 2,840,510	$ 2,005,000	$ 835,510
2025	2,487,101	1,705,000	782,101
2026	2,500,756	1,775,000	725,756
2027	2,609,719	1,945,000	664,719
2028	2,594,286	1,995,000	599,286
2029-2033	12,900,831	10,990,000	1,910,831
2034-2036	6,138,355	5,885,000	253,355
	$ 32,071,558	$ 26,300,000	$ 5,771,558

Note 9: Lease Liabilities

The Medical Center leases medical and office equipment, the terms of which expire in various years through 2028. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance. Variable payments are not significant for the years ended September 30, 2023 and 2022.

The following is a summary of lease liability transactions for the Medical Center for the years ended September 30:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Lease liabilities	$ 1,994,625	$ -	$ 688,508	$ 1,306,117	$ 404,844

	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Lease liabilities	$ 2,588,210	$ 128,255	$ 721,840	$ 1,994,625	$ 591,590

The following is a schedule by year of payments under the leases as of September 30, 2023:

Year Ending September 30,	Total to be Paid	Principal	Interest
2024	$ 458,912	$ 404,844	$ 54,068
2025	448,927	411,841	37,086
2026	305,021	284,018	21,003
2027	192,478	183,017	9,461
2028	23,127	22,397	730
	$ 1,428,465	$ 1,306,117	$ 122,348

Note 10: Subscription Liabilities

The Medical Center has various SBITAs, the terms of which expire in various years through 2027. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. The Medical Center did not recognize any subscription expense for variable payments not previously included in the measurement of the subscription liability during the years ended September 30, 2023 and 2022.

The following is a summary of subscription liability transactions for the Medical Center for the years ended September 30, 2023 and 2022:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Subscription liabilities	$ 878,491	$ 55,557	$ 400,083	$ 533,965	$ 302,685

	2022 (As Restated)				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Subscription liabilities	$ 592,897	$ 735,201	$ 449,607	$ 878,491	$ 409,590

The following is a schedule by year of payments under the SBITA agreements as of September 30, 2023:

Year Ending September 30,	Total to be Paid	Principal	Interest
2024	$ 310,288	$ 302,685	$ 7,603
2025	101,163	97,897	3,266
2026	92,619	90,024	2,595
2027	43,977	43,359	618
	$ 548,047	$ 533,965	$ 14,082

Note 11: Medical Malpractice Claims

The Medical Center has joined together with other providers of health care services to form the Louisiana Hospital Association Medical Malpractice and General Liability Trust Fund, a risk pool (Pool) currently operating as a common risk management and insurance program for its members. The Medical Center purchases medical malpractice insurance from the Pool under a claims-made policy. The Medical Center pays an annual premium to the Pool for its torts insurance coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of stop-loss amounts.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Medical Center's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 12: Employee Health Claims

Substantially all of the Medical Center's employees and their dependents are eligible to participate in the Medical Center's employee health insurance plan. The Medical Center is self-insured for health claims of participating employees and dependents up to an annual stop-loss limit of $100,000 per employee. Commercial stop-loss insurance coverage is purchased for claims in excess of this amount. A provision is accrued for self-insured employee health claims, including both claims reported, and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Medical Center's estimate will change by a material amount in the near term.

Activity in the Medical Center's accrued employee health claims liability during 2023, 2022 and 2021 is summarized as follows:

	2023	2022	2021
Balance, beginning of year	$ 485,624	$ 548,401	$ 429,586
Current year claims incurred and changes in estimates for claims incurred in prior years	4,319,872	3,502,352	3,852,329
Claims and expenses paid	(4,347,405)	(3,565,129)	(3,733,514)
Balance, end of year	$ 458,091	$ 485,624	$ 548,401

Note 13: Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient services rendered to Medicaid program beneficiaries are paid based on prospectively determined rates. Outpatient services are paid under either a cost reimbursement methodology or using defined allowable charges. The Medical Center is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid administrative contractor.

Other. Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Approximately 53 and 56 percent of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended September 30, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Note 14: Louisiana Medicaid Enhanced Rates

The Medical Center receives Medicaid payments to provide an opportunity for the Medical Center to receive rates from Medicaid managed care organizations that approximate, based on available data, the rates the Medical Center receives for Medicaid fee-for-service patients. During the years ended September 30, 2023 and 2022, total revenues, net of expenses, recognized by the Medical Center to increase Medicaid managed care payments totaled approximately $6,182,000 and $8,770,000, respectively. As of September 30, 2023 and 2022, outstanding receivables related to these enhanced rates were approximately $3,155,000 and $1,366,000, respectively, which are recorded in prepaid expenses and other receivables in the accompanying balance sheets. These net receipts are recorded as other operating revenues in the accompanying statements of revenue, expenses and changes in net position.

Note 15: Louisiana Supplemental Payment Programs

The Medical Center also ensures the availability of quality healthcare services for the low-income and needy population by making additional transfers to support the Medicaid program. For the years ended September 30, 2023 and 2022, the Medical Center incurred approximately $9,220,000 and $4,780,000, respectively, in costs, which are included in purchased services and professional fees in the accompanying statements of revenues, expenses and changes in net position.

Note 16: Cooperative Endeavor Agreement Program

The Medical Center is party to a cooperative endeavor agreement with other governmental healthcare providers for the purpose of ensuring adequate healthcare services are available for underserved, non-rural populations. The Medical Center receives revenues regarding these services. During the years ended September 30, 2023 and 2022, total revenues recognized by the Medical Center related to this agreement totaled approximately $16,002,000 and $4,906,000, respectively. As of September 30, 2023 and 2022, outstanding receivables related to this agreement was approximately $2,984,000 and $1,626,000, respectively, which are recorded in prepaid expenses and other receivables in the accompanying balance sheets. These receipts are recorded as other operating revenues in the accompanying statements of revenue, expenses and change in net position.

Note 17: Quality and Outcome Improvement Network

The Medical Center became a participant in the Quality and Outcome Improvement Network, Inc. (QIN) during the year ended September 30, 2020. QIN works with hospitals in the state and the Healthy Louisiana Medicaid managed care organizations to improve the availability and quality of care to high-risk Medicaid populations in Louisiana in exchange for supplemental payments for meeting certain quality metrics. Total amounts received associated with the Medical Center’s participation in QIN during the years ended September 30, 2023 and 2022 totaled approximately $3,147,000 and $3,201,000, respectively, and is recorded as other operating revenues in the accompanying statements of revenue, expenses and change in net position.

Note 18: Pension Plans

Plan Description

The Medical Center contributes to the Parochial Employees’ Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the state of Louisiana (State). PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS is comprised of two distinct plans – Plan A and Plan B – with separate assets and benefit provisions. Employees of the Medical Center are members of Plan A. Benefit provisions are established by state law and may be amended only by the State Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS that can be obtained at http://www.persla.org/.

Benefits Provided

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Retirement benefits for employees are calculated as 3 percent of the plan member's final average compensation multiplied by their years of service. Death benefits are equal to 100 percent of benefits if member is eligible for normal retirement or 60 percent of final compensation if not eligible for normal retirement. Disability retirement benefits are calculated to be equal to the lesser of an amount equal to 3 percent of the member's final average compensation multiplied by their years of services, not to be less than 15, or 3 percent multiplied by years of service assuming continued service to age 60.

For plan members hired prior to January 1, 2007, a member may obtain retirement benefits if any of the following are reached: (a) any age with 30 or more years of creditable service, (b) age 55 with 25 years of creditable service, (c) age 60 with minimum of 10 years of creditable service, (d) age 65 with a minimum of 7 years of creditable service.

For plan members hired after January 1, 2007, a member may obtain retirement benefits if any of the following are reached: (a) age 55 with 30 or more years of service, (b) age 62 with 10 years of service, (c) age 67 with 7 years of service.

The terms of the Plan provide for annual cost of living allowance for the retirees who retired prior to July 1973. The adjustment cannot exceed 2 percent of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Plan may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2 percent of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the Plan may provide a cost of living increase up to 2.5 percent for retirees 62 and older. Lastly, Act 270 provided for further reduced actuarial payments to provide an annual 2.5 percent cost of living adjustment commencing at age 55.

Contributions

State statute has the authority to establish and amend the contribution requirements of the Medical Center and active employees. According to state statute, the Plan also receives ¼ of 1 percent of ad valorem taxes collected within the respective Parishes, except for Orleans and East Baton Rouge Parishes. The Plan also receives revenue sharing funds each year as appropriated by the State Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. As of September 30, 2023 and 2022, employees were required to contribute 9.5 percent of their annual pay.

Contractually required contribution rates for the Medical Center during the years ended September 30, 2023 and 2022 were as follows:

October 1, 2021 through December 31, 2021	12.25%
January 1, 2022 through September 30, 2023	11.50%

The employer contribution is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the years ended September 30, 2023 and 2022, contributions to the Plan from the Medical Center were approximately $4,064,000 and $3,797,000, respectively. The State also made on-behalf contributions to the Plan, of which approximately $453,000 and $399,000 were recognized by the Medical Center for the years ended September 30, 2023 and 2022, respectively; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023 and 2022, the Medical Center reported a liability of $18,711,877 and an asset of ($22,727,312), respectively, for its proportionate share of the net pension (asset) liability. The net pension (asset) liability was measured as of December 31, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of December 31, 2022 and 2021, respectively. The Medical Center's proportion of the net pension (asset) liability was based on the Medical Center's actual contributions to the Plan during the measurement period as compared to the total of all employers' contributions to the Plan during the measurement period.

At December 31, 2022, the Medical Center's proportion of the net pension asset was 4.86 percent, which was an increase of 0.04 percent from its proportion measured as of December 31, 2021. At December 31, 2021, the Medical Center's proportion was 4.82 percent, which was an increase of 0.20 percent from its proportion measured as of December 31, 2020.

During the 2015 Regular Session of the Louisiana Legislature, Act 370 was approved to allow the Plan to provide a cost-of-living increase from the balance in the system's funding deposit account.

For the years ended September 30, 2023 and 2022, the Medical Center recognized pension expense (benefit) of $8,206,461 and ($3,757,698), respectively. This expense (benefit) is included in employee benefits in the accompanying statements of revenues, expenses and changes in net position. At September 30, 2023 and 2022, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 691,822	$ 2,061,591
Changes of assumptions	597,166	-
Net difference between projected and actual earnings on pension plan investments	19,753,740	-
Changes in proportion	154,219	483,019
Medical Center's contributions subsequent to the measurement date	3,195,473	-
Total	$ 24,392,420	$ 2,544,610

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,373,152	$ 1,647,202
Changes of assumptions	1,185,276	-
Net difference between projected and actual earnings on pension plan investments	-	19,658,733
Changes in proportion	270,689	366,040
Medical Center's contributions subsequent to the measurement date	2,925,701	-
Total	$ 5,754,818	$ 21,671,975

At September 30, 2023 and 2022, the Medical Center reported approximately $3,195,000 and $2,926,000, respectively, as deferred outflows of resources related to pensions resulting from the Medical Center’s contributions subsequent to the measurement date that will be recognized as a decrease in the net pension liability in the years ended September 30, 2024 and 2023, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2023, related to pensions will be recognized in pension expense as follows:

2024	$ 565,650
2025	3,231,647
2026	6,298,770
2027	8,556,270
	$ 18,652,337

Actuarial Assumptions

The total pension liability actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

December 31, 2022 and 2021	
Inflation	2.30%
Salary increases	4.75% including inflation
Investment rate of return	6.40% net of pension plan investment expense
Mortality rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

The actuarial assumptions used in the December 31, 2022 and 2021 valuations were based on the results of actuarial experience studies for the period of January 1, 2013 through December 31, 2017.

Long-term Expected Rate of Return

The long-term expected rate of return used in the December 31, 2022 and 2021 valuations on pension plan investments was determined using a tri-angulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10 percent and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	2022 Long-term Expected Real Rate of Return	2021 Long-term Expected Real Rate of Return
Fixed income	33%	1.17%	0.85%
Equity	51%	3.58%	3.23%
Alternatives	14%	0.73%	0.71%
Real assets	2%	0.12%	0.11%
	100%		

Discount Rate

The discount rate used to measure the total pension liability was 6.40 percent and for both years ended December 31, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Medical Center’s proportionate share of the net pension liability at September 30, 2023, has been calculated using a discount rate of 6.40 percent. The following presents the Medical Center’s proportionate share of the net pension (asset) liabilty calculated using a discount rate 1 percent higher and 1 percent lower than the current rate.

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
Medical Center's proportionate share of net pension liability (asset)	$ 46,275,105	$ 18,711,877	$ (4,396,356)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued PERS' financial report.

Payable to the Pension Plan

At September 30, 2023 and 2022, the Medical Center reported a payable of approximately $1,341,000 and $1,272,000, respectively, for the outstanding amount of the Medical Center's contributions to the Plan required for the years ended September 30, 2023 and 2022. These amounts are included in accounts payable and accrued expenses in the accompanying balance sheets at September 30, 2023 and 2022.

Note 19: Significant Estimates and Contingencies

Litigation

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Medical Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Self-insured Employee Health Care

Estimates related to the accrual for self-insured employee health claims are discussed in *Note 12*.

Note 20: Related Party Transactions

The Medical Center leases office space to New Iberia Surgery Center and Acadiana Diagnostic Imaging, LLC under operating leases with original expiration dates of November 30, 2021 and November 30, 2019, respectively. The leases have automatic month to month or annual renewal options upon expiration. The New Iberia Surgery Center and Acadiana Diagnostic Imaging lease space were renewed with extended expiration dates of November 30, 2026 and October 28, 2026, respectively. Amounts received under the lease agreements for during years ended September 30, 2023 and 2022, totaled approximately $91,000 and $67,000.

The Iberia Parish Council, by a resolution adopted in November 2006, provides the Medical Center use of a building in Jeanerette, Louisiana, for the purpose of providing rural health clinic services. The resolution originally expired October 31, 2018, but was renewed for an additional 3-year period through October 31, 2021. The lease was not extended after October 31, 2021 and the land and building were donated to the Medical Center at the end of the lease in fiscal 2022 with an acquisition value of donated capital gifts of $175,000.

The Medical Center purchased diagnostic imaging services from Acadiana Diagnostic Imaging, LLC during 2023 and 2022 totaling approximately $121,000 and $43,000, respectively.

The Medical Center paid sales tax associated with cafeteria sales to the Parish for the years ended September 30, 2023 and 2022 totaling approximately $20,000 and $15,000, respectively.

Note 21: COVID-19 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic.

The extent of the COVID-19 pandemic’s adverse effect on the Medical Center’s operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Medical Center’s control and ability to forecast. Because of these and other uncertainties, the Medical Center cannot estimate the length or severity of the effect of the pandemic on the Medical Center’s business.

Provider Relief Funds

During the years ended September 30, 2023 and 2022, the Medical Center received approximately $0 and $1,325,000, respectively, related to distributions from the CARES Act Provider Relief Fund. These distributions from the Provider Relief Fund are not subject to repayment, provided the Medical Center is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services (HHS).

The Medical Center is accounting for such payments as conditional contributions. Payments are recognized as nonoperating revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Medical Center's operating revenues and expenses through September 30, 2023 and 2022, the Medical Center recognized approximately $0 and $1,325,000, respectively, related to the Provider Relief Fund, and these payments are recorded as nonoperating revenue in the statements of revenues, expenses and changes in net position.

The Medical Center will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Medical Center's revenues and expenses. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. These funds are subject to government oversight, including potential audits, which could impact the Medical Center's ability to retain all of the distributions received.

Medicare Accelerated and Advanced Payment Program

During the year ended September 30, 2020, the Medical Center requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts are expected to be recaptured by the Centers for Medicare & Medicaid Services (CMS) according to the payback provisions.

The payback began one year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period will be at 25 percent of the remittance advice payment followed by a six-month payback period at 50 percent of the remittance advice payment. After 29 months, CMS expected any amount not paid back through the withhold amounts to be paid back in a lump sum or interest will begin to accrue subsequent to the 29 months at a rate of 4 percent.

During the year ended September 30, 2020, the Medical Center received approximately $14,885,000 from these accelerated Medicare payment requests. During the years ended September 30, 2023 and 2022, the Medical Center repaid approximately $1,983,000 and $9,819,000 of the accelerated Medicare payments to CMS. The unapplied amount of accelerated Medicare payment requests of approximately $0 and $1,983,000 as of September 30, 2023 and 2022, respectively, are recorded in Medicare Advance Payments in the accompanying balance sheets as a liability.

Note 22: Future Change in Accounting Principle

GASB Statement No. 101 – *Compensated Absences* (GASB 101) updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled. A liability for compensated absences should be accounted for and reported on a basis consistent with governmental fund accounting principles for financial statements prepared using the current financial resources measurement focus. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The changes adopted at transition to conform to the provisions of GASB 101, should be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, including the related display and disclosure requirements. The impact of applying the Statement has not been determined.

Required Supplementary Information

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Changes in the Medical Center’s Net Pension Liability (Asset)
Last 10 Fiscal Years*

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Medical Center's proportion of net pension liability (asset)	4.861755%	4.824887%	4.621149%	4.852052%	4.711360%	4.348857%	4.283340%	3.723066%	3.932805%
Medical Center's proportionate share of the net pension liability (asset)	$ 18,711,877	$ (22,727,312)	$ (8,102,788)	$ 228,408	$ 20,910,706	$ (3,227,924)	$ 8,821,596	$ 9,800,182	$ 1,075,262
Medical Center's covered - employee payroll	$ 32,990,343	$ 32,390,406	$ 30,826,378	$ 30,733,343	$ 28,948,106	$ 28,273,034	$ 25,363,474	$ 21,333,750	$ 21,683,688
Medical Center's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.7%	-70.2%	-26.3%	0.7%	72.2%	-11.4%	34.8%	45.9%	5.0%
Plan fiduciary net position as a percentage of the total pension liability	91.74%	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%	99.15%

Note to Schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Changes of Assumptions:

December 31, 2022 and 2021

There were no changes of assumptions since measurement date December 31, 2020.

December 31, 2020

1) Discount rate reduced to 6.40%
2) Inflation rate decreased to 2.30%

December 31, 2019

There were no changes of assumptions since measurement date December 31, 2018.

December 31, 2018

1) Discount rate reduced to 6.50%
2) Inflation rate decreased to 2.40%
3) Projected salary increases decreased to 4.75% (2.40% inflation, 2.35% merit)
4) Mortality table updated based on January 1, 2013 through December 31, 2017 experience study performed on plan data

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Changes in the Medical Center's Net Pension Liability (Asset) (Continued)
Last 10 Fiscal Years*

December 31, 2017

1) Discount rate reduced to 6.75%

December 31, 2016

There were no changes of assumptions since measurement date December 31, 2015.

December 31, 2015

1) Discount rate reduced to 7.00%
2) Inflation rate decreased to 2.50%
3) Projected salary increases decreased to 5.25% (2.50% inflation, 2.75% merit)
4) Mortality table updated based on January 1, 2010 through December 31, 2014 experience study performed on plan data

Changes in Plan Provisions:

December 31, 2022, 2021, 2020, 2019, 2018, 2017 and 2016

There were no changes in plan provisions since measurement date December 31, 2015.

December 31, 2015

1) Act 370 was approved in the 2015 Louisiana Legislative Regular Session to allow the Plan to provide a cost-of-living increase from the balance in the system's funding deposit account

* The amounts presented for each fiscal year are determined as of the Medical Center's measurement date of December 31.

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Medical Center's Pension Contributions
Last 10 Fiscal Years*

	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Actuarially determined contribution	$ 4,063,650	$ 3,785,898	$ 4,134,654	$ 3,656,081	$ 3,519,746	$ 3,323,989	$ 3,327,170	$ 3,219,198	$ 3,166,385
Contribution in relation to the actuarially determined contribution	4,063,650	3,785,898	4,134,654	3,656,081	3,519,746	3,323,989	3,327,170	3,219,198	3,166,385
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Medical Center's covered-employee payroll	$ 35,355,674	$ 32,468,252	$ 33,752,279	$ 30,326,691	$ 30,606,488	$ 28,273,034	$ 26,351,908	$ 24,139,449	$ 21,283,259
Contributions as a percent of covered-employee payroll	11.49%	11.66%	12.25%	12.06%	11.50%	11.76%	12.63%	13.34%	14.88%

Note to Schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Changes of Assumptions:
December 31, 2022 and 2021
There were no changes of assumptions since measurement date December 31, 2020.

December 31, 2020
1) Discount rate reduced to 6.40%
2) Inflation rate decreased to 2.30%

December 31, 2019
There were no changes of assumptions since measurement date December 31, 2018.

December 31, 2018
3) Discount rate reduced to 6.50%
4) Inflation rate decreased to 2.40%
5) Projected salary increases decreased to 4.75% (2.40% inflation, 2.35% merit)
6) Mortality table updated based on January 1, 2013 through December 31, 2017 experience study performed on plan data

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Medical Center's Pension Contributions (Continued)
Last 10 Fiscal Years*

December 31, 2017

1) Discount rate reduced to 6.75%

December 31, 2016

There were no changes of assumptions since measurement date December 31, 2015.

December 31, 2015

2) Discount rate reduced to 7.00%
3) Inflation rate decreased to 2.50%
4) Projected salary increases decreased to 5.25% (2.50% inflation, 2.75% merit)
5) Mortality table updated based on January 1, 2010 through December 31, 2014 experience study performed on plan data

* The amounts presented are determined as of the Medical Center's most recent fiscal year-end.

Supplementary Information

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Compensation, Reimbursements, Benefits and Other Payments to Chief Executive Officer
Year Ended September 30, 2023

Agency Head Name: Dionne Viator

Purpose	Amount
Salary	$ 431,896
Benefits-insurance	977
Benefits-retirement	37,950
Incentive compensation	95,120
Reimbursements	2,923

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Insurance Policies
September 30, 2023

Covered Risks	Insurer	Coverage Description		Coverage Amount	Expiration Date
Malpractice and General Liability	Louisiana Hospital Association	Professional Liability	$	2,500,000	11/1/2024
		Umbrella		9,500,000	11/1/2024
		General Liability		2,500,000	11/1/2024
Louisiana Patient Compensation	Louisiana Hospital Association	Louisiana Patient Compensation		500,000	11/1/2024
Professional Liability	Louisiana Hospital Association	Physicians and Surgeons		300,000	11/1/2024
Workers' Compensation	Louisiana Hospital Association	Coverage A		Statutory	1/1/2024
		Coverage B		1,000,000	1/1/2024
Directors, Officers and Employment Practices	Traveler's Casualty & Surety Company	Liability		50,000 - 4,000,000	1/1/2024
Property	Fireman's Fund Insurance Company	Property Damage		1,000,000 -	1/1/2024
	Lexington Insurance Company	Wind/Hail		2,500,000 -	1/1/2024
	Lloyd's of London	Wind/Hail		2,500,000 -	1/1/2024
	Bridgeway Insurance Company	Wind/Hail		1,500,000 -	1/1/2024
	Independent Specialty	Wind/Hail		3,500,000 -	1/1/2024
Crime	Traveler's Casualty & Surety Company	Crime		5,000 - 1,000,000	1/1/2024
Cyber	Houston Casualty Company	Liability		25,000 - 5,000,000	1/1/2024
Excess Cyber	Lloyd's of London	Liability		5,000,000	1/1/2024
Auto	Houston Specialty Insurance Company	Liability		5,000 - 1,000,000	1/1/2024
Flood	Wright Flood	Building		45,000-500,000	8/2/2024
		Contents		21,000-500,000	8/2/2024

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Schedule of Board Members
September 30, 2023

Name	Office	Residence
Mr. Larry Hensgens, Jr.	Past Chairman	New Iberia, Louisiana
Mr. Roland Jeanlouis	Chairman	New Iberia, Louisiana
Ms. Catherine DeBlanc Reaves	Member	New Iberia, Louisiana
Mr. Brock Romero	Member	New Iberia, Louisiana
Mr. Lynn Minvielle	Member	New Iberia, Louisiana
Mr. Jose Mata	Member	New Iberia, Louisiana
Mr. Carlo Alphonso	Member	New Iberia, Louisiana
Ms. Aquicline Rener-Arnold	Member	New Iberia, Louisiana
Ms. Emily Breaux	Member	New Iberia, Louisiana

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / F 972.702.0673
forvis.com

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*

Independent Auditor's Report

Board of Commissioners
Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
New Iberia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Hospital Service District No. 1, a Component Unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (the Medical Center), which comprise the Medical Center's balance sheet as of September 30, 2023, and the related statements revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 29, 2024, which contained an emphasis-of-matter paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

FORVIS, LLP

Dallas, Texas
February 29, 2024

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Year Ended September 30, 2023

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / **F** 972.702.0673
forvis.com

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners and the Louisiana Legislative Auditor
Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
New Iberia, Louisiana

We have performed the procedures enumerated in the attachment to this report on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures as of and for the year ended September 30, 2023. The management of Hospital Service District No. 1, a Component Unit of Iberia Parish, State of Louisiana d/b/a Iberia Medical Center (the Medical Center), is responsible for the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures.

The Medical Center has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures as of and for the year ended September 30, 2023. 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 the associated findings are described in the attachment to this report.

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

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

Under Louisiana Revised Statue 24:513, this report is distributed by the LLA as a public document.

FORVIS, LLP

Dallas, Texas
March 25, 2024

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
Applying Agreed-Upon Procedures
Year Ended September 30, 2023

Written Policies and Procedures

Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   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) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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.

Findings

No exceptions were identified in the performance of the procedures listed above.

Board or Finance Committee

Procedures

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 whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.
c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
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.

Findings

The Medical Center did not have a negative unassigned fund balance in the prior year audit report. Accordingly, there are no items to report for #2c.

The Medical Center did not have written evidence of the progress of resolving an audit finding related to the 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).

No exceptions were identified in the performance of the other procedures listed above.

Management's Response

The Medical Center presented the finding to the board; however, the matter was not included in writing in the recorded minutes. Documentation of such matters will be included in the minutes going forward.

Bank Reconciliations

Procedures

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

Findings

The Medical Center did not have documentation reflecting research was being conducted for reconciling items, specifically outstanding checks, older than 12 months from the statement closing date for one bank account (#3c).

No other exceptions were identified in the performance of the procedures listed above.

Management's Response

The Medical Center investigates all reconciling items older than 12 months from the bank statement closing date as a standard process. Documentation of such research will be added to process expectations.

Collections (Excluding Electronic Funds Transfers)

Procedures

4A. 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).

4B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees responsible for cash collections do not share cash drawers/registers;
b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
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, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

4C. 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.

4D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). 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 receipt15 at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).
e) Trace the actual deposit per the bank statement to the general ledger.

Findings

No exceptions were identified in the performance of the procedures listed above.

Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases)

Procedures

5A. 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).

5B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or 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.

5C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

5D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Findings

No exceptions were identified in the performance of the procedures listed above.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Procedures

6A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

6B. 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 whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
b) Observe that finance charges and late fees were not assessed on the selected statements.

6C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings

Documentation of formal review by other than the card holder of supporting documentation (#6Ba) for all charges on the monthly statement for one credit card was not available but all charges selected from such statement did have supporting documentation and approval prior to purchase.

No exceptions were identified in the performance of the procedures listed above.

Travel and Travel-Related Expenses Reimbursements (Excluding Card Transactions)

Procedures

7. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

   a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
   b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
   c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
   d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings

No exceptions were identified in the performance of the procedures listed above.

Contracts

Procedures

8. 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. 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

   a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
   b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
   c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval);
   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.

Findings

No exceptions were identified in the performance of the procedures listed above.

Payroll and Personnel

Procedures

9A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

9B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
b) Observe whether supervisors approved the attendance and leave of the selected employees or 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.

9C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

9D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings

No exceptions were identified in the performance of the procedures listed above.

Ethics

Procedures

10A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

10B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings

Management represents that the Medical Center did not make any changes to their ethics policy during the year ended September 30, 2023. Accordingly, #10Ab was not applicable.

No exceptions were identified in the performance of the procedures listed above.

Debt Service

Procedures

11A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

11B. 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).

Findings

No exceptions were identified in the performance of the procedures listed above.

Fraud Notice

Procedures

12A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

12B. 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.

Findings

Management represents that there were no misappropriations of public funds during the year ended September 30, 2023. Accordingly, #12A was not applicable.

No exceptions were identified in the performance of the procedures listed above.

Information Technology Disaster Recovery/Business Continuity

Procedures

13A. Perform the following procedures, verbally discuss the results with management, and report *"We performed the procedure and discussed the results with management."*

a) 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.
b) 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.
c) 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.

13B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Findings

We performed the procedure and discussed the results with management.

No exceptions were identified in the performance of the procedures listed above.

Prevention of Sexual Harassment

Procedures

14A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

14B. 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).

14C. 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.

<u>Findings</u>

The Medical Center does not have its sexual harassment policy and complaint procedures posted on its website.

No exceptions were identified in the performance of the #14A and 14C listed above.

<u>Management's Response</u>

The Medical Center has posted the sexual harassment policy on its intranet site as well as in the employee handbook. The policy will be posted on the external website.

Hospital Service District No. 1

A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)

Single Audit Reports

September 30, 2023

Contents

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center)
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2023

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		$ -	$ 1,297,369
Total Federal Award Expenditures:			$ -	$ 1,297,369

The accompanying notes are an integral part of this Schedule.

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hospital Service District No.1, a component unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform 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 Medical Center, it is not intended to and does not present the financial position, changes in net position or cash flows of the Medical Center.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The Medical Center has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

The Medical Center did not have any federal loan programs during the year ended September 30, 2023.

Note 5: Personal Protective Equipment (PPE) (Unaudited)

For the year ended September 30, 2023, the Medical Center received $0 in donated PPE in response to the COVID-19 pandemic.

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / **F** 972.702.0673
forvis.com

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*

Independent Auditor's Report

Board of Commissioners
Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
New Iberia, 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 Hospital Service District No. 1, a Component Unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center), which comprise the Medical Center's balance sheet as of September 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 29, 2024, which contained an emphasis-of-matter paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Medical Center'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 Medical Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Dallas, Texas
February 29, 2024

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / F 972.702.0673
forvis.com

Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Commissioners
Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana
(d/b/a Iberia Medical Center)
New Iberia, Louisiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Hospital Service District No. 1, a Component Unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center) (Medical Center)'s 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 the Medical Center's major federal program for the year ended September 30, 2023. The Medical Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the 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 Medical Center 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 the major federal program. Our audit does not provide a legal determination of the Medical Center'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 Medical Center'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 Medical Center'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 Medical Center'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 Medical Center'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 Medical Center'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 Medical Center'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 Medical Center, as of and for the year ended September 30, 2023, and have issued our report thereon dated February 29, 2024, which contained an unmodified opinion on those financial statements and an emphasis-of-matter paragraph regarding a change in accounting principle. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

FORVIS, LLP

Dallas, Texas
March 22, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Material weakness(es) identified?	☐ Yes	☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards program:

Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Material weakness(es) identified?	☐ Yes	☒ No

5. Type of auditor's report issued on compliance for the major federal program:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of the major federal program:

Cluster/Program	Assistance Listing Number
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

Reference Number	Finding

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding

No matters are reportable.

Hospital Service District No. 1
A Component Unit of Iberia Parish, State of Louisiana (d/b/a Iberia Medical Center)
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

Reference Number	Summary of Finding	Status
2022-001	COVID-19 Provider Relief Fund Resolved Assistance Listing Number 93.498 U.S. Department of Health and Human Services	

Criteria or specific requirement – Activities Allowed/Unallowed and Allowable Costs and Cost Principles (45 CFR 75.403) and Reporting (45 CFR 75.342)

Condition – The Medical Center is required to prepare and submit Period 2 Provider Relief Fund reporting. This report is to be prepared using accurate financial information and submitted by the deadline established. Reported use of the funds should be supported by underlying accounting records.

Questioned costs – $2,018 – Calculated as the error value of the incremental costs included on the Period 2 report for which the incorrect underlying contract labor rate was utilized in the calculation.

Context – The Period 2 Provider Relief Fund report was tested. The Medical Center utilized incremental costs of contract labor as a component of their reported expenditures. When testing the underlying calculations of incremental costs, errors in the calculations were identified whereby certain incorrect contract labor rates were utilized in the calculation, thus resulting in errors in the reported expenditures.

Effect – Reported expenses are calculated incorrectly. Expenses may not be allowable.

Cause – The Medical Center did not correctly calculate incremental costs.