

NATCHITOCHEs REGIONAL MEDICAL CENTER

COMBINED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021



**LESTER, MILLER & WELLS**  
*A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS*



## TABLE OF CONTENTS

### Page No.

Management's Discussion and Analysis .....	i
Independent Auditors' Report on the Financial Statements and Supplementary Information .....	1

## FINANCIAL STATEMENTS

Consolidated Statements of Net Position .....	5
Consolidated Statements of Revenues, Expenses, and Changes in Net Position .....	7
Consolidated Statements of Cash Flows .....	8
Notes to Consolidated Financial Statements .....	10

## SUPPLEMENTARY INFORMATION

Consolidating Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position .....	34
Schedules of Net Patient Service Revenue .....	42
Schedules of Other Revenue .....	47
Schedules of Expenses – Salaries and Benefits .....	48
Schedules of Expenses – Medical Supplies and Drugs .....	50
Schedules of Expenses – Medical, Professional and Consulting Services .....	51
Schedules of Expenses – Other .....	52
History .....	53
Schedule of Per Diem or Other Amounts Paid to or on Behalf of Commissioners .....	59
Schedule of Bonds Payable .....	60
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer .....	61
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	62
Schedule of Findings and Questioned Costs .....	64

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis

Our discussion and analysis of Natchitoches Parish Hospital Service District's (Hospital's) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Hospital's financial statements, which begin on page 5.

**Financial Highlights**

- The Hospital's total assets increased by approximately \$4,507,000 or roughly 4.5%. The Hospital's total liabilities increased by approximately \$2,227,000, or roughly 7.8%. The increase in total assets can be attributed to the implementation of new accounting standards requiring the capitalization of certain leased assets. The majority of the increase in liabilities also results from the implementation of accounting standards concerning leases. During the year, the Hospital repaid approximately \$5,171,000 of Medicare Advanced Payments.
- During the year, the Hospital's net patient service revenue rose 9.4% due to the expansion of services, such as private physician offices, and the acquisition of a cancer center. Operating expenses increased by approximately \$10,038,000, or 12.0%. The Hospital had a net loss from operations of \$2,075,047 but an overall income of \$3,717,388, which is approximately 4.1% of total operating revenue.
- The voters renewed a 10-year Ambulance property tax in 2013, and the Hospital received \$2,040,000 in taxes for this year. These taxes have been able to provide funds for modernization of Ambulance equipment and expansion of service to rural areas of the Parish that do not have the optimum of services.

**Using This Annual Report**

The Hospital's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by contributors, grantors, or enabling legislation.

**The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position**

Our analysis of the Hospital finances begins on page iv. One of the most important questions asked about the Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received and paid.

These two statements report the Hospital's net position and changes in them. You can think of the Hospital's net position – the difference between assets and liabilities – as one way to measure the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Hospital's patient base and measure of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Hospital.

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**The Statement of Cash Flows**

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing 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 balance during the reporting period?"

**The Hospital's Net Position**

The Hospital's net position is the difference between its assets and liabilities reported in the statement of net position on page 5. The Hospital's net position increased in each of the past three years, by \$2,060,157 (2.9 percent) in 2022, \$2,574,775 (3.7 percent) in 2021 and \$1,390,975 (2.1 percent) in 2020, as you can see from Table 1.

**Table 1: Assets, Liabilities and Net Position**

	<u>2022</u>	June 30 <u>2021</u>	<u>2020</u>
Total Current Assets	\$ 29,606,620	\$ 29,974,125	\$ 30,646,968
Land & Depreciable Assets – Net	55,578,684	50,744,902	49,144,125
Other Assets, Including Board - Designated Investments	<u>19,965,839</u>	<u>19,925,359</u>	<u>18,862,055</u>
Total Assets	<u>\$ 105,151,143</u>	<u>\$ 100,644,386</u>	<u>\$ 98,653,148</u>
Current Liabilities	\$ 17,284,397	\$ 16,104,765	\$ 13,118,008
Long-term Debt/Liabilities	<u>13,318,846</u>	<u>12,271,820</u>	<u>16,806,573</u>
Total Liabilities	<u>30,603,243</u>	<u>28,376,585</u>	<u>29,924,581</u>
Deferred inflows of resources	<u>1,184,401</u>	<u>964,459</u>	<u>-0-</u>
Net Position			
Net Investment in Capital Assets	39,918,534	38,702,617	36,954,125
Restricted	786,423	890,722	2,828,532
Unrestricted	<u>30,417,535</u>	<u>29,674,950</u>	<u>27,174,458</u>
Total Controlling Net Position	<u>71,122,492</u>	<u>69,268,289</u>	<u>66,957,115</u>
Noncontrolling Interest in Subsidiary	<u>2,241,007</u>	<u>2,035,053</u>	<u>1,771,452</u>
Total Net Position	<u>73,363,499</u>	<u>71,303,342</u>	<u>68,728,567</u>
Total Liabilities and Net Position	<u>\$ 105,151,143</u>	<u>\$ 100,644,386</u>	<u>\$ 98,653,148</u>

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**Operating Results and Changes in the Hospital's Net Position**

The following table presents a summary of the Hospital's historical revenues and expenses for the fiscal years ended June 30, 2022, 2021 and 2020.

**Table 2: Operating Results and Changes in Net Position**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue:			
Net Patient Service Revenue	\$ 83,827,193	\$ 76,597,147	\$ 64,328,957
Other Revenue	<u>7,717,813</u>	<u>6,615,896</u>	<u>6,322,783</u>
Net Revenue	<u>91,545,006</u>	<u>83,213,043</u>	<u>70,651,740</u>
Expenses:			
Salaries & Benefits	47,056,361	41,385,455	38,592,481
Medical Supplies	10,869,397	12,001,138	7,793,566
Purchased Services	7,828,534	4,713,810	4,787,488
Other Operating Expense	22,405,479	20,930,190	20,234,612
Depreciation & Amortization	<u>5,460,282</u>	<u>4,551,122</u>	<u>4,060,249</u>
Total Operating Expense	<u>93,620,053</u>	<u>83,581,715</u>	<u>75,468,396</u>
Net Operating Income	<u>(2,075,047)</u>	<u>(368,672)</u>	<u>(4,816,656)</u>
Investment Income	328,039	327,390	343,102
Interest Expense	(515,373)	(439,701)	(126,792)
Other Nonoperating Revenue	<u>5,979,769</u>	<u>4,077,637</u>	<u>6,746,653</u>
Excess of Revenues over Expense	3,717,388	3,596,654	2,146,307
Unrealized Holding Gains (Losses)	(737,177)	(129,743)	242,777
Consolidated Net Income - Non Controlling Interest	<u>(1,130,314)</u>	<u>(1,155,737)</u>	<u>(1,178,476)</u>
Changes in Net Position	1,849,897	2,311,174	1,210,608
Net Position – Beginning of Year	69,268,289	66,957,115	65,746,507
Prior Period Adjustment	<u>4,306</u>	<u>-0-</u>	<u>-0-</u>
Net Position – End of Year	<u>\$ 71,122,492</u>	<u>\$ 69,268,289</u>	<u>\$ 66,957,115</u>

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**Operating Income**

The first component of the overall change in the Hospital's net position is its operating income (loss) – generally, the difference between net patient service revenue and other revenue, and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported a net operating loss. In 2022, there was a decrease of \$1,706,375 (463%) in operating income. In 2021, there was an increase of \$4,447,984 (92%) in operating income. In 2020 there was a decrease of \$3,772,114 (361%) in operating income.

Total salary and benefits expenses increased in 2022 by \$5,670,906 or 13.7%, 2021 by \$2,792,974 or 7.2%, and 2020 by \$2,170,713 or 6.0%. As a percentage of net patient service revenue, salary and benefit expenses were approximately 56.1%, 54.0%, and 60.0% for the fiscal years ended June 2022, 2021 and 2020, respectively.

Medical supplies decreased by approximately \$1,132,000 and professional fees increased by approximately \$3,115,000 in 2022. The increase in professional fees is mostly attributable to agency nursing services relating to staffing shortages caused by COVID-19. Other expenses increased by approximately \$1,475,000. The increase in other expenses were mainly related to software subscriptions, maintenance contracts and insurance.

The rate of health care inflation has a direct effect on the cost of services provided by the Hospital. A component of the Hospital's costs is expenses for medical and professional services. In 2022, medical and professional services cost totaled \$7.8 million (8.3% of total expenses) and an increase of 66.1% over 2021 costs of \$4.7 million (5.6% of total expenses).

**Sources of Revenue**

During fiscal year 2022, the Hospital derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Hospital's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes grant revenue, donation revenue, cafeteria sales, contract meals, rental income, lease income and other miscellaneous services.

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**Sources of Revenue (continued)**

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended June 30, 2022, 2021 and 2020.

**Table 3: Payor Mix by Percentage**

	Year-end June 30		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Medicare	24.9%	27.7%	30.7%
Medicaid	30.3%	30.8%	31.2%
Commercial Insurance	29.2%	24.9%	21.0%
Blue Cross	13.4%	14.4%	14.5%
Self-Pay and Other	<u>2.2%</u>	<u>2.2%</u>	<u>2.6%</u>
Total Patient Revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**Other Revenue**

Other revenue includes intergovernmental transfer grant revenue, donation revenue, cafeteria sales, rental income, lease income, and other miscellaneous services. Other revenue increased by \$1,101,917 or 16.7% for 2022.

**Table 4: Other Revenue**

	Year-end June 30		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Other Revenue:			
Rental Income	\$ 1,168,714	\$ 1,130,413	\$ 1,547,772
Lease Income	327,763	242,078	-0-
Dietary Sales	251,810	199,844	280,814
Donations	858,000	-0-	-0-
Drugs Sold to Employees	477,196	897,721	686,797
Vending Revenue	20,846	20,707	27,046
Grants	3,785,340	3,141,614	2,698,269
340B Pharmaceutical Program	594,421	796,011	727,968
Other	<u>233,723</u>	<u>187,508</u>	<u>354,117</u>
Total Other Revenue	<u>\$ 7,717,813</u>	<u>\$ 6,615,896</u>	<u>\$ 6,322,783</u>

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**Nonoperating Revenues and Expenses**

Nonoperating revenues and expenses consist of property tax revenue, interest income, interest expense, and other nonoperating revenue. Other nonoperating revenue increased by \$1,902,132 or 46.6% in 2022. This increase is due to timing differences of when provider relief funds received by the hospital to prepare for and respond to the Coronavirus pandemic were recognized as revenue. Provider relief funds of \$3,705,769, \$2,144,982 and \$4,920,967 were recognized as revenue in 2022, 2021 and 2020, respectively.

	Year-end June 30		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Other Nonoperating Revenue			
Ambulance Tax and Subsidy	\$ 2,040,000	\$ 1,964,585	\$ 1,825,686
Loss on Sale of Assets	234,000	(31,930)	-0-
Provider Relief Funds	<u>3,705,769</u>	<u>2,144,982</u>	<u>4,920,967</u>
 Total Other Nonoperating Revenue	 <u>\$ 5,979,769</u>	 <u>\$ 4,077,637</u>	 <u>\$ 6,746,653</u>

**Operating and Financial Performance**

The following summarizes the Hospital's statements of revenues, expenses, and changes in net position between 2022, 2021 and 2020.

Overall, activity at the Hospital, as measured by admissions of adults, pediatrics, and geriatric psych patients, has decreased over the past few years. Inpatient admissions decreased by 1.8% in 2022 to 2,046 from 2,083 in 2021. Inpatient admissions were 2,095 in 2020. Patient days decreased 3.0% in 2022 to 9,792 from 10,099 in 2021. Patient days were 9,737 in 2020. The average length of stay for acute care patients (excluding newborns) decreased to 4.05 days in 2022 from 4.15 days in 2021. This average was 3.63 days in 2020.

Outpatient registrations increased by 24.3% in 2022 to 118,708 from 95,511 in 2021. The increase in 2021 was 30.7%. The outpatient registrations were 73,099 in 2020.

Our Long-Term Care Unit's activity decreased by 6.3% in 2022 to 30,460 patient days from 32,516 in 2021. This represents 75% occupancy on the unit and an average of 83 patients per day. Patient days in 2020 were 36,814.

The Hospital operates the district ambulance service that traditionally has had operating losses. The ambulance operation was supported by a 5.53 mill property tax approved by the residents of Natchitoches Parish which was renewed in 2013 at 5.31 mill for 10 years. The amount of tax revenue recognized during 2022 was \$2,040,000, which is an increase of 3.8% over 2021 revenues of \$1,964,585.

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**Operating and Financial Performance (continued)**

**Table 5: Patient and Hospital Statistical Data**

	Year-end June 30		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Admissions:			
Adult and Pediatric	1,883	1,929	1,881
Newborn	521	495	493
Long-Term Care Unit	202	223	255
Geriatric Psych Unit	163	154	214
Patient Days:			
Adult and Pediatric	7,621	7,996	6,826
Medicare (Included in Adult & Pediatric)	2,316	2,553	2,693
Medicaid (Included in Adult & Pediatric)	3,224	2,917	2,582
Newborn	1,004	954	956
Long-Term Care Unit	30,460	32,516	36,814
Geriatric Psych Unit	2,171	2,103	2,911
Operating Room Patients	2,532	2,385	2,011
Outpatient Registrations	118,708	95,511	73,099
Emergency Room Visits	18,254	16,903	18,761
Ambulance Runs	3,517	3,995	4,396
Average Daily Census (Excluding Newborn):			
Adult and Pediatric	20.88	21.91	18.65
Long-Term Care Unit	83.45	89.08	100.58
Geriatric Psych Unit	5.95	5.76	7.95
Average Length of Stay (Excluding Newborn):			
All Acute Care Patients	4.05	4.15	3.63
Medicare Patients	4.47	4.23	4.09
Medicaid Patients	2.86	2.78	2.67
Long-Term Care Unit Patients	150.79	145.81	144.37
Geriatric Psych Unit Patients	13.32	13.66	13.60
Percentage of Acute-Care Patient Days:			
Medicare	30.39%	31.93%	39.45%
Medicaid	42.30%	36.48%	37.83%
Full-Time Equivalents (FTE's)	645	593	570

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**Operating and Financial Performance (continued)**

Allowances increased over prior year as described in the table below:

**Table 6: Allowance Summary**

	Year-end June 30		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Allowances:			
Medicare Contractual Allowances	\$ 58,508,976	\$ 51,428,433	\$ 49,194,798
Medicaid Contractual Allowances	59,250,090	52,667,573	46,283,152
Blue Cross, Louisiana State Employees, and other Contractual Allowances	76,465,219	59,296,999	45,318,483
Provision for Bad Debt	6,097,671	7,371,444	7,032,303
Other Adjustments	410,775	575,933	452,008
Nursing Home IGT	(956,196)	(739,084)	(936,480)
Physician Fee Revenue	<u>(4,786,634)</u>	<u>(4,093,891)</u>	<u>(2,981,004)</u>
Total Allowances	<u>\$ 194,989,901</u>	<u>\$ 166,507,407</u>	<u>\$ 144,363,260</u>

Days revenue in accounts receivable increased from 54.1 days in 2020 to 55.1 days in 2021, and then decreased to 52.0 days in 2022. Excluded from net patient service revenue are charges forgone for patient services falling under the Hospital's charity care policy. Based on established rates, gross charges of \$388,707 were foregone in 2022, compared to \$436,040 in 2021 and \$410,911 in 2020. The Hospital has instituted an automated charity care system to assure consistent application of Board policies. Hospital assumes compliance with our charity policy results in only patients meeting specific criteria being classified as charity care.

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**Land & Depreciable Assets**

At the end of 2022, the Hospital had \$55.6 million invested in land, depreciable assets and right-of-use lease assets, net of accumulated depreciation and amortization, as detailed in note 6 to the financial statements. In 2022, the Hospital spent \$9,115,158 in depreciable assets and construction cost compared to \$4,433,064 in 2021. Of this, \$7,718,113 (84.7%) was the acquisition of new buildings, equipment and construction as can be seen in Table 8 below. In 2022, the Hospital committed to lease agreements for the right to use various equipment. The Hospital recognized approximately \$4,316,000 of right-of-use assets related to lease agreements committed to during the year, the value of which will be amortized over periods ranging from 3 to 5 years. Depreciation and amortization expense for 2022 was \$4,136,143 and \$1,244,771, respectively.

**Table 7: Land & Depreciable Assets**

	Year-end June 30		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,418,230	\$ 967,125	\$ 1,227,125
Construction in Progress	<u>5,221,531</u>	<u>9,163,260</u>	<u>10,505,585</u>
Nondepreciable Capital Assets	<u>\$ 6,639,761</u>	<u>\$ 10,130,385</u>	<u>\$ 11,732,710</u>
Building & Equipment	\$ 132,028,436	\$ 119,525,807	\$ 114,370,249
Less Accumulated Depr.	<u>87,833,461</u>	<u>80,583,575</u>	<u>76,958,834</u>
Depreciable Capital Assets, Net	<u>\$ 44,194,975</u>	<u>\$ 38,942,232</u>	<u>\$ 37,411,415</u>
Right-of-Use Capital Assets			
Equipment	\$ 6,261,228	\$ 2,166,130	\$ -0-
Accumulated Amortization	<u>1,517,280</u>	<u>493,845</u>	<u>-0-</u>
Right-of-Use Capital Assets, Net	<u>\$ 4,743,948</u>	<u>\$ 1,672,285</u>	<u>\$ -0-</u>

**Table 8: Major Additions over \$100,000**

<u>Capital Investment</u>	<u>Department</u>	<u>2022 Cost</u>
New Ambulance	Ambulance	\$ 171,837
Cancer Center	Building	\$ 5,957,057
Construction projects	Dialysis	\$ 252,235
Construction projects	HR Parking Lot	\$ 382,714
Construction projects	Radiographic Room	\$ 366,604
Construction projects	Cancer Center	\$ 333,568
Construction projects	Women's Clinic	\$ 254,098

Natchitoches Parish Hospital Service District  
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

**Debt Administration**

At year-end, the Hospital had \$10,916,202 in short-term and long-term debt. Long-term debt increased by \$546,202 in fiscal year 2022. More detailed information about the Hospital's long-term liabilities is presented in Note 9 to the basic financial statements. Total debt outstanding represents approximately 10.4% of the Hospital's total assets at June 30, 2022 versus prior years of 10.3% and 12.4% for 2021 and 2020, respectively.

**Contacting the Hospital's Financial Management**

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hospital administration.



## **LESTER, MILLER & WELLS**

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### Independent Auditors' Report

To the Board of Commissioners  
Natchitoches Parish Hospital Service District No. 1  
Natchitoches, Louisiana

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Natchitoches Parish Hospital Service District No. 1 and its affiliates (the "Hospital"), a component unit of the Natchitoches Parish Government, Natchitoches, Louisiana, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

### **Management's Responsibility for the Financial Statements**

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

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

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

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

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

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



***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial information of Natchitoches Parish Hospital Service District No. 1 and its affiliates and do not purport to, and do not, present fairly the financial position of the Natchitoches Parish Government as of June 30, 2022 and 2021, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

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

***Supplementary Information***

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

*Lester, Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

January 24, 2023



NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED STATEMENTS OF NET POSITION  
JUNE 30,

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current		
Cash and cash equivalents	\$ 4,686,986	\$ 8,024,095
Limited use assets (Note 4)	38,678	88,527
Patient accounts receivable, net (Note 3)	11,944,905	11,571,863
Estimated third-party payor settlements	3,260,269	2,417,648
Other receivables	5,956,326	4,048,195
Inventory	2,235,266	2,277,214
Prepaid expenses	659,430	1,291,014
Lease receivable - current (Note 5)	298,524	131,128
Notes receivable - current (Note 17)	526,236	124,441
Total Current Assets	<u>29,606,620</u>	<u>29,974,125</u>
Other		
Limited use assets (Note 4)	16,035,143	16,607,047
Lease receivable (Note 5)	921,115	853,756
Nondepreciable capital assets (Note 6)	6,639,761	10,130,385
Depreciable capital assets, net (Note 6)	44,194,975	38,942,232
Right-of-use capital assets, net (Note 6)	4,743,948	1,672,285
Bond issue cost, net	-0-	10,871
Capitalized construction interest, net (Note 7)	1,808,507	1,877,005
Notes receivable (Note 17)	465,090	66,759
Other	735,984	509,921
Total Assets	<u>\$ 105,151,143</u>	<u>\$ 100,644,386</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED STATEMENTS OF NET POSITION (Continued)  
JUNE 30,

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>2022</u>	<u>2021</u>
Current		
Accounts payable	\$ 10,556,989	\$ 6,682,842
Accrued expenses	2,284,184	1,912,002
Estimated third-party payor settlements	700,055	1,270,660
Unearned revenue	-0-	7,492
Medicare advance payments (Note 18)	1,265,451	4,494,000
Current portion of lease liability (Note 10)	1,282,718	592,769
Current portion of long-term debt (Note 9)	1,195,000	1,145,000
Total Current Liabilities	<u>17,284,397</u>	<u>16,104,765</u>
Long-term Liabilities		
Medicare advance payments (Note 18)	-0-	1,942,573
Lease liability (Note 10)	3,597,644	1,104,247
Long-term debt (Note 9)	9,721,202	9,225,000
Total Liabilities	<u>30,603,243</u>	<u>28,376,585</u>
Deferred inflows of resources - lease income	<u>1,184,401</u>	<u>964,459</u>
Net Position		
Invested in capital assets, net of related debt	39,918,534	38,702,617
Restricted	786,423	890,722
Unrestricted	30,417,535	29,674,950
Total Controlling Net Position	<u>71,122,492</u>	<u>69,268,289</u>
Noncontrolling interest in subsidiary	<u>2,241,007</u>	<u>2,035,053</u>
Total Net Position	<u>73,363,499</u>	<u>71,303,342</u>
Total Liabilities and Net Position	\$ <u>105,151,143</u>	\$ <u>100,644,386</u>

See accompanying notes to financial statements.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Net patient service revenue	\$ 83,827,193	\$ 76,597,147
Other revenue	<u>7,717,813</u>	<u>6,615,896</u>
Total Operating Revenues	<u>91,545,006</u>	<u>83,213,043</u>
Operating Expenses		
Salaries and benefits	47,056,361	41,385,455
Medical supplies and drugs	10,869,397	12,001,138
Medical, professional and consulting	7,828,534	4,713,810
Other expenses	20,350,591	19,316,598
Insurance	2,054,888	1,613,592
Depreciation and amortization	<u>5,460,282</u>	<u>4,551,122</u>
Total Operating Expenses	<u>93,620,053</u>	<u>83,581,715</u>
Operating Income (Loss)	<u>(2,075,047)</u>	<u>(368,672)</u>
Nonoperating Revenues (Expenses)		
Property taxes	2,040,000	1,964,585
Covid-19 grant awards	3,705,769	2,144,982
Gain/loss on sale of assets	234,000	(31,930)
Interest income	328,039	327,390
Interest expense	<u>(515,373)</u>	<u>(439,701)</u>
Total Nonoperating Revenues (Expenses)	<u>5,792,435</u>	<u>3,965,326</u>
Excess of Revenues Over Expenses	3,717,388	3,596,654
Less: Consolidated net income attributable to noncontrolling interest	(1,130,314)	(1,155,737)
Other Comprehensive Income		
Unrealized holding gains (losses)	<u>(737,177)</u>	<u>(129,743)</u>
Changes in net position	1,849,897	2,311,174
Beginning net position	69,268,289	66,957,115
Prior period adjustment	<u>4,306</u>	<u>-0-</u>
Ending net position	\$ <u>71,122,492</u>	\$ <u>69,268,289</u>

See accompanying notes to financial statements.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 75,913,607	\$ 72,415,858
Other receipts from operations	6,977,573	4,660,320
Cash payments to employees and for employee-related cost	(46,684,179)	(41,127,195)
Cash payments for other operating expenses	<u>(36,405,596)</u>	<u>(36,462,758)</u>
Net cash provided (used) by operating activities	<u>(198,595)</u>	<u>(513,775)</u>
Cash flows from investing activities:		
Cash invested in assets limited as to use - investment	-0-	1,679,629
Redemption of investments/principal return	(115,424)	-0-
Loans to physicians	(950,261)	(97,414)
Collection on physician loans	-0-	21,256
Cash invested in joint venture	(226,063)	(164,486)
Dividends paid to joint venture owners	(1,014,510)	(892,136)
Cash received for noncontrolling interest in subsidiary	90,150	-0-
Investment earnings	<u>328,039</u>	<u>327,390</u>
Net cash provided (used) by investing activities	<u>(1,888,069)</u>	<u>874,239</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	2,040,000	1,964,585
Proceeds from COVID-19 grants	<u>3,705,769</u>	<u>738,475</u>
Net cash provided (used) by non-capital financing activities	<u>5,745,769</u>	<u>2,703,060</u>
Cash flows from capital and related financing activities:		
Interest expense	(515,373)	(439,701)
Principal payments on long-term debt	(1,145,000)	(1,820,000)
Payments of lease liability obligations	(1,133,088)	(469,114)
Cash received from sales of assets	-0-	228,069
Acquisition of capital assets	<u>(4,202,753)</u>	<u>(4,135,291)</u>
Net cash provided (used) by capital and related financing activities	\$ <u>(6,996,214)</u>	\$ <u>(6,636,037)</u>

See accompanying notes to financial statements.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Net increase (decrease) in cash and cash equivalents	\$ (3,337,109)	\$ (3,572,513)
Beginning cash and cash equivalents	<u>8,024,095</u>	<u>11,596,608</u>
Ending cash and cash equivalents	\$ <u>4,686,986</u>	\$ <u>8,024,095</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ <u>506,696</u>	\$ <u>454,537</u>
Right-of-use assets acquired under leases	\$ <u>4,316,434</u>	\$ <u>781,556</u>
Deferred inflows of resources through lease additions	\$ <u>547,705</u>	\$ <u>1,206,537</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (2,075,047)	\$ (368,672)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:		
Depreciation and amortization	5,460,282	4,551,122
Physician loan amortization	150,135	117,089
Amortization of lease income	(327,763)	(242,078)
Loss on sale of assets	234,000	(31,930)
Changes in current assets (increase) decrease:		
Patient accounts receivable, net	(373,042)	(2,045,500)
Estimated third-party payor settlements	(842,621)	(1,140,449)
Other receivables	(1,908,131)	(1,894,660)
Inventory	41,948	410,691
Prepaid expenses	631,584	(72,536)
Changes in current liabilities (increase) decrease:		
Accounts payable	3,874,147	727,136
Accrued expenses	372,182	258,260
Estimated third-party payor settlements	(570,605)	(270,019)
Unearned revenue	(7,492)	(8,561)
Medicare advance payments	(5,171,122)	(725,321)
Lease receivable - principal payments received	<u>312,950</u>	<u>221,653</u>
Net cash provided by operating activities	\$ <u>(198,595)</u>	\$ <u>(513,775)</u>

See accompanying notes to financial statements.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Legal Organizations

The Natchitoches Parish Hospital Service District (referred to as "the District" or "the Hospital") was created by an ordinance of the Natchitoches Parish Government (the "Parish Government"), formerly the Natchitoches Parish Police Jury on October 19, 1955. The governing board of the District consists of seven members appointed by the Parish Government. Because the Parish Government appoints all commissioners of the Natchitoches Parish Hospital Service District, the District is a component unit of the Natchitoches Parish Government, which is the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Government or the other governmental units that comprise the financial reporting entity.

An affiliate, Natchitoches Outpatient Services, LLC (referred to as "NOP, LLC"), was organized January 22, 2004, as a Louisiana limited liability company. NOP, LLC is a perpetual limited liability company. The District has 50.9% ownership in NOP, LLC.

An affiliate, Natchitoches Assisted Living, LLC (referred to as "NAL, LLC"), was organized July 16, 2007, as a Louisiana limited liability company. NAL, LLC is a perpetual limited liability company. The District has 100% ownership in NAL, LLC.

An affiliate, Regional Cardiology Clinic, LLC (referred to as "RCC, LLC"), was organized March 2, 2009, as a Louisiana limited liability company. RCC, LLC is a perpetual limited liability company. The District has 50.1% ownership in RCC, LLC.

An affiliate, Natchitoches Regional Medical Center Foundation (referred to as "NRMC Foundation"), was incorporated November 3, 2005, as a Louisiana nonprofit corporation. NRMC Foundation has one class of members, consisting of two members, the District and Christus Health Central Louisiana. The District appoints six of the ten-member Board for NRMC Foundation, however two-thirds (2/3) vote is needed for certain major decisions. Therefore, the financials of NRMC Foundation are not consolidated in the District's financials.

An affiliate, NRMC Comprehensive Wound Care, LLC (referred to as "Wound Care, LLC"), was organized November 11, 2013, as a Louisiana limited liability company. Wound Care, LLC is a perpetual limited liability company. The District has 56.0% ownership in Wound Care, LLC.

An affiliate, NRMC Pain Institute Ventures, LLC (referred to as "Pain Institute, LLC"), was organized February 12, 2016, as a Louisiana limited liability company. Pain Institute, LLC is a perpetual limited liability company. The District has 55.0% ownership in Pain Institute, LLC.

An affiliate, NRMC Pharmacy Alliance, LLC (referred to as "Pharmacy, LLC"), was organized April 23, 2021, as a Louisiana limited liability company. Pharmacy, LLC is a perpetual limited liability company. The District has 70.0% ownership in Pharmacy, LLC.

An affiliate, Northwestern Louisiana Cancer Center, LLC (referred to as "Cancer Center, LLC"), was organized on August 16, 2021, as a Louisiana limited liability company. Cancer Center, LLC is a perpetual limited liability company. The District has 100% ownership in Cancer Center, LLC.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Nature of Business

The District provides outpatient, ambulance, emergency and inpatient acute services through its hospital unit. The District also provides inpatient intermediate and skilled nursing services through its long-term care unit and hospital "swing-beds". In June 1995, the District opened a unit to provide geriatric psychiatric services which was recognized as a "distinct part" unit effective July 1, 1995.

NOP, LLC provides outpatient therapy and MRI services.

NAL, LLC provides housing and limited care for elderly residents as an assisted living center.

RCC, LLC provides outpatient cardiology diagnostic and testing services.

Wound Care, LLC provides wound care and hyperbaric services.

Pain Institute, LLC provides pain management services.

Pharmacy, LLC provides retail pharmacy services.

Cancer Center, LLC provides outpatient cancer services.

Enterprise Fund

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

Basis of Accounting

The District and its affiliates use enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus.

Cash and Cash Equivalents

Cash represents coin, currency, bank demand deposits and other negotiable instruments that are readily acceptable in lieu of currency. Cash equivalents are time deposits, certificates of deposit, treasury bills and mortgage backed securities purchased with a maturity of three months or less. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Inventory

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

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Investments

The Hospital classifies their investments as available-for-sale in response to changes in interest rates, liquidity needs and for other purposes. Available-for-sale securities are reported at fair value. Unrealized holding gains and losses are reported as other comprehensive income.

Capital Assets

Purchased fixed assets are recorded at cost and donated fixed assets, if received, at fair market value on the date of any donation. Depreciation is calculated over estimated useful lives, using the straight-line method. Land was initially donated for hospital use, and it is recorded at the fair market value at the time of donation. Additional land was purchased, and it is recorded at cost.

Net Position

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

Revenue and Expenses

The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the District's principal activity. Operating revenue also includes ad valorem taxes passed to provide the District with revenue to operate and maintain the District. Non-exchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Income Taxes

The District is a political subdivision of the State of Louisiana and exempt from taxation.

NOP, LLC; NAL, LLC; RCC, LLC; Wound Care, LLC; Pain Institute, LLC; Pharmacy, LLC; and Cancer Center, LLC do not pay federal corporate income taxes on their taxable income or are not allowed a net operating loss carryover or carryback as a deduction. Instead, the members are liable for individual federal income taxes on their respective shares of these companies' taxable income or include their respective shares of these companies' net operating loss in their individual income tax returns.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Credit Risk

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

Grants and Contributions

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

Significant Concentration of Economic Dependence

The District has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 11. Changes in federal or state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenue

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

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

Patient Accounts Receivable

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

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Restricted Revenues

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

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended June 30, 2022 and 2021 totaled \$492,281 and \$531,590, respectively.

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify, with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At June 30, 2022 and 2021, management is not aware of any liability resulting from environmental matters.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classifications. In the previous years, income from property taxes was reported as operating income. The financial statements have been restated to show this as non-operating income.

Charity Care

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

Risk Management

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

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Use of Estimates

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

Principles of Consolidation

The consolidated financial statements include the accounts of the District and its affiliates, after elimination of all significant intercompany balances and transactions. The District has recorded a minority interest for the portion of equity and income attributable to other investors in NOP, LLC; RCC, LLC; Wound Care, LLC; Pain Institute, LLC; and Pharmacy, LLC.

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The District does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows related to lease revenue qualifies for reporting in this category.

Recently Adopted Accounting Pronouncements

On June 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting of leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new standard is to be applied to all applicable leases as of the beginning of the earliest period presented; and therefore, the June 30, 2021 financial statements have been restated, as discussed in Note 24.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Recently Issued Accounting Principles

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting of subscription-based information technology arrangements for government end users. The requirements for this statement are effective for fiscal years beginning after June 15, 2022. Management is evaluating the potential impact of adoption on the District's financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risks - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at June 30, 2022 and 2021.

Concentration of Credit Risks - The District has 5.5% in Federal Farm Credit Banks, 15.7% in Federal Home Loan Bank, 25.2% in Municipal Bonds, 17.7% in Federal National Mortgage Association, and 31.2% in Money Market accounts.

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

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The District's investments are reported at fair value. At June 30, 2022 and 2021, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District. The table below is with the assumption that the bonds are held until maturity.

<u>June 30, 2022</u>		<u>Investment Maturities (In Years)</u>			
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 4,771,479	\$ 4,771,479	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	2,698,618	-0-	2,157,749	540,869	-0-
Federal Home Loan Bank	2,399,088	1,424,710	974,378	-0-	-0-
Federal Farm Credit Banks	841,837	-0-	841,837	-0-	-0-
Exchange Traded Funds	726,939	726,939	-0-	-0-	-0-
Municipal Bonds	<u>3,849,437</u>	<u>249,898</u>	<u>3,046,251</u>	<u>553,288</u>	<u>-0-</u>
Total	\$ <u>15,287,398</u>	\$ <u>7,173,026</u>	\$ <u>7,020,215</u>	\$ <u>1,094,157</u>	\$ <u>-0-</u>

<u>June 30, 2021</u>		<u>Investment Maturities (In Years)</u>			
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 4,101,679	\$ 4,101,679	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	3,391,764	1,200,676	1,576,390	614,698	-0-
Federal Home Loan Bank	2,519,676	302,229	2,217,447	-0-	-0-
Federal Farm Credit Banks	889,794	-0-	889,794	-0-	-0-
Exchange Traded Funds	729,734	729,734	-0-	-0-	-0-
Municipal Bonds	<u>4,172,706</u>	<u>-0-</u>	<u>2,954,739</u>	<u>1,217,967</u>	<u>-0-</u>
Total	\$ <u>15,805,353</u>	\$ <u>6,334,318</u>	\$ <u>7,638,370</u>	\$ <u>1,832,665</u>	\$ <u>-0-</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risks - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2022, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investor's Service</u>	<u>Standard &amp; Poor's</u>	<u>Fair Value</u>
Federal National Mortgage Association	AAA	AA+	\$ 2,698,618
Federal Home Loan Bank	AAA	AA+	2,399,088
Federal Farm Credit Banks	AAA	AA+	841,837
Municipal Bonds	AA1	AA+	480,380
Municipal Bonds	AA1	Not Rated	492,208
Municipal Bonds	AA2	AA	97,775
Municipal Bonds	AA2	Not Rated	239,652
Municipal Bonds	A1	AA	270,917
Municipal Bonds	A1	Not Rated	137,862
Municipal Bonds	A2	AA	313,636
Municipal Bonds	A2	A-	249,898
Municipal Bonds	A3	Not Rated	201,982
Municipal Bonds	Not Rated	AA	929,415
Municipal Bonds	Not Rated	AA-	195,934
Municipal Bonds	Not Rated	A-	239,778
Exchange Traded Funds	Not Rated	Not Rated	726,939
Money Markets	Not Rated	Not Rated	<u>4,771,479</u>
Total			\$ <u>15,287,398</u>

The District's Investments are recorded at fair value as of June 30, 2022 and 2021 in accordance with GASB Statement No. 72 which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value. Level 1 inputs are accessible quoted prices in active markets for identical assets at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly; Level 3 inputs are unobservable inputs. The District's investments for the years ended June 30, 2022 and 2021 were measured using Level 2 inputs.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Account balances according to banks' records at June 30, 2022, for the District are as follows:

	City Bank & Trust	Hancock Whitney Bank
Cash in banks	\$ <u>168,457</u>	\$ <u>3,422,580</u>
Insured by FDIC	\$ <u>168,457</u>	\$ <u>250,000</u>
Collateralization by fair market value	\$ <u>-0-</u>	\$ <u>3,172,580</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

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

	<u>2022</u>	<u>2021</u>
Carrying amount		
Deposits	\$ 4,725,664	\$ 8,112,622
Investments	<u>15,287,398</u>	<u>15,805,353</u>
	\$ <u>20,013,062</u>	\$ <u>23,917,975</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 4,686,986	\$ 8,024,095
Current limited use assets	38,678	88,527
Other limited use assets	<u>15,287,398</u>	<u>15,805,353</u>
	\$ <u>20,013,062</u>	\$ <u>23,917,975</u>

NOTE 3 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2022</u>	<u>2021</u>
Patient accounts receivable	\$ 19,199,756	\$ 19,467,278
Less provision for uncollectibles	<u>(7,254,851)</u>	<u>(7,895,415)</u>
Net accounts receivable	\$ <u>11,944,905</u>	\$ <u>11,571,863</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 3 - ACCOUNTS RECEIVABLE (Continued)

The following is a summary of the mix of receivables from patient and third-party payors at June 30:

	<u>2022</u>	<u>2021</u>
Medicare	12%	17%
Medicaid and Medicaid managed care plans	19%	21%
Blue Cross Blue Shield	15%	15%
Commercial and other third-party payors	47%	28%
Patients	<u>7%</u>	<u>19%</u>
Total	<u>100%</u>	<u>100%</u>

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

NOTE 4 - LIMITED USE ASSETS

A summary of limited use assets is presented below:

<u>By Third Parties</u>	<u>2022</u>	<u>2021</u>
Cash with paying agent - interest and principal, due 10/01 (Series 2000 Bonds)	\$ 822	\$ 822
Patient trust funds	37,856	87,705
Bond sinking fund	317,448	371,898
LHA trust deposits	430,297	430,297
Provider relief funds	-0-	-0-
 <u>By Board</u>		
Repair and replacement - investments	15,287,398	15,804,852
Less limited use assets required for current liabilities	<u>(38,678)</u>	<u>(88,527)</u>
 Non-current limited use assets	 \$ <u>16,035,143</u>	 \$ <u>16,607,047</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 5 - LEASE RECEIVABLE

The District has entered into multiple agreements to lease medical office space to local healthcare providers. Monthly lease payments under these agreements range from \$4,720 to \$23,301, with terms ending between October 2022 through June 2036. For the year ended June 30, 2022, the District recognized interest income and lease revenue related to the above leases in the amounts of \$51,454 and \$327,763, respectively.

NOTE 6 - DEPRECIABLE CAPITAL ASSETS, NET

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

	<u>2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2022</u>
Nondepreciable capital assets					
Land	\$ 967,125	\$ 451,105	\$ -0-	\$ -0-	\$ 1,418,230
Construction in progress	<u>9,163,260</u>	<u>1,763,704</u>	<u>103,153</u>	<u>(5,602,280)</u>	<u>5,221,531</u>
Total nondepreciable capital assets	\$ <u>10,130,385</u>	\$ <u>2,214,809</u>	\$ <u>103,153</u>	\$ <u>(5,602,280)</u>	\$ <u>6,639,761</u>
Depreciable capital assets					
Land improvements	\$ 766,886	\$ -0-	\$ -0-	\$ -0-	\$ 766,886
Buildings	72,103,557	5,957,057	-0-	5,213,651	83,274,265
Fixed equipment	<u>46,655,364</u>	<u>943,292</u>	<u>-0-</u>	<u>388,629</u>	<u>47,987,285</u>
Total depreciable capital assets	119,525,807	6,900,349	-0-	5,602,280	132,028,436
Accumulated depreciation	<u>80,583,575</u>	<u>4,136,143</u>	<u>-0-</u>	<u>3,113,743</u>	<u>87,833,461</u>
Total depreciable capital assets, net	\$ <u>38,942,232</u>	\$ <u>2,764,206</u>	\$ <u>-0-</u>	\$ <u>2,488,537</u>	\$ <u>44,194,975</u>
Right-of-use capital assets					
Equipment	\$ 2,166,130	\$ 4,316,434	\$ 221,336	\$ -0-	\$ 6,261,228
Accumulated amortization	<u>493,845</u>	<u>1,244,771</u>	<u>221,336</u>	<u>-0-</u>	<u>1,517,280</u>
Total right-of-use capital assets, net	\$ <u>1,672,285</u>	\$ <u>3,071,663</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>4,743,948</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 6 - DEPRECIABLE CAPITAL ASSETS, NET (Continued)

	<u>2020</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers</u>		<u>2021</u>
Nondepreciable capital assets									
Land	\$ 1,227,125	\$	-0-	\$	260,000	\$	-0-	\$	967,125
Construction in progress	<u>10,505,585</u>		<u>2,576,043</u>		<u>-0-</u>		<u>(3,918,368)</u>		<u>9,163,260</u>
Total nondepreciable capital assets	\$ <u>11,732,710</u>	\$	<u>2,576,043</u>	\$	<u>260,000</u>	\$	<u>(3,918,368)</u>	\$	<u>10,130,385</u>
Depreciable capital assets									
Land improvements	\$ 766,886	\$	-0-	\$	-0-	\$	-0-	\$	766,886
Buildings	68,819,008		10,300		457,994		3,732,243		72,103,557
Fixed equipment	<u>44,784,355</u>		<u>1,846,721</u>		<u>161,837</u>		<u>186,125</u>		<u>46,655,364</u>
Total depreciable capital assets	114,370,249		1,857,021		619,831		3,918,368		119,525,807
Accumulated depreciation	<u>76,958,834</u>		<u>3,970,127</u>		<u>345,386</u>		<u>-0-</u>		<u>80,583,575</u>
Total depreciable capital assets, net	\$ <u>37,411,415</u>	\$	<u>(2,113,106)</u>	\$	<u>274,445</u>	\$	<u>3,918,368</u>	\$	<u>38,942,232</u>
Right-of-use capital assets									
Equipment	\$ 1,384,574	\$	781,556	\$	-0-	\$	-0-	\$	2,166,130
Accumulated amortization	<u>-0-</u>		<u>493,845</u>		<u>-0-</u>		<u>-0-</u>		<u>493,845</u>
Total right-of-use capital assets, net	\$ <u>1,384,574</u>	\$	<u>287,711</u>	\$	<u>-0-</u>	\$	<u>-0-</u>	\$	<u>1,672,285</u>

Depreciation was calculated using the straight-line method. Useful lives for the purpose of calculating depreciation by class are:

Buildings	10 - 40 years
Furniture, fixtures and equipment	3 - 15 years

NOTE 7 - OTHER ASSETS

Capitalized interest of \$1,814,579 was accumulated as of June 30, 2006 for the 2000 Revenue Bonds and is being amortized using the straight-line method over the life of the building beginning in the fiscal year 2006.

Capitalized interest of \$428,142 was accumulated as of June 30, 2010 for the 2008 Revenue Bonds and is being amortized using the straight-line method over the life of the building beginning in the fiscal year 2010.

Capitalized interest of \$441,907 was accumulated as of June 30, 2020 for the 2018 Revenue Bonds and is being amortized using the straight-line method over the life of the underlying capital assets beginning in the fiscal year 2021.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 8 - PAID TIME OFF

Employees of the District are entitled to paid days off depending on length of service. The District accrued \$815,649 and \$569,828 of paid time off at June 30, 2022 and 2021.

NOTE 9 - LONG-TERM DEBT

A summary of long-term debt, including capital lease obligations follows:

	June 30, 2021	Additions	Payments	June 30, 2022	Due Within One Year
Series 2008 Bonds Payable	\$ 2,105,000	\$ -0-	\$ 670,000	\$ 1,435,000	\$ 700,000
Series 2018 Bonds Payable	8,265,000	-0-	475,000	7,790,000	495,000
City Bank Note Payable	-0-	555,100	-0-	555,100	-0-
City Bank Note Payable	<u>-0-</u>	<u>1,136,102</u>	<u>-0-</u>	<u>1,136,102</u>	<u>-0-</u>
Total	\$ <u>10,370,000</u>	\$ <u>1,691,202</u>	\$ <u>1,145,000</u>	\$ <u>10,916,202</u>	\$ <u>1,195,000</u>

	June 30, 2020	Additions	Payments	June 30, 2021	Due Within One Year
Series 2000 Bonds Payable	\$ 815,000	\$ -0-	\$ 815,000	\$ -0-	\$ -0-
Series 2008 Bonds Payable	2,740,000	-0-	635,000	2,105,000	670,000
Series 2018 Bonds Payable	<u>8,635,000</u>	<u>-0-</u>	<u>370,000</u>	<u>8,265,000</u>	<u>475,000</u>
Total	\$ <u>12,190,000</u>	\$ <u>-0-</u>	\$ <u>1,820,000</u>	\$ <u>10,370,000</u>	\$ <u>1,145,000</u>

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

- Series 2000 Hospital Revenue Bonds at 6% collateralized by a pledge and dedication of hospital revenue, with principal payable annually and interest semi-annually, starting October 1, 2000 through October 1, 2020. Effective April 27, 2010, the rate has been changed to 4.35%.
- Series 2008 Hospital Revenue Bonds at 4.26% collateralized by a pledge and dedication of hospital revenue, with principal payable annually and interest semi-annually, starting October 1, 2008 through October 1, 2023. Effective October 1, 2016, the rate has been changed to 2.45%.
- Series 2018 Hospital Revenue Bonds at a fluctuating interest rate increasing from 2.75% to 4.20% over the life of the bonds, collateralized by a pledge and dedication of hospital revenue, with principal payable annually and interest semi-annually, starting April 1, 2019 through October 1, 2033.
- Note payable to City Bank and Trust, in the name of the Cancer Center at 5.5% interest payable monthly with the principal amount due on September 1, 2023, secured by building and equipment.
- Note payable to City Bank and Trust, in the name of the Cancer Center at 5.5% interest payable monthly with the principal amount due on September 11, 2023, secured by building and equipment.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 9 - LONG-TERM DEBT (Continued)

The Hospital has covenanted to set rates so that revenues are sufficient to pay all reasonable and necessary expenses of operating and maintaining the Hospital, certain multiples of the largest amount of principal and interest maturing on the Bonds in any future fiscal year and on any pari passu additional bonds hereafter issued. Those multiples range from 120% to 200%.

Other requirements under the terms of indebtedness are as follows:

- \* Sale or disposition of Hospital property, plant and equipment is limited. Future debt agreements may not take priority over this series of debt.
- \* Make monthly deposits equal to the pro-rata portion of the next principal and/or interest payment, which are to be maintained in fully backed or government securities investments, with market values greater than invested dollars.
- \* Collect payment on all services rendered, except for an undisclosed, reasonable amount of charity care.
- \* Maintain all assets in good working order.
- \* Carry full insurance coverage with a responsible licensed Louisiana company.
- \* Maintain complete and accurate records and have an annual audit.
- \* Maintain cash on hand of not less than 60 days of operating expenses net of depreciation and amortization.
- \* Provide quarterly statements to the purchaser.
- \* Protect tax exempt status and refrain from activities that would require payment of arbitrage to the IRS.

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

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 1,195,000	\$ 394,501	\$ 1,589,501
2024	2,946,202	299,043	3,245,245
2025	545,000	249,391	794,391
2026	570,000	230,485	800,485
2027	600,000	210,092	810,092
2028 - 2032	3,440,000	687,616	4,127,616
2033 - 2034	<u>1,620,000</u>	<u>68,683</u>	<u>1,688,683</u>
Totals	\$ <u>10,916,202</u>	\$ <u>2,139,811</u>	\$ <u>13,056,013</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 10 - LEASE LIABILITY

	June 30, 2021	Additions	Payments	June 30, 2022	Due Within One Year
Equipment	\$ <u>1,697,016</u>	\$ <u>4,316,434</u>	\$ <u>1,133,088</u>	\$ <u>4,880,362</u>	\$ <u>1,282,718</u>
	June 30, 2020	Additions	Payments	June 30, 2021	Due Within One Year
Equipment	\$ <u>1,384,574</u>	\$ <u>781,557</u>	\$ <u>469,115</u>	\$ <u>1,697,016</u>	\$ <u>592,769</u>

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

- Various lease liability obligations for equipment at imputed interest rates from 3.5% to 7.5%, with total monthly payments ranging from \$69 to \$28,377, through March 2027.

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

Year Ending June 30	Principal	Interest	Totals
2023	\$ 1,282,718	\$ 226,739	\$ 1,509,457
2024	1,545,990	153,763	1,699,753
2025	1,128,875	81,291	1,210,166
2026	673,142	30,378	703,520
2027	<u>249,637</u>	<u>5,756</u>	<u>255,393</u>
Totals	\$ <u>4,880,362</u>	\$ <u>497,927</u>	\$ <u>5,378,289</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 11 - NET PATIENT SERVICE REVENUE

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010 until September 30, 2024, if not extended by Congress. The additional payment received under the Medicare low volume add-on was \$869,407 and \$858,807 for the years ended June 30, 2022 and 2021, respectively. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed and skilled nursing facility routine services are reimbursed based on a prospectively determined rate per patient day. Geriatric psychiatry services are reimbursed based on a prospective method based on length of stay, diagnosis, and other factors. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's Medicare cost reports have been examined by the Medicare fiscal intermediary through June 30, 2019.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. Geriatric psychiatry services are reimbursed on a prospectively determined per diem rate. In fiscal years 2022 and 2021, Medicaid supplemental physician payments of \$4,506,374 and \$4,093,891 were received, respectively. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been examined by the Medicaid fiscal intermediary through June 30, 2016.

Effective March 2016, the Hospital entered into a Participation Agreement in order to receive Medicaid supplemental payments for qualifying nursing facilities owned or operated by non-state governmental organizations that have entered into an agreement with the Louisiana Department of Health and Hospitals (LDH). The Hospital made payments to LDH in conjunction with the agreement totaling \$376,352 and \$296,239 which were reported as other expenses in 2022 and 2021, respectively. The Hospital received \$956,196 and \$739,084 which were reported as other revenue in 2022 and 2021, respectively.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 13% and 14% of the total gross charges for the years ended June 30, 2022 and 2021, respectively.

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. Additionally, the Hospital has filed amended cost reports which differ from the initially recorded amounts. The adjustments from the finalized and amended cost reports resulted in an increase of \$2,339,836 in net patient service revenue in FY 2022.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 11 - NET PATIENT SERVICE REVENUE (Continued)

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

	<u>2022</u>	<u>2021</u>
Gross charges	\$ 278,817,094	\$ 243,104,554
Less charges associated with charity care	<u>388,707</u>	<u>436,040</u>
Gross patient service revenues	278,428,387	242,668,514
Less deductions from revenue:		
Medicare and Medicaid contractual adjustments	117,759,066	104,096,006
Commercial insurance contractual adjustments	76,465,219	59,296,999
Policy and other discounts	22,068	139,893
Nursing home intergovernmental transfer	(956,196)	(739,084)
Physician supplemental revenue	<u>(4,786,634)</u>	<u>(4,093,891)</u>
Patient service revenue (net of contractual adjustments and discounts)	89,924,864	83,968,591
Less provision for bad debts	<u>6,097,671</u>	<u>7,371,444</u>
Net patient service revenue	\$ <u>83,827,193</u>	\$ <u>76,597,147</u>

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

	<u>2022</u>	<u>2021</u>
Medicare and Medicaid gross patient charges	\$ 153,715,312	\$ 142,432,818
Contractual adjustments	<u>(117,759,066)</u>	<u>(104,096,006)</u>
Program patient service revenue	\$ <u>35,956,246</u>	\$ <u>38,336,812</u>
Percent of gross patient charges	55%	59%
Percent of total net patient revenue	43%	50%

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 12 - RETIREMENT PROGRAM

Employees may participate in a qualified defined contribution retirement plan, which is exempt under Section 401(a) of the Internal Revenue Code. The plan is administered by OneAmerica Financial Partners, Inc. who holds all plan assets. Each employee who is at least 18 years old, other than those classified as PRN, is eligible to join the plan. Employees become vested in the employer's contribution 25% per year until 100% vested at 4 years of employment. The District can elect to contribute up to 100% of the employee's contribution.

Total payroll	\$ 41,329,230
Total covered payroll	22,849,375
Employee contributions	1,143,770
Employer contributions	\$ 445,780
Less forfeitures	<u>-0-</u>
Net employer contributions	<u>\$ 445,780</u>

NOTE 13 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$500,000 per occurrence. Legal action in an attempt to overturn this legislation on constitutional grounds is in process.

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

NOTE 14 - WORKMEN'S COMPENSATION RISK

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

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 15 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of the charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines based on a 150% scale. Accordingly, the Hospital does not report the amount it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. Amounts identified as charity care charges are \$388,707 and \$436,040 for the years ended June 30, 2022 and 2021, respectively. The related cost of care was approximately \$141,000 and \$159,000, for the fiscal years ended in 2022 and 2021, respectively. Funds received through grants, which pay part of the cost of charity and uninsured care, were approximately \$149,000 and \$143,000 for the years ended June 30, 2022 and 2021, respectively.

NOTE 16 - EMPLOYEE MEDICAL BENEFIT PLAN

The District is self-insured to provide group medical/dental coverage for its employees. A third-party, IMA of Louisiana, administers the group medical coverage for the District. The District funds its losses based on actual claims. A stop-loss insurance contract was executed with an insurance carrier that provides for payment of 100% of claims in excess of \$130,000 per year up to specific individual maximums of \$1,000,000. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term. The following is a summary of changes in the Hospital's claims liability for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Beginning of the year	\$ -0-	\$ 276,347
Plus: Claims incurred and changes in estimate	1,740,936	2,714,062
Less: Claims paid	<u>1,643,936</u>	<u>2,990,409</u>
End of the year	\$ <u>97,000</u>	\$ <u>-0-</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 17 - NOTES RECEIVABLE AND PHYSICIAN CONTRACT GUARANTEES

The following is a summary of notes receivable and physician contract guarantees at June 30. Management asserts no allowances for uncollectible accounts are needed.

	<u>2022</u>	<u>2021</u>
Physician notes	\$ 56,945	\$ 69,445
Physician contract guarantees	<u>934,381</u>	<u>121,755</u>
	991,326	191,200
Less current maturities	<u>(526,236)</u>	<u>(124,441)</u>
Long-term notes receivable	\$ <u>465,090</u>	\$ <u>66,759</u>

NOTE 18 - MEDICARE ADVANCE PAYMENTS

The Hospital applied for and received \$7,161,894 in Medicare Advance Payments during April 2020. The advance payments are to assist the Hospital due to the reduction in volume experienced by the restrictions placed by the Louisiana Department of Health in response to the coronavirus pandemic. These restrictions included postponement of elective procedures. Recoupment of the advance payments through Medicare claims began in April of 2021. As of June 30, 2022, a total of \$5,896,443 has been recouped with \$1,265,451 expected to be recouped within one year.

NOTE 19 - CONTINGENCIES

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

The principal contingencies are described below:

Third-Party Government-Based Revenues (Note 1) - Cost reimbursements are subject to examination by agencies administering the programs. Effective October 1, 1983, the Medicare program discontinued its cost-based reimbursement system for inpatient services. Under the program, the District receives a fixed fee for each patient, which is determined by the government. The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 19 - CONTINGENCIES (Continued)

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

Professional Liability Risk (Note 13) - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Workmen's Compensation Risk (Note 14) - The District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

Hill-Burton Uncompensated Service and Community Service Obligations - As a result of the District receiving a Federal Hill-Burton program grant, the District is required to provide a reasonable volume of uncompensated services to patients who are unable to pay for their medical care. The District's obligation for uncompensated services was fulfilled on July 17, 1998. Additionally, the District is obligated to provide community service.

NOTE 20 - AD VALOREM TAXES

The District levies a property tax on all property subject to taxation in the service district. A 5.53 mill tax was approved for a period of ten years, beginning with the year 2003 and ending with the year 2012, to be dedicated and used for operating, maintaining, renovating, and improving emergency medical services. Beginning in year 2013, a 5.31 mill tax was approved for a period of ten years for the same purposes. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District. Property tax notices are mailed by November 15 each year, are due by December 31, and become delinquent on January 31.

NOTE 21 - COMMITMENTS

The District entered into various construction contracts, which totaled \$3,280,820, including change orders as of June 30, 2022. The Hospital paid \$2,123,281 towards these commitments as of June 30, 2022.

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 22 - GRANTS

In 2022 and 2021, the Hospital (Grantee) entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to Grantee's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$3,599,787 and \$2,988,780 for fiscal year 2022 and 2021, respectively.

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

NOTE 23 - COVID-19 GRANTS

The Hospital received approximately \$10.7 million in Provider Relief Funds (the funds) via the Coronavirus Aid, Relief, and Economic Security (CARES) Act during the fiscal years ending June 30, 2020, 2021 and 2022. The funds were issued by the U.S. Department of Health & Human Services (HHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. The Hospital recognized approximately \$4.9 million, \$2.1 million and \$3.7 million as nonoperating revenue in the fiscal years ending June 30, 2020, 2021 and 2022, respectively. The Hospital has submitted reports of healthcare related expenses and lost revenues attributable to coronavirus. A final report is due March 31, 2023. Funds received in excess of the reported expenses and lost revenues, if any, will be owed to HHS. As a result, the amount recorded in the financial statements compared to the Hospital's Provider Relief Fund reporting could differ. This difference could be materially different from the current estimates.

NOTE 24 - CHANGE IN METHOD OF ACCOUNTING FOR LEASES

As discussed in Note 1, the Hospital adopted GASB Statement No. 87, *Leases* on July 1, 2021. This statement is applied retroactively by restating balances in the financial statements as of June 30, 2021 as follows:

	As Previously <u>Reported</u>	<u>As Reported</u>
Lease receivable	-0-	984,884
Capital assets, net	49,072,617	50,744,902
Lease liability	-0-	1,697,016
Deferred inflows of resources	-0-	964,459

NOTE 25 - SUBSEQUENT EVENTS

Events have been evaluated through January 24, 2023, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

## SUPPLEMENTARY INFORMATION

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Natchitoches			NRMC			NRMC			Northwestern		Eliminating Entries	Consolidated
	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Louisiana Cancer Center, LLC				
ASSETS													
Current													
Cash and cash equivalents	\$ 2,509,440	\$ 936,268	\$ 11,290	\$ 485,636	\$ 108,340	\$ -0-	\$ 353,687	\$ 36,601	\$ 245,724	\$ -0-	\$ -0-	\$ 4,686,986	
Limited use assets	38,678	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	38,678	
Patient accounts receivable, net	11,544,066	(106,553)	1,695	-0-	-0-	-0-	-0-	505,697	-0-	-0-	-0-	11,944,905	
Estimated third-party payor settlements	3,260,269	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,260,269	
Other receivables	7,370,793	139,050	(790)	290,052	1,120,164	-0-	252,674	0	15,458	(3,231,075)	-0-	5,956,326	
Inventory	2,235,266	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,235,266	
Prepaid expenses	646,612	7,050	-0-	5,768	-0-	-0-	-0-	-0-	-0-	-0-	-0-	659,430	
Lease receivable - current	298,524	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	298,524	
Notes receivable - current	526,236	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	526,236	
Total Current Assets	28,429,884	975,815	12,195	781,456	1,228,504	-0-	606,361	542,298	261,182	(3,231,075)	-0-	29,606,620	
Other													
Limited use assets	16,035,143	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	16,035,143	
Lease receivable	921,115	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	921,115	
Nondepreciable capital assets	6,376,757	-0-	45,899	-0-	-0-	-0-	-0-	-0-	217,105	-0-	-0-	6,639,761	
Depreciable capital assets, net	38,923,095	4,903	1,163,667	246,843	1,123,696	-0-	19,776	-0-	2,712,995	-0-	-0-	44,194,975	
Right-of-use assets	4,743,948	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,743,948	
Bond issue cost, net	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Capitalized construction interest	1,808,507	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,808,507	
Notes receivable	465,090	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	465,090	
Other	5,101,464	233,200	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(4,598,680)	-0-	735,984	
Total Assets	\$ 102,805,003	\$ 1,213,918	\$ 1,221,761	\$ 1,028,299	\$ 2,352,200	\$ -0-	\$ 626,137	\$ 542,298	\$ 3,191,282	\$ (7,829,755)	\$ -0-	\$ 105,151,143	

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF NET POSITION (Continued)**  
**JUNE 30, 2022**

	Natchitoches				NRM							
	Regional	Natchitoches	Natchitoches	Regional	NRM	NRM	NRM	NRM	Northwestern			
	Medical	Outpatient	Assisted	Cardiology	Comprehensive	Walk-In Clinic	Pain Institute	Pharmacy	Louisiana Cancer	Eliminating		
<u>LIABILITIES AND NET POSITION</u>	<u>Center</u>	<u>Services, LLC</u>	<u>Living, LLC</u>	<u>Clinic, LLC</u>	<u>Care, LLC</u>	<u>Ventures, LLC</u>	<u>Ventures, LLC</u>	<u>Alliance, LLC</u>	<u>Center, LLC</u>	<u>Entries</u>	<u>Consolidated</u>	
Current												
Accounts payable	\$ 11,889,234	\$ 23,577	\$ 118,418	\$ 60,476	\$ 243,304	\$ -0-	\$ 26,252	\$ 857,831	\$ 321,802	\$ (2,983,905)	\$ 10,556,989	
Accrued expenses	2,284,184	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,284,184	
Unearned revenue	247,170	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(247,170)	-0-	
Estimated third-party payor settlements	700,055	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	700,055	
Medicare advance payments	1,258,772	6,679	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,265,451	
Current portion of lease liability	1,282,718	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,282,718	
Current portion of long-term debt	1,195,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,195,000	
Total Current Liabilities	18,857,133	30,256	118,418	60,476	243,304	-0-	26,252	857,831	321,802	(3,231,075)	17,284,397	
Long-term Liabilities												
Medicare advance payments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Lease liability	3,597,644	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,597,644	
Long-term debt	8,030,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,691,202	-0-	9,721,202	
Total Liabilities	30,484,777	30,256	118,418	60,476	243,304	-0-	26,252	857,831	2,013,004	(3,231,075)	30,603,243	
Deferred inflows of resources	1,184,401	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,184,401	
Net Position												
Invested in capital assets, net of related debt	36,074,852	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,843,682	39,918,534	
Restricted	786,423	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	786,423	
Unrestricted	34,274,550	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(3,857,015)	30,417,535	
Total Controlling Net Position	71,135,825	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(13,333)	71,122,492	
Noncontrolling interest in subsidiary	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,241,007	2,241,007	
Total Net Position	71,135,825	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,227,674	73,363,499	
Members' Equity	-0-	1,183,662	1,103,343	967,823	2,108,896	-0-	599,885	(315,533)	1,178,278	(6,826,354)	-0-	
Total Liabilities and Net Position	\$ 102,805,003	\$ 1,213,918	\$ 1,221,761	\$ 1,028,299	\$ 2,352,200	\$ -0-	\$ 626,137	\$ 542,298	\$ 3,191,282	\$ (7,829,755)	\$ 105,151,143	

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2022**

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Northwestern Louisiana Cancer Center, LLC	Eliminating Entries	Consolidated
Revenues											
Net patient service revenue	\$ 82,921,693	\$ 71,127	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 834,373	\$ -0-	\$ -0-	\$ 83,827,193
Other revenue	8,260,416	389,627	373,784	2,066,775	3,620,056	-0-	441,804	318	38,644	(7,473,611)	7,717,813
Total Revenues	91,182,109	460,754	373,784	2,066,775	3,620,056	-0-	441,804	834,691	38,644	(7,473,611)	91,545,006
Expenses											
Salaries and benefits	44,510,628	81,039	321,527	630,566	939,831	-0-	279,705	293,065	-0-	-0-	47,056,361
Medical supplies and drugs	9,668,897	10,457	-0-	132,820	253,752	-0-	9,628	793,843	-0-	-0-	10,869,397
Medical, professional and consulting	6,920,623	65,124	-0-	-0-	808,130	-0-	34,657	-0-	-0-	-0-	7,828,534
Other expenses	26,197,177	114,539	141,968	218,811	98,637	-0-	16,220	153,225	18,591	(6,608,577)	20,350,591
Insurance	1,947,893	7,846	30,675	14,878	39,405	-0-	13,950	241	-0-	-0-	2,054,888
Depreciation and amortization	5,108,279	891	87,029	39,642	80,264	-0-	13,858	-0-	130,319	-0-	5,460,282
Total Expenses	94,353,497	279,896	581,199	1,036,717	2,220,019	-0-	368,018	1,240,374	148,910	(6,608,577)	93,620,053
Operating Income (Loss)	(3,171,388)	180,858	(207,415)	1,030,058	1,400,037	-0-	73,786	(405,683)	(110,266)	(865,034)	(2,075,047)
Nonoperating Revenues (Expenses)											
Property taxes	2,040,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,040,000
Covid-19 grant awards	3,671,870	-0-	33,899	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,705,769
Interest income	327,965	-0-	-0-	-0-	-0-	-0-	-0-	-0-	74	-0-	328,039
Gain on sale of equipment	234,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	234,000
Interest expense	(515,373)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(515,373)
Total Nonoperating Rev (Exp)	5,758,462	-0-	33,899	-0-	-0-	-0-	-0-	-0-	74	-0-	5,792,435
Excess of Revenue over Expenses	\$ 2,587,074	\$ 180,858	\$ (173,516)	\$ 1,030,058	\$ 1,400,037	\$ -0-	\$ 73,786	\$ (405,683)	\$ (110,192)	\$ (865,034)	\$ 3,717,388

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)**  
**YEAR ENDED JUNE 30, 2022**

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Northwestern Louisiana Cancer Center, LLC	Eliminating Entries	Consolidated
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(1,130,314)	\$ (1,130,314)
Other comprehensive income											
Unrealized holding gains (losses)	(737,177)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(737,177)
Changes in net position	1,849,897	180,858	(173,516)	1,030,058	1,400,037	-0-	73,786	(405,683)	(110,192)	(1,995,348)	1,849,897
Beginning net position	69,281,622	1,002,804	1,276,859	788,406	2,049,859	-0-	526,099	-0-	-0-	(5,657,360)	69,268,289
Prior period adjustment	4,306	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,306
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	90,150	1,288,470	(1,378,620)	-0-
Distribution paid	-0-	-0-	-0-	(850,641)	(1,341,000)	-0-	-0-	-0-	-0-	2,191,641	-0-
Ending net position	\$ 71,135,825	\$ 1,183,662	\$ 1,103,343	\$ 967,823	\$ 2,108,896	\$ -0-	\$ 599,885	\$ (315,533)	\$ 1,178,278	\$ (6,839,687)	\$ 71,122,492

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	Natchitoches			NRMC			NRMC			Northwestern		Eliminating Entries	Consolidated
	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Northwestern Louisiana Cancer Center, LLC				
<b>ASSETS</b>													
Current													
Cash and cash equivalents	\$ 5,886,710	\$ 670,196	\$ 63,408	\$ 512,117	\$ 513,414	\$ -0-	\$ 378,250	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,024,095
Limited use assets	88,527	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	88,527
Patient accounts receivable, net	11,695,366	(123,378)	(125)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,571,863
Estimated third-party payor settlements	2,417,648	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,417,648
Other receivables	4,510,850	(6,686)	210	282,052	520,063	-0-	133,435	-0-	-0-	(1,391,729)	-0-	-0-	4,048,195
Inventory	2,277,214	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,277,214
Prepaid expenses	1,258,812	26,821	-0-	5,381	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,291,014
Lease receivable - current	131,128	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	131,128
Notes receivable - current	124,441	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	124,441
Total Current Assets	28,390,696	566,953	63,493	799,550	1,033,477	-0-	511,685	-0-	-0-	(1,391,729)	-0-	-0-	29,974,125
Other													
Limited use assets	16,607,047	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	16,607,047
Lease receivable	853,756	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	853,756
Nondepreciable capital assets	10,084,486	-0-	45,899	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	10,130,385
Depreciable capital assets, net	36,407,109	5,795	1,245,095	46,639	1,203,960	-0-	33,634	-0-	-0-	-0-	-0-	-0-	38,942,232
Right-of-use capital assets, net	1,672,285	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,672,285
Bond issue cost, net	10,871	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	10,871
Capitalized construction interest	1,877,005	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,877,005
Notes receivable	66,759	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	66,759
Other	3,899,028	233,200	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(3,622,307)	-0-	-0-	509,921
Total Assets	\$ 99,869,042	\$ 805,948	\$ 1,354,487	\$ 846,189	\$ 2,237,437	\$ -0-	\$ 545,319	\$ -0-	\$ -0-	\$ (5,014,036)	\$ -0-	\$ -0-	\$ 100,644,386

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF NET POSITION (Continued)**  
**JUNE 30, 2021**

	Natchitoches				NRMCM				NRMCM				NRMCM				Northwestern					
	Regional	Natchitoches	Natchitoches	Regional	Comprehensive	NRMCM	NRMCM	NRMCM	NRMCM	Pharmacy	Northwestern	Eliminating					Louisiana Cancer			Entries	Consolidated	
<u>LIABILITIES AND NET POSITION</u>	<u>Medical</u>	<u>Outpatient</u>	<u>Assisted</u>	<u>Cardiology</u>	<u>Wound</u>	<u>Walk-In Clinic</u>	<u>Pain Institute</u>	<u>Pharmacy</u>	<u>Pharmacy</u>	<u>Alliance, LLC</u>	<u>Center, LLC</u>						<u>Center, LLC</u>					
	<u>Center</u>	<u>Services, LLC</u>	<u>Living, LLC</u>	<u>Clinic, LLC</u>	<u>Care, LLC</u>	<u>Ventures, LLC</u>	<u>Ventures, LLC</u>	<u>Ventures, LLC</u>	<u>Ventures, LLC</u>	<u>Alliance, LLC</u>	<u>Center, LLC</u>						<u>Center, LLC</u>					
Current																						
Accounts payable	\$ 7,571,097	\$ (204,348)	\$ 77,628	\$ 57,783	\$ 187,578	\$ -0-	\$ 19,220	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (1,026,116)	\$ 6,682,842									
Accrued expenses	1,912,002	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,912,002									
Unearned revenue	365,613	7,492	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(365,613)	7,492									
Estimated third-party payor settlements	1,270,660	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,270,660									
Medicare advance payments	4,494,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,494,000									
Current portion of lease liability	592,769	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	592,769									
Current portion of long-term debt	1,145,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,145,000									
Total Current Liabilities	17,351,141	(196,856)	77,628	57,783	187,578	-0-	19,220	-0-	-0-	-0-	-0-	(1,391,729)	16,104,765									
Long-term Liabilities																						
Medicare advance payments	1,942,573	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,942,573									
Lease liability	1,104,247	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,104,247									
Long-term debt	9,225,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,225,000									
Total Liabilities	29,622,961	(196,856)	77,628	57,783	187,578	-0-	19,220	-0-	-0-	-0-	-0-	(1,391,729)	28,376,585									
Deferred inflows of resources	964,459	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	964,459									
Net Position																						
Invested in capital assets, net of related debt	36,121,595	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,581,022	38,702,617									
Restricted	890,722	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	890,722									
Unrestricted	32,269,305	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(2,594,355)	29,674,950									
Total Controlling Net Position	69,281,622	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(13,333)	69,268,289									
Noncontrolling interest in subsidiary	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,035,053	2,035,053									
Total Net Position	69,281,622	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,021,720	71,303,342									
Members' Equity	-0-	1,002,804	1,276,859	788,406	2,049,859	-0-	526,099	-0-	-0-	-0-	-0-	(5,644,027)	-0-									
Total Liabilities and Net Position	\$ 99,869,042	\$ 805,948	\$ 1,354,487	\$ 846,189	\$ 2,237,437	\$ -0-	\$ 545,319	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (5,014,036)	\$ 100,644,386									

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2021**

	Natchitoches			NRMC			NRMC			NRMC			Northwestern			Eliminating	Consolidated
	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC					Louisiana Cancer Center, LLC			Entries	
<b>Revenues</b>																	
Net patient service revenue	\$ 74,140,888	\$ 536,551	\$ -0-	\$ -0-	\$ -0-	\$ 1,919,708	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 76,597,147
Other revenue	7,616,132	2,200	349,976	1,747,301	2,864,544	-0-	300,857	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(6,265,114)	6,615,896
Total Revenues	81,757,020	538,751	349,976	1,747,301	2,864,544	1,919,708	300,857	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(6,265,114)	83,213,043
<b>Expenses</b>																	
Salaries and benefits	38,355,270	6,002	337,886	594,482	860,087	1,126,766	104,962	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	41,385,455
Medical supplies and drugs	11,602,232	8,745	-0-	118,184	219,054	48,672	4,251	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	12,001,138
Medical, professional and consulting	3,728,390	101,790	-0-	-0-	697,308	163,526	22,796	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,713,810
Other expenses	23,635,802	129,147	124,422	229,391	93,292	116,521	38,545	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(5,050,522)	19,316,598
Insurance	1,567,613	-0-	12,316	3,210	16,331	8,919	5,203	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,613,592
Depreciation and amortization	4,358,156	892	95,114	11,660	65,038	6,404	13,858	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,551,122
Total Expenses	83,247,463	246,576	569,738	956,927	1,951,110	1,470,808	189,615	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(5,050,522)	83,581,715
Operating Income (Loss)	(1,490,443)	292,175	(219,762)	790,374	913,434	448,900	111,242	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(1,214,592)	(368,672)
<b>Nonoperating Revenues (Expenses)</b>																	
Property taxes	1,964,585	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,964,585
Covid-19 grant awards	2,111,083	-0-	33,899	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,144,982
Interest income	327,324	-0-	66	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	327,390
Gain on sale of equipment	(31,930)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(31,930)
Interest expense	(439,701)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(439,701)
Total Nonoperating Rev (Exp)	3,931,361	-0-	33,965	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,965,326
<b>Excess of Revenue over Expenses</b>	\$ 2,440,918	\$ 292,175	\$ (185,797)	\$ 790,374	\$ 913,434	\$ 448,900	\$ 111,242	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (1,214,592)	\$ 3,596,654

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)**  
**YEAR ENDED JUNE 30, 2021**

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	NRMC Pharmacy Alliance, LLC	Northwestern Louisiana Cancer Center, LLC	Eliminating Entries	Consolidated
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(1,155,737)	\$ (1,155,737)
Other comprehensive income											
Unrealized holding gains (losses)	(129,743)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(129,743)
Changes in net position	2,311,175	292,175	(185,797)	790,374	913,434	448,900	111,242	-0-	-0-	(2,370,329)	2,311,174
Beginning net position	66,970,447	919,240	1,462,656	607,033	1,895,425	17,297	414,857	-0-	-0-	(5,329,840)	66,957,115
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Distribution paid	-0-	(208,611)	-0-	(609,001)	(759,000)	(466,197)	-0-	-0-	-0-	2,042,809	-0-
Ending net position	\$ 69,281,622	\$ 1,002,804	\$ 1,276,859	\$ 788,406	\$ 2,049,859	\$ -0-	\$ 526,099	\$ -0-	\$ -0-	\$ (5,657,360)	\$ 69,268,289

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Daily patient services:		
Routine services	\$ 5,351,921	\$ 5,489,532
Intensive care	5,264,250	4,243,483
Nursery	627,056	589,130
Long-term care	6,422,121	6,660,164
Swing bed	20,888	93,623
Geriatric psych	4,292,000	4,202,960
Total daily patient services	<u>21,978,236</u>	<u>21,278,892</u>
Other professional services:		
Operating and recovery room		
Inpatient	6,403,322	5,502,629
Outpatient	<u>22,385,642</u>	<u>23,020,429</u>
Total	<u>28,788,964</u>	<u>28,523,058</u>
Labor and delivery		
Inpatient	928,339	874,520
Outpatient	<u>294,849</u>	<u>161,738</u>
Total	<u>1,223,188</u>	<u>1,036,258</u>
Anesthesia		
Inpatient	1,143,626	1,100,898
Outpatient	<u>2,900,333</u>	<u>2,875,578</u>
Total	<u>4,043,959</u>	<u>3,976,476</u>
Radiology, ultrasound, MRI & CT scan		
Inpatient	3,558,292	3,176,899
Outpatient	<u>34,841,109</u>	<u>32,019,404</u>
Total	<u>38,399,401</u>	<u>35,196,303</u>
Laboratory		
Inpatient	7,014,197	6,498,114
Outpatient	<u>28,500,068</u>	<u>27,775,316</u>
Total	\$ <u>35,514,265</u>	\$ <u>34,273,430</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Blood		
Inpatient	\$ 2,277,761	\$ 1,618,474
Outpatient	<u>2,966,821</u>	<u>1,778,753</u>
Total	<u>5,244,582</u>	<u>3,397,227</u>
Inhalation therapy		
Inpatient	6,483,663	5,415,746
Outpatient	<u>4,334,101</u>	<u>3,693,348</u>
Total	<u>10,817,764</u>	<u>9,109,094</u>
Physical therapy		
Inpatient	445,215	385,646
Outpatient	<u>129,200</u>	<u>142,421</u>
Total	<u>574,415</u>	<u>528,067</u>
Occupational therapy		
Inpatient	217,076	212,755
Outpatient	<u>30,274</u>	<u>54,788</u>
Total	<u>247,350</u>	<u>267,543</u>
Speech therapy		
Inpatient	95,789	88,128
Outpatient	<u>93,689</u>	<u>134,841</u>
Total	<u>189,478</u>	<u>222,969</u>
Electrocardiology		
Inpatient	535,816	486,122
Outpatient	<u>4,350,247</u>	<u>3,865,347</u>
Total	\$ <u>4,886,063</u>	\$ <u>4,351,469</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Central services		
Inpatient	\$ 235,258	\$ 284,550
Outpatient	<u>290,399</u>	<u>350,851</u>
Total	<u>525,657</u>	<u>635,401</u>
Pharmacy		
Inpatient	14,446,494	15,419,050
Outpatient	<u>11,154,987</u>	<u>10,514,289</u>
Total	<u>25,601,481</u>	<u>25,933,339</u>
Emergency room		
Inpatient	2,525,859	1,777,755
Outpatient	<u>14,900,743</u>	<u>12,133,959</u>
Total	<u>17,426,602</u>	<u>13,911,714</u>
Observation		
Outpatient	<u>13,720,511</u>	<u>12,796,879</u>
Ambulance		
Outpatient	<u>7,068,587</u>	<u>7,758,976</u>
Physician clinic		
Outpatient	<u>7,731,941</u>	<u>6,939,694</u>
Campti clinic		
Outpatient	<u>451,571</u>	<u>423,985</u>
Intensive outpatient psychiatric services		
Outpatient	<u>1,206,594</u>	<u>1,889,358</u>
Hospitalist program		
Inpatient	1,155,031	1,052,941
Outpatient	<u>844</u>	<u>1,604</u>
Total	\$ <u>1,155,875</u>	\$ <u>1,054,545</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Women's health clinic		
Outpatient	\$ <u>212,946</u>	\$ <u>-0-</u>
Walk-in clinic		
Outpatient	<u>4,316,605</u>	<u>3,905,572</u>
Wound care		
Outpatient	<u>9,303,786</u>	<u>6,771,948</u>
Hyperbarics		
Outpatient	<u>4,448,827</u>	<u>3,385,584</u>
Pain management		
Outpatient	<u>1,577,974</u>	<u>1,074,448</u>
Surgical clinic		
Outpatient	<u>2,740,971</u>	<u>2,493,510</u>
Pulmonary clinic		
Outpatient	<u>2,603,242</u>	<u>2,573,882</u>
Orthopedic clinic		
Outpatient	<u>2,960,571</u>	<u>2,068,377</u>
ENT clinic		
Outpatient	<u>1,292,832</u>	<u>1,022,966</u>
OB/GYN clinic		
Outpatient	<u>5,541,066</u>	<u>1,459,976</u>
Urology clinic		
Outpatient	<u>1,752,693</u>	<u>1,871,024</u>
Multispecialty clinic		
Outpatient	<u>5,474,305</u>	<u>2,905,990</u>
Ambulatory treatment		
Outpatient	<u>265,089</u>	<u>66,600</u>
Cancer center		
Outpatient	\$ <u>9,529,703</u>	\$ <u>-0-</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Total other professional services	\$ <u>256,838,858</u>	\$ <u>221,825,662</u>
Gross charges	<u>278,817,094</u>	<u>243,104,554</u>
Less charges associated with charity patients	<u>388,707</u>	<u>436,040</u>
Gross patient service revenue	278,428,387	242,668,514
Less deductions from revenue:		
Medicare and Medicaid contractual adjustments	117,759,066	104,096,006
Commercial contractual adjustments	76,465,219	59,296,999
Other deductions	22,068	139,893
Nursing home intergovernmental transfer	(956,196)	(739,084)
Physician supplemental revenue	<u>(4,786,634)</u>	<u>(4,093,891)</u>
Patient service revenue (net of contractual adjustments and discounts)	89,924,864	83,968,591
Less provision for bad debts	<u>6,097,671</u>	<u>7,371,444</u>
Net patient service revenue	\$ <u>83,827,193</u>	\$ <u>76,597,147</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF OTHER REVENUE  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Other revenue:		
Rental income	\$ 761,031	\$ 746,538
Lease income	327,763	242,078
Assisted living housing & care income	407,683	383,875
Donations	858,000	-0-
Dietary sales	251,810	199,844
Drugs sold to employees	477,196	897,721
Vending revenue	20,846	20,707
Grants	185,553	152,834
Intergovernmental transfer grant	3,599,787	2,988,780
340B pharmaceutical program	594,421	796,011
Other	<u>233,723</u>	<u>187,508</u>
 Total other operating revenue	 \$ <u>7,717,813</u>	 \$ <u>6,615,896</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF EXPENSES – SALARIES AND BENEFITS  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Salaries:		
Human resources	\$ 422,541	\$ 402,829
Administration	2,071,625	2,271,149
Information systems	591,891	552,878
Accounting	178,845	230,264
Admitting	831,849	601,457
Business office	461,082	385,897
Housekeeping	729,446	599,935
Dietary and cafeteria	-0-	34
Laundry	47,796	45,296
Plant operations and maintenance	525,019	515,425
Security	254,882	204,404
Nursing administration	1,381,559	1,289,593
Medical records	394,502	400,413
Nursing services	2,325,655	2,161,142
ICU	1,429,835	1,286,290
Geriatric psych	767,387	712,833
Nursery	228,393	182,476
Long-term care	3,506,644	3,127,954
Operating room	1,851,537	1,740,240
Labor and delivery	470,007	449,056
Radiology	1,621,102	1,439,808
Laboratory	1,225,378	1,065,013
Respiratory therapy	783,234	718,120
Physical therapy	298,884	257,888
Occupational therapy	185,589	205,906
Speech therapy	63,564	69,068
Purchasing	260,313	241,926
Pharmacy	1,084,646	693,459
Intensive outpatient psychiatric services	353,071	409,127
Emergency room	1,678,507	1,535,640
Ambulance	1,698,184	1,564,328
Physician clinic	650,885	597,802
Campti clinic	299,688	289,729
Assisted living	282,918	298,268
Hospitalist program	1,156,183	864,196
Walk-in clinic	2,050,387	1,468,960
Wound care	\$ 832,274	\$ 714,871

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF EXPENSES – SALARIES AND BENEFITS (Continued)  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Pain management	\$ 246,058	\$ 79,969
Sleep center	362,546	323,384
Sports medicine	189,687	216,721
Surgery clinic	1,264,916	1,243,223
ENT clinic	438,347	503,431
Pulmonary clinic	922,972	811,420
Orthopedic clinic	1,168,600	958,039
OB/GYN clinic	2,176,304	753,984
Urology clinic	919,273	933,388
Ambulatory treatment	138,189	74,931
Cancer center	437,563	-0-
Discovery house	<u>69,473</u>	<u>114,650</u>
 Total salaries	 <u>41,329,230</u>	 <u>35,606,814</u>
 Benefits:		
FICA and Medicare tax	2,835,029	2,476,310
Hospital insurance	2,158,518	2,916,816
Retirement	445,780	262,795
Other	<u>287,804</u>	<u>122,720</u>
 Total benefits (excluding retirement)	 <u>5,727,131</u>	 <u>5,778,641</u>
 Total salaries and benefits	 \$ <u>47,056,361</u>	 \$ <u>41,385,455</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF EXPENSES – MEDICAL SUPPLIES AND DRUGS  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Nursing service	\$ 355,191	\$ 265,574
ICU	263,799	201,678
Geriatric psych	13,664	12,059
Nursery	41,661	24,094
Long-term care	131,038	221,407
Operating room	3,248,058	3,790,883
Labor and delivery	50,392	41,862
Anesthesiology	89,972	105,133
Radiology, nuclear medicine, CT scan	186,210	184,511
Laboratory and blood	1,495,039	2,231,089
Respiratory therapy	140,593	168,639
Physical therapy	1,083	77
EKG	25,967	27,788
Central supply	40,345	45,020
Pharmacy	3,587,160	3,731,061
Emergency room	197,691	208,646
Ambulance	36,102	47,393
Physician clinic	132,820	118,184
Campiti clinic	20,501	20,537
Walk-in clinic	117,224	76,552
Wound care	253,752	219,054
Pain clinic	9,628	4,251
Surgery clinic	2,702	3,182
ENT clinic	39,243	33,088
Pulmonary clinic	252	78
Orthopedic clinic	71,262	42,986
OB/GYN clinic	171,664	73,154
Urology clinic	130,104	94,683
Intensive outpatient psychiatric services	81	783
Dialysis	2,743	425
Infusion therapy	11,596	6,298
Multispecialty clinic	512	969
Cancer center	<u>1,348</u>	<u>-0-</u>
 Total medical supplies and drugs	 \$ <u>10,869,397</u>	 \$ <u>12,001,138</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF EXPENSES – MEDICAL, PROFESSIONAL AND  
CONSULTING SERVICES  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Routine nursing	\$ 998,212	\$ 229,460
ICU	85,979	3,789
Geriatric psych	330,335	232,875
Nursery	221	-0-
LTCU	471,902	148,126
Operating room	322,090	125,456
Labor and delivery	12,410	450
Anesthesiology	301,088	349,116
Radiology, ultrasound, CT scan	250,581	199,482
Laboratory	592,747	406,123
Respiratory therapy	301,688	82,815
Physical therapy	7,254	10,886
Pharmacy	362,957	343,661
Emergency room	1,372,430	1,140,635
Other	74,899	35,973
Sleep study	11,797	19,847
Intensive outpatient psychiatric services	100,273	97,459
Hospitalist program	5,000	35,338
Campiti clinic	13,675	21,860
Walk-in clinic	115,550	204,510
Pain management	52,509	24,714
Wound care	808,130	697,308
ENT clinic	18,258	19,004
Pulmonary clinic	27,515	33,828
Orthopedic clinic	34,593	39,115
Surgery clinic	77,368	94,596
OB/GYN clinic	137,574	30,219
Dialysis	214,941	50,252
Urology clinic	12,016	36,913
Ambulatory treatment	12,811	-0-
Cancer center	<u>701,731</u>	<u>-0-</u>
 Total medical, professional and consulting	 \$ <u>7,828,534</u>	 \$ <u>4,713,810</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULES OF EXPENSES – OTHER  
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Service fees	\$ 8,159,811	\$ 7,423,843
Legal and accounting	540,446	349,294
Non-medical supplies	3,699,134	3,540,040
Repairs and maintenance	102,950	344,285
Utilities	2,119,106	1,740,538
Telephone	123,405	129,978
Travel and fuel - ambulance	98,067	62,873
Travel and fuel - other	117,838	61,370
Rental expense	387,032	513,382
Education expense	25,037	16,272
Licenses, dues and subscriptions	1,481,407	1,596,999
Patient days tax	374,835	396,074
Advertising	492,281	531,590
Recruitment	351,354	250,862
Inter-governmental transfer expense	2,035,431	2,213,120
Other	<u>242,457</u>	<u>146,078</u>
 Total other expenses	 \$ <u>20,350,591</u>	 \$ <u>19,316,598</u>

## NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

### HISTORY

The Natchitoches Parish Hospital was built by the people of the Parish of Natchitoches, Louisiana, in cooperation with the United States Government, and is operated by the Natchitoches Parish Hospital Service District as created by the Police Jury of Natchitoches Parish, Louisiana.

In consideration of an agreement between the Police Jury of Natchitoches Parish, Louisiana, and the Natchitoches Parish Hospital Service District whereby the Police Jury agreed to construct, complete and equip a hospital in Natchitoches Parish, the Hospital Service District agrees to do and perform the following:

1. To operate the District for the duration of this twenty-year agreement as a non-profit institution in accordance with an agreement entered into by and between the Parish and the United States.
2. To maintain and operate the District and assume and pay the expenses of operations and maintenance to the extent of the income and revenues derived therefrom.
3. To have full and complete charge of the management and operation of the District and conduct and operate said District at all times in accordance with acceptable standards of hospital practice.

The Parish covenants to do and perform, as consideration for this agreement, the following:

1. To equip the hospital building for hospital purposes with modern equipment sufficient to meet the needs of present day hospital practice. If, however, the District desires to replace said equipment with new equipment, it may do so, and said new equipment shall be and remains the property of the Parish if paid for out of the income resulting from the operation of the District. It is understood and agreed, however, that the Parish shall not be responsible for the securing of additional equipment other than that already purchased or installed when the District takes possession of the premises.
2. To levy the special tax of one mill on the dollar of all property subject to state taxation in the Parish for a period of three years beginning with the year 1956, as authorized by the special election held in the Parish on November 15, 1955, and the Parish shall pay to the District the net proceeds of said tax, as when collected. Said net proceeds shall be used by the District solely to defray the costs of operating and maintaining the District described herein, and proceeds at such intervals as the Parish may require.

During the year ended September 30, 1965, the Natchitoches Parish Hospital was enlarged by the addition of a nursing home, an autopsy room, new patient rooms and additional administrative and storage space. The new construction was financed by: (1) a grant from the United States Government under the Hill-Burton Act in the amount of \$307,000; (2) proceeds of a \$400,000 bond issue; and, (3) revenues of the Natchitoches Parish Hospital. The \$400,000 of Natchitoches Parish, Louisiana, Hospital Improvement Revenue Bonds, 3 1/2%, Series 1963, were purchased by the United States of America, Housing and Home Finance Agency. These bonds were retired in 1979.

## NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

### HISTORY (Continued)

On June 14, 1977, a seven million dollar (\$7,000,000) bond issue was passed by the people of Natchitoches Parish. The seven million dollars (\$7,000,000) consisted of four million five hundred thousand dollars (\$4,500,000) of Public Improvement Bonds to be paid by ad valorem taxes. Two million five hundred thousand dollars (\$2,500,000) were to be Revenue Bonds and were to be paid off out of the general operating revenue of the District. Pursuant to a public hearing held on March 6, 1979, the District was authorized to issue \$4,500,000 of Hospital Revenue Bonds in lieu of the \$2,500,000 of Hospital Revenue Bonds.

On May 22, 1978, the Public Improvement Bonds were sold. The Public Improvement Hospital Bonds are dated April 1, 1978, and are in denominations of five thousand dollars (\$5,000) each, and bear interest at a rate or rates not exceeding six and one-half percent (6 1/2%) per annum on any bond in any interest payment period. Said interest to be payable April 1, 1979, and semi-annually thereafter on April 1st and October 1st of each year. Bonds numbered 204 to 900, inclusive, are callable for redemption by the District in the inverse order of their maturities, and if less than a full maturity, then by lot within such maturity, on any interest payment date on or after April 1, 1988, at the principal amount thereof and accrued interest to the date fixed for redemption, provided that official notice be given of such call of any of the bonds for redemption date by means of publication of an appropriate notice one time in a financial newspaper or journal published in the City of New York, or in the City of New Orleans, Louisiana, and sent by registered mail to the place of payment of the bonds. Bonds of this issue numbered 1 to 203, inclusive, are not callable for redemption prior to their stated dates of maturity. The bonds are secured by a special tax to be imposed and collected annually in excess of all other taxes on all the property subject to taxation within the territorial limits of the District. On October 1, 1985, funds were deposited in an irrevocable trust and zero coupon United States of America Trust securities were purchased. The securities began maturing in February 1995, and will be used to pay payments on the bonds until payment in full. No collections of taxes were required after that time.

In May 1979, the Hospital Revenue Bonds were sold. These bonds are dated April 1, 1979, and are in denominations of five thousand dollars (\$5,000) each, and bear interest at a rate or rates not exceeding seven and seven-eighths percent (7 7/8%) per annum on any bond in any interest period. Said interest to be payable October 1, 1979, and semi-annually thereafter on April 1st and October 1st of each year.

The Series 1979 Revenue Bonds are also subject to redemption in whole, at any time, or in part, at any interest payment date, at the option of the District upon the occurrence of any of the following conditions or events: (1) if title to, or the permanent use of, or use for a limited period of, substantially all of the District is condemned; or (2) if the title to substantially all of the District is found to be deficient to the extent that the Hospital is untenable or the efficient utilization of the District by the District is substantially impaired; or (3) if substantially all of the District is damaged or destroyed by fire or other casualty; or (4) if as a result of any changes in the Constitution of the United States of America or of the State of Louisiana or of legislative or administrative action, or failure of administrative action, by the United States or the State of Louisiana, or any agency or political subdivision thereof, or by reason of any judicial decision, (i) the Resolution becomes void or unenforceable or impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities are imposed on the District, including without limitation Federal, state or other ad valorem property, income or other taxes being imposed on the property of the District. In the event of such redemption, the Bonds shall be subject to redemption at the principal amount thereof plus accrued interest to the date of redemption, but without premium.

The Series 1979 Bonds are issued pursuant to a Resolution, under which payment of the principal of, redemption premium, if any, and interest on the Series 1979 Bonds is secured by a pledge of the income, revenues, receipts and accounts receivable derived by, payable or accruing to the District by reason of its operation of the District, subject to payment of the operating expenses of the District.

## NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

### HISTORY (Continued)

The Series 1979 Bonds are limited obligations of the District which are payable solely from revenues derived by the District from its operation of the Hospital. The Series 1979 Bonds are not an indebtedness or pledge of the general credit of the State of Louisiana, the Parish or City of Natchitoches or the District. Neither the District nor any of the assets of the District are pledged or mortgaged as security for the Series 1979 Revenue Bonds.

On February 26, 1980, the Louisiana State Bond Commission approved a notice of intention to issue not exceeding \$750,000 of Hospital Revenue Bonds to bear interest at rates not exceeding 9 1/4% per annum, the proceeds of which will be used for the purpose of constructing improvements to the existing facilities or to provide additional facilities, said bonds are to be secured by and payable solely from the District from operations, to mature at such time not exceeding 30 years from date of issuance, and subject further to the approval of the Natchitoches Parish Police Jury. In lieu of issuing these bonds the District made an application for the approval to the State Bond Commission to issue \$500,000 of Certificates of Indebtedness at an interest rate not to exceed eleven and one-half percent per annum. This application was approved on September 1, 1981. The \$500,000 in Certificates of Indebtedness were issued on April 6, 1982. Certificates totaling \$150,000 were issued to each of three banks in Natchitoches. These Certificates of Indebtedness were paid in full on September 28, 1984.

On November 20, 1985, the District's Commissioners resolved to donate a portion of land to the Natchitoches Parish Police Jury so they could construct a parish health clinic. The act of donation was made by resolution of the Board of Commissioners on October 23, 1987. The District's basis in the donated land was \$8,200.

An ambulance service tax is collected by the Natchitoches Parish Police Jury. The tax money is forwarded to the District upon submitting ambulance cost for the year. A ten-year renewal was passed in 1986. The voters of Natchitoches Parish voted not to renew this tax in July 1996.

Effective January 30, 1987, the Long-Term Care Unit qualified as a Medicare participating skilled nursing facility. As of September 25, 1987, a home health program was begun.

On December 1, 1988, the District began renting office space for four physicians in a newly constructed physician office building.

During the year ended June 30, 1990, the District purchased approximately ten acres of land on Keyser Avenue. The State of Louisiana expropriated one quarter acre for road right-of-way.

During the year ended June 30, 1991, the District began an \$845,000 renovation of the fourth and fifth floors of the Hospital which include two additional elevators and a rehabilitation fitness center. The Hospital began redecorating and refurnishing 84 patient rooms. These renovations were completed in fiscal year 1992.

During the year ended June 30, 1992, the District began replacing the chillers and completed replacement of the chillers in fiscal year 1993. The Hospital began and nearly completed a building to be rented as a dialysis center.

During the year ended June 30, 1994, the District completed construction of the dialysis center and began construction of rental facilities for a mental health unit and an obstetrics/gynecology doctors' office. The District also refinanced \$3,600,000 of Revenue bonds. As with the 1979 series, the \$3,560,000 of Series 1994 Bonds, dated May 19, 1994, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital. The interest rates vary from 3.95% to 5.5%.

## NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

### HISTORY (Continued)

The District completed construction of the mental health unit, the obstetrics/gynecology doctors' office, senior care center and remodeling of the labor and delivery rooms during the fiscal year ended June 30, 1995. A cooperative endeavor with Northwest Psychiatry, Inc. resulted in the establishment of an adolescent psychiatric program in Natchitoches Parish. Additionally, the Hospital began its own geriatric psychiatric program on the hospital campus just prior to year end.

Effective July 1, 1995, the Hospital's geriatric psychiatric unit received "Distinct Part" status which provides for reasonable cost reimbursement of necessary services to Medicare patients. In February 1996 the cooperative endeavor with Northwest Psychiatry, Inc. ended as Medicaid, the primary payor source for the adolescent facility, tightened its admission and length of stay criteria. The result was an inadequate census and the unit was closed.

The District began leasing twenty-one beds and selling ancillary services to Satellite Rehab, Inc., a separately licensed hospital and unrelated party, on December 1, 1997. Satellite Rehab, Inc. offers inpatient rehabilitative services.

Also, on December 1, 1997, the District entered into a management agreement with Christus Health (the "Manager"). The Manager is responsible for providing an administrator for routine administrative services, making recommendations for the overall rate structure, preparing monthly reports to the Board, managing cash and investments, preparing annual budgets and reviewing the insurance program. The Board of Commissioners retained all authority and control over the District.

During the year ended June 30, 2000, the District financed \$10,000,000 of 6% Series 2000 Revenue Bonds. The \$10,000,000 of Series 2000 bonds, dated June 14, 2000, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

The District received escrow funds in the amount of \$5,000,000 from Christus Health on March 3, 2000, as a part of an agreement with the District to be used for expansion of outpatient facilities. As certain conditions were met, the \$5,000,000 was earned during 1999, 2000, 2001 and 2002.

The District ceased operations of the home health and partial day psychiatric services in June 2000.

During the year ended June 30, 2002, the Hospital renovated the second and third floor of the tower as part of the beginning of a three-phase construction project, which will include a new outpatient service center. This project is being financed by the issuance of the Series 2000 Revenue Bonds of \$10,000,000 and from the \$5,000,000 contribution received by Christus Health.

The Hospital continued its three-phase construction project during 2004 with the completion of the renovation of the second and third floors and expected completion of the new outpatient service center by September of 2005. The final phase of the project, renovation of the first floor, will start after the completion of the outpatient service center.

The Hospital entered into a joint venture with local physicians and created Natchitoches Outpatient Services, LLC. NOP, LLC offers outpatient therapy services and MRI services. NOP, LLC began operations in June of 2005.

## NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

### HISTORY (Continued)

The Hospital has changed its d/b/a name to Natchitoches Regional Medical Center to reflect its regional healthcare status.

The Hospital purchased a minority interest in Northwestern Louisiana Cancer Center, LLC, which provides outpatient cancer treatment, in March 2006.

Christus Health conveyed a medical office building to the Hospital in July 2006. The conveyance contains an act of re-conveyance which is subject to the term of the management agreement with Christus Health. At the end of the agreement, the Hospital will recognize the building as an asset and the income based at fair market value.

In September of 2006, the Hospital opened the new outpatient center and started renovation of the first and fourth floor. The fourth floor will be leased to a rehab hospital.

The Hospital completed the renovation of the first and fourth floors in January 2007. The fourth floor is leased to a physical rehabilitation hospital.

The Hospital created a new entity called Natchitoches Assisted Living, LLC. NAL, LLC purchased an assisted living facility for \$1,200,000 on July 12, 2007, through a cash investment by the Hospital. NAL, LLC offers housing and limited care for elderly residents.

During the year ended June 30, 2009, the District financed \$8,000,000 of 4.26% Series 2008 Revenue Bonds. The \$8,000,000 of Series 2008 bonds, dated August 26, 2008, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

Construction of the new nursing home facility began in September of 2008. The facility was completed in November 2009 and the patients were transferred. During FY 2012, the old nursing home was demolished.

The Hospital created a new entity called Regional Cardiology Clinic, LLC on March 2, 2009. RCC, LLC provides cardiology diagnostics and testing services.

The Natchitoches Hospital Foundation merged on November 3, 2010, with the Natchitoches Regional Medical Center Foundation.

The Hospital acquired a medical office building valued at \$4,550,000 by act of donation from Christus Health on December 31, 2010.

On February 3, 2014, the Hospital entered into a joint venture, NRMC Comprehensive Wound Care, LLC, to offer wound care and hyperbaric services.

On April 1, 2015, the Hospital entered into a joint venture with local physicians, NRMC Walk-In Clinic Ventures, LLC, to establish an after-hours care clinic. In February of 2021, the Hospital acquired 100% interest in NRMC Walk-in Clinic Ventures, LLC.

On April 7, 2016, the Hospital entered into a joint venture, NRMC Pain Institute Ventures, LLC, to offer pain management services.

## NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

### HISTORY (Continued)

During the year ended June 30, 2019, the District financed \$9,000,000 of 2.75% to 4.20% Series 2018 Revenue Bonds. The \$9,000,000 of Series 2018 bonds, dated February 13, 2019, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

In June of 2020, construction for a new state of the art wound care center was completed allowing the Hospital to expand its wound care services.

In August of 2020, the Hospital opened its new Multispecialty Clinic which provides urology, ENT, orthopedics, pulmonology, and general surgery services.

In April of 2021, the Hospital opened an outpatient retail pharmacy as a joint venture.

In August of 2021, the Hospital acquired 100% ownership of the Cancer Center.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
SCHEDULE OF PER DIEM  
OR OTHER AMOUNTS PAID TO OR ON BEHALF OF COMMISSIONERS  
YEAR ENDED JUNE 30, 2022

<u>Board Member</u>	<u>Paid on Behalf of Commissioners</u>
Ronald Corkern	\$ 640
Dr. Chris Ingram	240
Samuel Jackson	200
John Luster	720
Arthur Welch	200
Michael Newton	720
James Kilcoyne	720
Valencia Sarpy Jones	<u>-0-</u>
	\$ <u>3,440</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
CONSOLIDATED SCHEDULE OF BONDS PAYABLE  
YEAR ENDED JUNE 30, 2022

NATCHITOCHES PARISH HOSPITAL	RATES	PAYMENT DATES	ISSUE DATES	FINAL MATURITY DATE	ANNUAL SERIAL PAYMENTS	BONDS			
						AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
Revenue bonds - 2008	2.450%	4/1; 10/1	8/26/2008	10/1/2023	700,000 (2023) 735,000 (2024)	\$ <u>10,000,000</u>	\$ <u>8,000,000</u>	\$ <u>6,565,000</u>	\$ <u>1,435,000</u>
Revenue bonds - 2018	2.750% to 4.200%	4/1; 10/1	2/13/2019	10/1/2033	495,000 (2023)  520,000 (2024) 545,000 (2025) 570,000 (2026) 600,000 (2027) 625,000 (2028) 655,000 (2029) 685,000 (2030) 720,000 (2031) 755,000 (2032) 790,000 (2033) 830,000 (2034)	\$ <u>9,000,000</u>	\$ <u>9,000,000</u>	\$ <u>1,210,000</u>	\$ <u>7,790,000</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO CHIEF EXECUTIVE OFFICER  
YEAR ENDED JUNE 30, 2022

Agency Head Name: Kirk Soileau  
Position: CEO

<u>Purpose</u>	<u>Amount</u>
Salary	305,474
Health insurance	11,239
Retirement	50,474
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	3,910
Conference travel	2,556
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	29,836
Professional dues	-0-
Cell phone	-0-



## LESTER, MILLER & WELLS

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Brenda J. Lloyd, CPA  
Timothy J. Deshotel, CPA  
Andrew J. Wynn, CPA  
P. Trae' O'Pry, CPA, CVA

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Retired 2015  
Bobby G. Lester, CPA

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

Board of Commissioners  
Natchitoches Parish Hospital Service District  
Natchitoches, 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, the consolidated financial statements of Natchitoches Parish Hospital Service District and its affiliates (the "District" or the "Hospital"), a component unit of the Natchitoches Parish Government, Natchitoches, Louisiana, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 24, 2023.

#### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items: 2022-001 and 2022-002 that we consider to be material weaknesses.

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

As part of obtaining reasonable assurance about whether the District's consolidated financial statements are free of 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-003.

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

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

### **Purpose of this Report**

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

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

*Lester, Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

January 24, 2023



Natchitoches Parish Hospital Service District  
Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2022

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

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified – Yes
- Significant deficiencies identified – No

Compliance

- Noncompliance issue noted – Yes

Management letter issued – No

**Section II. Financial Statement Findings**

2022-001 – Allowances for receivables

**Criteria:** The District should make calculations using current information to determine the valuation of receivables and adjust the allowances as necessary in order to properly report net patient service revenue.

**Condition:** Various accounts receivable balances for patients and third-parties were deemed as uncollectible or overvalued as of June 30, 2022.

**Cause:** Due to turnover in the accounting department, various account balances were not taken into consideration when determining the allowances for accounts receivable.

**Effect:** Net patient service revenue and related receivables were overstated by approximately \$2 million.

**Recommendation:** We recommend reviewing all accounts receivable balances for accounts with little or no collections and using prior collection history to determine the necessary allowances in order to properly report net patient service revenue.

**Management Response:** We do not believe that the posting of allowances for receivables should change due to the turnover in the finance department. Therefore, we have simplified and documented the process moving forward while still producing accurate results. However, we do agree with auditor's findings for fiscal year 2022. The contractual and allowance model has been updated to reflect the estimation of future collections based on the history of the past six months reimbursement which is typical of the industry.



Natchitoches Parish Hospital Service District  
Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2022

2022-002 – Lessor accounting

**Criteria:** The District should implement GASB Statement No. 87, *Leases* as of June 30, 2022.

**Condition:** The District implemented the new accounting standard for the lessee transactions but not for the lessor transactions.

**Cause:** Due to turnover in the accounting department, the standard was not fully implemented to accommodate the lessor transactions.

**Effect:** Lease receivable and deferred inflows of resources were understated by approximately \$1.2 million.

**Recommendation:** We recommend reviewing the leases for rental income to ensure the transactions are reported in the financial statements in accordance to the new lease standard.

**Management Response:** GASB Statement No. 87 refers to operating lease transactions for the lessee and lessor that now are to be capitalized. This requires different accounting entries than prior to this recent standard. This process has now been changed for fiscal year 2023 to abide by the standard. We also agree with the auditor's adjustment for fiscal year 2022.

2022-003 – Bond Covenants

**Criteria:** The District is required by revenue bond covenants to make monthly deposits in a sinking fund.

**Condition:** The District failed to make all the necessary deposits into the sinking fund.

**Cause:** Management oversight.

**Effect:** The District is not in compliance with the revenue bond covenants.

**Recommendation:** We recommend depositing an amount to be in compliance with the sinking fund and to add a procedure in the monthly reporting to determine that the monthly deposits are paid in accordance to the bond covenants.

**Management Response:** It is management's intent that all necessary deposits are made to the bond sinking fund and paid in accordance to the bond covenants.

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

Not applicable

**Section IV. Management Letter**

Not applicable



Natchitoches Parish Hospital Service District  
Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2022

**Section I. Financial Statement Findings**

Not applicable

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

Not applicable

**Section III. Management Letter**

Not applicable

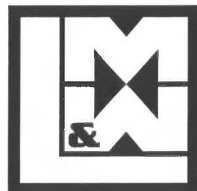




NATCHITOCHES REGIONAL MEDICAL CENTER

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON  
PROCEDURES

FOR THE YEAR ENDED  
JUNE 30, 2022



**LESTER, MILLER & WELLS**  
*A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS*





## LESTER, MILLER & WELLS

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Retired 2015  
Bobby G. Lester, CPA

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

To the Board of Commissioners  
of Natchitoches Parish Hospital Service District No. 1  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Natchitoches Parish Hospital Service District No. 1 (the Hospital) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Hospital's management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

#### ***Written Policies and Procedures***

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (*if applicable to public funds and the entity's operations*):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (*e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation*).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pa rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (*e.g., determining the reasonableness of fuel card purchases*)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy, and (5) 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) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

#### **Board or Finance Committee**

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.



- c) For governmental entities, obtain the prior year audit report and observe the 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.

**Exceptions:** The Board did not meet for one (1) of the six (6) required meetings, in accordance with its bylaws.

**Managements Response:** Management has prepared a schedule of board meeting for 2023 in accordance with its bylaws.

### ***Bank Reconciliations***

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

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

### ***Collections (excluding electronic funds transfers)***

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- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (*cash*) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (*or all deposit sites if less than 5*).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (*i.e., 5 collection locations for 5 deposit sites*), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.



- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., *pre-numbered receipts*) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (*or all locations if less than 5*).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:



- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (*e.g., initial/date, electronic logging*) of segregation of duties tested under #9, as applicable.

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

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

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. 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*) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. (*Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.*)
  - b) Observe that finance charges and late fees were not assessed on the selected statements.



13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Exceptions:** One (1) transaction for meals and one (1) transaction for the purchase of software were not supported by original itemized receipts. Management did not have compensating controls to address missing receipts.

**Management's Response:** Management will ensure that original receipts are maintained and implement controls to address circumstances for which an original itemized receipt cannot be located.

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

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- 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 policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

#### **Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:



- e) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- f) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- g) 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, was approval documented*).
- a) 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.

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

### ***Payroll and Personnel***

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- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). *(Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)*
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

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



### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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

### ***Debt Service***

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21. 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.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (*including contingency funds, short-lived asset funds, or other funds required by the debt covenants*).

**Exceptions:** The Sinking Fund for the Revenue Bond selected for testing was not maintained in accordance with the debt covenants.

**Management's Response:** Management will ensure proper funding of the Sinking Funds.

### ***Fraud Notice***

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23. 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.
24. 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

**Exception:** No exceptions were found as a result of this procedure.



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

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25. 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 no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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.

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

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe 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).
28. 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 it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Exceptions:** No exceptions were found as a result of this procedure.



Board of Commissioners  
of Natchitoches Parish Hospital Service District No. 1  
and the Louisiana Legislative Auditor

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

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

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

*Lester, Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

January 24, 2023

