

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a RIVERSIDE MEDICAL CENTER

DECEMBER 31, 2022 AND 2021

FRANKLINTON, LOUISIANA

FINANCIAL STATEMENTS
WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
DECEMBER 31, 2022 AND 2021
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INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners
Washington Parish Hospital Service District No.1
d/b/a Riverside Medical Center
Franklinton, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (Hospital), a component unit of the Washington Parish Council, State of Louisiana, as of and for the years ended December 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center as of December 31, 2022 and 2021, and the changes in its financial position and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

OTHER MATTERS

Required Supplementary Information

The Hospital has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules identified in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 May 22, 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 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.



LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, LA
May 22, 2023

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF NET POSITION

DECEMBER 31,

ASSETS

	2022	2021
Current Assets		
Cash and Cash Equivalents	\$ 7,765,995	\$ 8,449,205
Patient Accounts Receivable, less Allowance for Doubtful Accounts of \$2,422,113 and \$2,673,002, respectively	3,689,235	3,527,531
Estimated Third-Party Payor Settlements	2,058,344	2,450,799
Inventory	755,988	820,291
Prepaid Expenses	289,097	177,996
Ad Valorem Tax Receivable	1,538,367	1,127,163
Other Receivables	307,091	1,549,991
Total Current Assets	16,404,117	18,102,976
ASSETS WHOSE USE IS LIMITED:		
By Bond Indenture	100,649	99,211
Total Assets Whose Use is Limited	100,649	99,211
Capital Assets		
Property, Plant and Equipment	28,578,023	28,187,814
Less Accumulated Depreciation	(23,167,103)	(22,272,654)
Total Capital Assets, Net of Accumulated Depreciation	5,410,920	5,915,160
Total Assets	\$ 21,915,686	\$ 24,117,347

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF NET POSITION

DECEMBER 31,

LIABILITIES AND NET POSITION

	2022	2021
Current Liabilities		
Accounts Payable	\$ 2,101,202	\$ 2,140,652
Current Maturities of Debt	379,582	535,976
Estimated Third-Party Payor Settlements	795,141	2,456,859
Patient Accounts - Credit Balances	39,177	312,537
Accrued Salaries	598,223	511,218
Accrued Compensated Absences	1,014,631	951,238
Accrued Payroll Liabilities and Health Insurance Reserve	382,377	302,676
Accrued Interest Payable	18,983	20,044
Total Current Liabilities	5,329,316	7,231,200
Long-Term Debt		
Leases Payable	513,601	558,892
2017 Series of Indebtedness	363,000	446,000
2019 Series of Indebtedness	840,000	855,000
Total Long-Term Debt	1,716,601	1,859,892
Total Liabilities	7,045,917	9,091,092
Net Position		
Invested in Assets, Net of Related Debt	3,314,737	3,519,292
Restricted	100,649	99,211
Unrestricted	11,454,383	11,407,752
Total Net Position	14,869,769	15,026,255
Total Liabilities and Net Position	\$ 21,915,686	\$ 24,117,347

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

DECEMBER 31,

	2022	2021
Operating Revenues		
Net Patient Service Revenue before Provision for Doubtful Accounts	\$ 28,001,733	\$ 25,873,353
Less: Provisions for Doubtful Accounts	(1,414,502)	(1,546,433)
Net Patient Service Revenue after Provision for Doubtful Accounts	26,587,231	24,326,920
Ad Valorem Taxes	1,620,098	1,625,346
Intergovernmental Transfers - Operating	4,634,374	5,576,263
Other Operating Revenue	786,774	326,269
Total Operating Revenues	33,628,477	31,854,798
Operating Expenses		
Salaries	14,362,562	14,056,107
Employee Benefits	4,860,009	4,377,588
Outside Services and Professional Fees	5,810,742	6,086,788
Depreciation and Amortization	966,737	1,066,262
Supplies and Other Expenses	7,749,608	7,090,149
Total Operating Expenses	33,749,658	32,676,894
Gain (Loss) from Operations	(121,181)	(822,096)
Non-Operating Revenues (Expenses)		
Non-Operating Grants	-	2,787,952
Rental Income	49,889	52,014
Interest Income	7,877	31,916
Interest Expense	(94,071)	(124,218)
Gain (Loss) on the Sale of Assets	1,000	-
Total Non-Operating Revenues (Expenses)	(35,305)	2,747,664
Change in Net Position	(156,486)	1,925,568
Beginning Net Position	15,026,255	13,100,687
Ending Net Position	\$ 14,869,769	\$ 15,026,255

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF CASH FLOWS

DECEMBER 31,

	2022	2021
Cash Flows from Operating Activities		
Receipts from Patients and Third-Party Payors	\$ 26,407,926	\$ 24,053,749
Receipts from Ad Valorem Taxes	1,208,894	1,163,481
Receipts from Intergovernmental Transfers	5,585,374	3,821,970
Payments to Suppliers	(13,585,203)	(11,993,043)
Payments to Employees for Salaries and Benefits	(19,500,215)	(16,268,314)
	116,776	777,843
Cash Flows from Non-Capital Financing Activities		
Proceeds From Notes Payable	266,775	251,625
Payments on Notes Payable	(95,000)	(143,001)
	171,775	108,624
Cash Flows from Investing Activities		
Interest and Rental Income	57,766	83,930
	56,766	83,930
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	(460,497)	(251,658)
Interest Paid on Debt Obligations	(95,132)	(140,870)
Payment of Lease Obligations	(471,460)	(585,751)
	(1,027,089)	(978,279)
Net Increase (Decrease) in Cash and Cash Equivalents	(681,772)	(7,882)
Cash and Cash Equivalents at Beginning of the Year	8,548,416	8,556,298
Cash and Cash Equivalents at Ending of the Year	\$ 7,866,644	\$ 8,548,416

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

STATEMENT OF CASH FLOWS

DECEMBER 31,

	2022	2021
Reconciliation of Income from Operations to Net Cash Flows		
Provided by (Used In) Operating Activities		
Net Loss from Operations	\$ (121,181)	\$ (822,096)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	966,737	1,066,262
Provision for Doubtful Accounts	1,414,502	1,546,433
Increase in Patient Accounts Receivable	(1,849,566)	(539,605)
Decrease (Increase) in Ad Valorem Taxes Receivable	(411,204)	262,627
Decrease (Increase) in Inventory	64,303	(86,395)
Increase in Prepaid Expenses	(111,101)	(31,586)
Decrease in Other Receivables	1,242,900	23,693
Decrease in Estimated Third-Party Payor Settlements Receivable	392,455	388,430
Increase in Estimated Third-Party Payor Settlements Payable	(1,661,718)	(763,681)
Decrease in Accounts Payable	(39,450)	(352,998)
Increase in Accrued Salaries	87,005	36,163
Increase in Accrued Compensated Absences	63,393	1,293
Increase in Accrued Payroll Liabilities and Health Insurance Reserve	79,701	49,303
Net Cash Flows Provided By (Used In) Operating Activities	\$ 116,776	\$ 777,843

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital) is an acute care facility created pursuant to Louisiana Revised Statutes of 1950, Title 46, Chapter 10. It is the Hospital's mission to provide its community with high quality care and education in a friendly, caring and professional manner. The administration of the Hospital is governed by a Board of Commissioners consisting of members appointed by the Washington Parish Council.

The financial reporting entity consists of (a) the primary government (councilman), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Codification Section 2100 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Council appoints all of the members of the Hospital's governing board and has the ability to impose its will on the Hospital, the Hospital is a component unit of Washington Parish Council. The basic financial statements present information only on the funds maintained by the Hospital and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Use of Estimates

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

Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The basic financial statements include Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, money market accounts and certificates of deposit with an original maturity of three months or less, excluding amounts restricted as to use by Board designation, other arrangements under trust agreements, or with third-party payors.

Restricted Assets

Assets whose use is limited include funds set aside by the Board of Commissioners to satisfy deposit requirements of the Hospital's debt agreements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets

The Hospital's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of contribution, which is then treated as cost. Equipment under lease is stated at the sum of the initial measurement of the lease liability plus any payments made to the lessor at or before the commencement of the lease term plus initial direct cost necessary to place the lease asset in service. Maintenance, repairs and minor replacements, and improvements are expensed as incurred. Major replacements and improvements are capitalized at cost.

Description of property, plant and equipment is calculated on the straight-line method using the following estimated asset lives:

Land Improvements	15-20 years
Buildings and Building Improvements	20-40 years
Computers and Furniture	3- 7 years

Leased equipment is amortized on the straight-line method over the shorter of the lease term or estimated useful lives of the assets.

Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out method.

Cost of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these same borrowed funds, before the funds are spent on the construction of the capital assets, is also capitalized.

Restricted Resources

The Hospital first applies restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted net assets are available.

Net Position

GASB 63 and GASB Codification Section P80, states that net position is equal to assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position invested in capital assets, net of related debt, excludes unspent debt proceeds.

Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted when there are limitations imposed on their use either through external constraints 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 Net Position consists of net position that does not meet the definition of the two preceding categories.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Operating Revenue and Expenses

The Hospital's statement of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services-the Hospital's principal activity and from ad valorem taxes elected to be used for operations. Non-exchange revenues, including taxes designated for debt service, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Compensated Absences

Full-time employees are granted vacation in varying amounts as established by Hospital policy. Unused vacation days earned, up to a maximum range of 288-448 hours per year, depending on tenure, may be carried forward and accumulated. Effective January 1, 2018, the Hospital adopted a new policy that applies to employees hired after the effective date that limits the maximum range to 160-280 hours per year, depending on tenure. In the event of termination, an employee is reimbursed for accumulated vacation days. In addition, full and part-time employees are also granted sick pay at a rate of 0.02313 hours per paid hour as established by Hospital policy. Unused sick pay, up to a maximum of 480 hours, may be accumulated. Unused sick pay is not payable upon termination, unless the employee has a balance in the Reserve EIT bank, which was created to "grandfather in" eligible employees at the time the extended sick policy was revised. These employees are paid at the rate of one-half their current hourly rate, for each accrued hour of sick time, not to exceed 480 hours.

Accrued compensated absences on the Hospital's Statement of Net Position were \$1,014,631 and \$951,238 for years ended December 31, 2022 and 2021, respectively.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Investment in Debt and Equity Securities

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized costs. Interest, dividends, gains, and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating revenue when earned.

Net Patient Service Revenue

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

Medicare - Effective July 1, 2004, the Hospital was approved for "critical access" status under the Medicare Rural Hospital Flexibility Program. The program allows States to designate rural facilities as "critical access hospitals" if they are located a sufficient distance from other hospitals, make available 24-hour emergency care, maintain no more than 25 inpatient beds, and keep inpatients no longer than 96 hours (except where weather or emergency conditions dictate, or a Peer Review Organization waives the limit). Payments for inpatient/outpatient services under critical access are on the basis of reasonable costs.

Prior to July 1, 2004, the Hospital was paid for inpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined classification of patients and the appropriateness of the patients' admissions are subject to a validation

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FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

review by a Medicare peer review organization, which is under contract with the Hospital to perform such reviews.

Cost reimbursed services are paid at tentative rates, with final settlement determined after submission of annual cost reports and the completion of audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through December 31, 2018.

Medicaid Inpatient services rendered to Medicaid and Medicaid Managed Care Organizations ("MCOs") program beneficiaries are reimbursed at a fixed rate per day for medical/surgical patients. Outpatient services for traditional Medicaid and MCO program beneficiaries are reimbursed under a cost reimbursement methodology, with certain limitations and exceptions. The Hospital is reimbursed at an interim rate with final settlement determined after submission of annual cost reports filed by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through December 31, 2014.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. These adjustments will be recorded in the year they are realized.

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

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Ad valorem Taxes

Property taxes were levied on January 1, on property values assessed on that date. Notices of tax liability are mailed on or about November 1, of the same year and are due and payable at that time. All unpaid taxes levied become delinquent January 1, of the following year. Property tax revenues are recognized in the same fiscal year within which they are billed because they are considered available in that period. Available includes those property tax receivables expected to be collected within sixty days after year end. However, the receivable for property taxes is recorded at January 1, the lien date.

On August 15, 2020 the taxpayers renewed a 10-year, 18 mills tax for "acquiring, constructing, improving, maintaining and operating the hospital and medical buildings and facilities, including equipment and fixtures, of the District". For the fiscal years ended 2022 and 2021, this was the only millage assessed by the Hospital.

Ad valorem taxes make up approximately 4.9% and 4.7% of the hospital's financial support for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

The Hospital is a political subdivision and exempt from taxes.

Advertising

The Hospital expenses advertising costs as incurred. Advertising expenses incurred during the years ended December 31, 2022 and 2021, totaled \$37,411 and \$28,027, respectively.

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FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Environmental Matters

Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at the time, management is not aware of any environmental matters which need to be considered.

Reclassifications

To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net position.

NOTE 2: CASH AND CASH EQUIVALENTS

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital's bylaws require that all bank balances be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Hospital.

The carrying amounts of deposits are included in the Hospital's Statement of Net Position as follows:

	2022	2021
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized by securities held by the pledging financial institution's trust department in the Hospital's name	8,551,026	9,653,931
Total Collateral Held for Bank Balances	\$ 8,801,026	\$ 9,903,931
 Total Carrying Value per Bank	 \$ 8,505,752	 \$ 8,983,736

For the Purposes of cash flows, cash and cash equivalents for the years ended December 31 are as follows:

	2022	2021
Total Cash and Cash Equivalents	\$7,866,644	\$8,548,416

NOTE 3: ACCOUNTS RECEIVABLE - PATIENTS

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with Medicaid, Commercial and Self-pay patients, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience and on the age of the receivable balance. The aged balance indicates that third-party claims have reached an age where the probability of payment is low and the self-pay patients are unable or unlikely to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Patient's Accounts Receivable consists of the following:

	2022	2021
Total Patient Accounts Receivable	\$ 9,947,044	\$ 9,919,063
LESS: Allowances for Doubtful Accounts and Contractual Allowances	(6,257,809)	(6,391,532)
Net Patient Accounts Receivable	\$ 3,689,235	\$ 3,527,531

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NOTE 4: ACCOUNTS RECEIVABLE - OTHER

Other Accounts Receivable consists of the following:

	2022	2021
FMP Receivable	\$ 240,000	\$ 1,191,000
Other Receivables	67,091	358,991
Total Accounts Receivable - Other	\$ 307,091	\$ 1,549,991

NOTE 5: RELATED PARTY RECEIVABLE

During the year ended December 31, 2015, the Hospital elected to make health care coverage available for members of the Hospital Board that are not otherwise eligible for Medicare or an employer sponsored health plan.

Included in the other receivables balance described in Note 4, the Hospital has accrued \$500 in 2022 and \$0 2021, in relation to amounts receivable by board members enrolled in the Hospital's health plan for their portion of the Healthcare premium.

NOTE 6: MAJOR SOURCE OF REVENUE

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 75% of its gross patient service revenue in 2022 and 2021, respectively, from patients covered by the Medicare and Medicaid programs. The Hospital received Intergovernmental Revenue of \$4,634,374 and \$5,576,263, which accounted for 14% and 18% of total revenues for the years ended December 31, 2022 and 2021, respectively.

NOTE 7: NET PATIENT SERVICE REVENUE

Patient service revenue, net of contractual allowances and discounts, recognized in the period from major payor sources, is as follows.

Net Patient Service Revenue by Payor before Provision for Doubtful Accounts:

	2022	2021
Medicare	\$ 4,346,013	\$ 4,070,807
Medicaid	7,223,448	7,386,680
All Other Payors	16,432,272	14,415,866
Total Net Patient Service Revenue Before Provision for Doubtful Accounts	\$ 28,001,733	\$ 25,873,353

The following schedule represents Total Net Patient Service Revenue:

	2022	2021
Gross Patient Service Revenue	\$ 77,549,844	\$ 76,440,370
LESS: Contractual Adjustments	(49,548,111)	(50,567,017)
Net Patient Service Revenue Before Provision for Doubtful Accounts	28,001,733	25,873,353
Provision for Doubtful Accounts	(1,414,502)	(1,546,433)
Net Patient Service Revenue after Provision for Doubtful Accounts	\$ 26,587,231	\$ 24,326,920

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DECEMBER 31, 2022 AND 2021

NOTE 8: CHARITY CARE

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Hospital maintains records to identify and monitor the level of charity care it provides. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. The Hospital did not have charity care patients for the years ended December 31, 2022 and 2021.

NOTE 9: CAPITAL ASSETS

Property, plant, and equipment, by major category, are as follows:

December 31, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
Land Improvements	\$ 900,225	\$ -	\$ -	\$ 900,225
Buildings	15,216,068	15,780	-	15,231,848
Equipment	7,660,359	179,941	72,287	7,768,013
Right of Use Building	334,085	81,449	-	415,534
Right of Use Equipment	4,022,906	185,326	-	4,208,232
Total Right of Use Assets	<u>4,356,991</u>	<u>266,775</u>	<u>-</u>	<u>4,623,766</u>
Gross Capital Assets	28,133,643	462,496	72,287	28,523,852
Less: Accumulated Depreciation	(19,222,937)	(554,250)	72,287	(19,704,900)
Less: Accumulated Depreciation-Right of Use	(3,049,717)	(412,486)	-	(3,462,203)
Gross Accumulated Depreciation	<u>(22,272,654)</u>	<u>(966,736)</u>	<u>72,287</u>	<u>(23,167,103)</u>
Depreciable Capital Assets, Net	5,860,989	(504,240)	-	5,356,749
Land	42,921	-	-	42,921
Construction in Progress	11,250	-	-	11,250
Net Capital Assets	<u>\$ 5,915,160</u>	<u>\$ (504,240)</u>	<u>\$ -</u>	<u>\$ 5,410,920</u>

December 31, 2021

	Beginning Balance	Additions	Deletions	Ending Balance
Land Improvements	\$ 900,225	\$ -	\$ -	\$ 900,225
Buildings	15,122,942	96,725	3,599	15,216,068
Equipment	7,648,889	285,555	274,085	7,660,359
Right of Use Building	334,085	-	-	334,085
Right of Use Equipment	3,777,893	252,091	7,078	4,022,906
Total Right of Use Assets	<u>4,111,978</u>	<u>252,091</u>	<u>7,078</u>	<u>4,356,991</u>
Gross Capital Assets	27,784,034	634,371	284,762	28,133,643
Less: Accumulated Depreciation	(18,951,103)	(549,356)	277,522	(19,222,937)
Less: Accumulated Depreciation-Right of Use	(2,532,976)	(516,741)	-	(3,049,717)
Gross Accumulated Depreciation	<u>(21,484,079)</u>	<u>(1,066,097)</u>	<u>277,522</u>	<u>(22,272,654)</u>
Depreciable Capital Assets, Net	6,299,955	(431,726)	7,240	5,860,989
Land	42,921	-	-	42,921
Construction in Progress	109,199	-	97,949	11,250
Net Capital Assets	<u>\$ 6,452,075</u>	<u>\$ (431,726)</u>	<u>\$ 105,189</u>	<u>\$ 5,915,160</u>

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 amounted to \$966,737 and \$1,066,262, respectively.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 10: LONG-TERM DEBT

Long-term debt at December 31, 2022 and 2021, consists of the following:

	2022	2021
2017 Series of Indebtedness, payable in semi-annual installments at a 3.51% interest rate, maturity in 2027	\$ 446,000	\$ 526,000
2019 Series of Indebtedness dated February 12, 2019 with final maturity annual interest of 5.25%, maturing March 1, 2033, with interest payable semi-annually	855,000	870,000
Right of Use Obligation, of the Canon CDXI Upgrade, payable in 60 monthly installments at a 4.65% interest rate, maturity in 2025	29,406	40,642
Right of Use Obligation, of Fresenius Kabi IV Pumps, payable in 60 monthly installments at a 6.8% interest rate, maturity in 2022	-	10,143
Right of Use Obligation, of Infinitt Workstation, payable in 60 monthly installments at a 7.00% interest rate, maturity in 2022	448	891
Right of Use Obligation, of Infinitt PACS System, payable in 60 monthly installments at a 7.36% interest rate, maturity in 2022	-	14,251
Right of Use Obligation, of the Aquilion Prime 800 Cat Scan Machine, payable in 36 monthly installments at a 4.74% interest rate, maturity in 2023	-	52,732
Right of Use Obligation, of Infinix Cath Lab System, payable in 36 monthly installments at a 4.75% interest rate, maturity in 2023	-	59,373
Right of Use Obligation, of 3D Mammo & Dexa Machine, payable in 60 monthly installments at a 5.019% interest rate, maturity in 2025	186,349	265,769
Right of Use Obligation, of RadPro Omera Digital System, payable in 60 monthly installments at a 3.79% interest rate, maturity in 2025	123,933	170,315
Right of Use Obligation, of Vapotherm Respiratory System, payable in 12 monthly installments at 1.56% interest rate, maturity in 2022.	-	1,284
Right of Use Obligation, of the CVI Injector System, payable in 60 monthly installments at a 7.28% interest rate, maturity in 2027	34,766	-
Right of Use Obligation, of Infinitt PACS G7 System, payable in 60 monthly installments at a 8.07% interest rate, maturity in 2027	59,503	-
Right of Use Obligation, of a GE Ultrasound Logic S8 XD Clear, payable in 60 monthly installments at a 2.09% interest rate, maturity in 2022	-	14,508
Right of Use Obligation, of a GE Ultrasound Vivid E90, payable in 60 monthly installments at a 2.19% interest rate, maturity in 2023	12,089	40,656
Right of Use Obligation, of Olympus Gastroscopes and Colonoscopes, payable in 36 monthly installments at a 2.19% interest rate, maturing in 2022	-	16,350
Right of Use Obligation, of Beckman IS Billing hardware, payable in 72 monthly installments at a 2.09% interest rate, maturity in 2023	365	1,808

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NOTE 10: LONG-TERM DEBT, CONTINUED

Right of Use Obligation, of Beckman DHX800, payable in 60 monthly installments at a 2.09% interest rate, maturity in 2022	-	2,558
Right of Use Obligation, of a Cannon Copier, payable in 60 monthly installments at a 2.19% interest rate, maturity in 2023	21,627	49,917
Right of Use Obligation, of a Cannon Copier, payable in 56 monthly installments at a 2.19% interest rate, maturity in 2023	651	1,503
Right of Use Obligation, of a Cannon Copier, payable in 48 monthly installments at a 2.19% interest rate, maturity in 2023	624	1,441
Right of Use Obligation, of a Cannon Copier, payable in 46 monthly installments at a 2.19% interest rate, maturity in 2023	785	1,811
Right of Use Obligation, of a Cannon Copier, payable in 45 monthly installments at a 2.19% interest rate, maturity in 2023	785	1,811
Right of Use Obligation, of a Carefusion ICU Medical Station, payable in 60 monthly installments at a 2.09% interest rate, maturity in 2022	-	1,319
Right of Use Obligation, of Carefusion Medical Workstation, payable in 60 monthly installments at a 2.09% interest rate, maturity in 2022	-	20,205
Right of Use Obligation, of a Pitney Bowes Postage Machine, payable in 20 quarterly installments at a 2.19% interest rate, maturity in 2023	3,339	6,654
Right of Use Obligation, of Seven Seven Investments Building, payable in 60 monthly installments at a 4.00% interest rate, maturity in 2022	-	5,950
Right of Use Obligation, of Nuclear Medicine System, payable in 60 monthly installments at a 6.00% interest rate, maturity in 2026	80,261	97,724
Right of Use Obligation, of Olympus Eye Med, payable in 42 monthly installments at a 3.25% interest rate, maturity in 2024	81,463	120,253
Right of Use Obligation, of Seven Seven Investments Building, payable in 60 monthly installments at a 4.00% interest rate, maturity in 2027	71,505	-
Right of Use Obligation, of Olympus Eye Med, payable in 24 monthly installments at a 4.57% interest rate, maturity in 2024	7,127	-
Right of Use Obligation, of GE Logiq Fortis System, payable in 60 monthly installments at a 2.50% interest rate, maturity in 2027	80,157	-
Total Long-term Debt	2,096,183	2,395,868
Less: Current Portion	(379,582)	(535,976)
Long-term Portion	\$ 1,716,601	\$ 1,859,892

Balance due within one year:

	2022	2021
Lease Obligations	\$ 281,582	\$ 440,976
2017 Series of Indebtedness	83,000	80,000
2019 Series of Indebtedness	15,000	15,000
Total	\$ 379,582	\$ 535,976

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 10: LONG-TERM DEBT, CONTINUED

A summary of long-term debt activity for the years ended December 31, 2022 and 2021, consists of the following:

	<u>December 31, 2022</u>			
	Beginning Balance	Additions	Reductions	Ending Balance
Lease Obligations	\$ 999,868	\$ 266,775	\$ 471,460	\$ 795,183
2017 Series of Indebtedness	526,000		80,000	446,000
2019 Series of Indebtedness	870,000		15,000	855,000
Total	<u>\$ 2,395,868</u>	<u>\$ 266,775</u>	<u>\$ 566,460</u>	<u>\$ 2,096,183</u>

	<u>December 31, 2021</u>			
	Beginning Balance	Additions	Reductions	Ending Balance
Lease Obligations	\$ 1,327,978	\$ 251,625	\$ 579,735	\$ 999,868
Line of Credit	50,001		50,001	-
2017 Series of Indebtedness	604,000		78,000	526,000
2019 Series of Indebtedness	885,000		15,000	870,000
Paycheck Protection Program Loan	2,332,755		2,332,755	-
Total	<u>\$ 5,199,734</u>	<u>\$ 251,625</u>	<u>\$ 3,055,491</u>	<u>\$ 2,395,868</u>

Scheduled repayments on long-term debt are as follows:

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	Notes Payable			Right of Use		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 98,000	\$ 54,849	\$ 152,849	\$ 281,582	\$ 33,078	\$ 314,660
2024	101,000	51,465	152,465	262,803	21,701	\$ 284,504
2025	104,000	47,976	151,976	130,866	10,799	\$ 141,665
2026	107,000	44,373	151,373	76,632	5,525	\$ 82,157
2027	111,000	40,619	151,619	43,300	1,484	\$ 44,783
2028 - 2032	635,000	138,825	773,825	-	-	-
2033 - 2035	145,000	7,613	152,613	-	-	-
Total	<u>\$ 1,301,000</u>	<u>\$ 385,720</u>	<u>\$ 1,686,720</u>	<u>\$ 795,183</u>	<u>\$ 72,587</u>	<u>\$ 867,770</u>

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	Notes Payable			Right of Use		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 95,000	\$ 58,118	\$ 153,118	\$ 443,098	\$ 31,383	\$ 474,481
2023	98,000	54,849	152,849	241,814	19,729	261,543
2024	101,000	51,465	152,465	210,538	10,260	220,798
2025	104,000	47,976	151,976	83,279	2,567	85,846
2026	107,000	44,373	151,373	21,139	613	21,752
2027 - 2031	606,000	164,481	770,481	-	-	-
2032 - 2034	285,000	22,576	307,576	-	-	-
Total	<u>\$ 1,396,000</u>	<u>\$ 443,838</u>	<u>\$ 1,839,838</u>	<u>\$ 999,868</u>	<u>\$ 64,552</u>	<u>\$ 1,064,420</u>

Interest expense incurred on long-term debt was \$94,071 and \$124,218 for the years ended December 31, 2022 and 2021, respectively.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 11: LEASES

The Hospital leases office space to various tenants, including physicians. Rental income received under these arrangements totaled \$49,889 and \$52,014 for the years ended December 31, 2022 and 2021, respectively.

NOTE 12: CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit to patients, substantially all of whom are local residents. The Hospital generally does not require collateral or other security extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross and commercial insurance policies).

The mix of gross receivables from patients and third-party payors at December 31, are as follows:

	2022	2021
Medicare	36%	32%
Medicaid	27%	17%
Commercial and other third-party payors, and patients	37%	51%
	100%	100%

NOTE 13: DEFINED CONTRIBUTION PLAN

The Hospital offers to its employees a single employer defined contribution plan, the Riverside Medical Center Retirement Plan, in accordance with Internal Revenue Code Section 457. Substantially all employees who have completed one year of service are eligible to participate. Under the plan, the maximum deferral offered to the employees is \$20,500 and \$19,500 for December 31, 2022 and 2021 as defined in the plan agreement. The Hospital is required to match 100% of the employees' deferral, not to exceed 3% of the employees' salary or maximum deferral. Participants become fully vested after five years, with no graduated vesting occurring between years one through four. Employer contributions were \$160,502 and \$185,380 for the years ended December 31, 2022 and 2021, respectively. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use. Forfeitures may be used to reduce future Hospital contributions. Forfeitures reflected in pension expense as a reduction of employer contributions were \$33,278 and \$3,127 for the years ended December 31, 2022 and 2021, respectively.

The Hospital has no liability for losses under the plan. An independent administrator serves as trustee of the employees' deferrals and the Hospital's matching contributions. Each employee chooses from an array of investment options offered by the administrator.

NOTE 14: CONTINGENCIES

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

The principal contingencies are described below.

Third Party Cost-Based Charges

The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as a 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.

Professional Liability Risk

The Hospital is contingently liable for losses from professional liability not underwritten by the Hospital's insurance carrier.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 14: CONTINGENCIES, CONTINUED

Workman's Compensation Risk

The Hospital participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 2022 and 2021. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any.

Accordingly, the Hospital is contingently liable for assessments for the Louisiana Hospital Association Trust Fund. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals.

Self-Insurance for Health Insurance

The Hospital has elected to self-insure employees, board members, and eligible dependents health claims. The self-insured claims are processed through a plan administrator. The Hospital's self-insured plan has stop-loss insurance coverage for claims in excess of \$50,000 per individual per plan year, unless the individual is specifically identified by the plan to have a different stop-loss coverage.

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. 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. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation 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 exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

NOTE 15: NET POSITION

Net position for the years ended December 31, are as follows:

	2022	2021
Invested in Capital Assets, net of related debt	\$ 3,314,737	\$ 3,519,292
Restricted for:		
Bond Indenture	100,649	99,211
Unrestricted	11,454,383	11,407,752
Total Net Position	\$ 14,869,769	\$ 15,026,255

NOTE 16: GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income recognized is \$4,634,374 and \$5,576,263 for the years ended December 31, 2022 and 2021, respectively.

NOTE 17: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement 96. The objective of GASB 96, Subscription-Based Information Technology Arrangements, is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

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DECEMBER 31, 2022 AND 2021

NOTE 17: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS, CONTINUED

In June 2020, the GASB issued Statement 97. The objectives of GASB 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-An Amendment of GASB Statements 14 and 84, and a Supersession of GASB 32, are to increase consistency and comparability related to a component unit not having a governing board and the primary government performs the governing board duties and mitigates costs associated with reporting contribution plans. The requirements of GASB 97 are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

NOTE 18: CARES ACT FUNDING

In response to the COVID-19 pandemic, Congress passed H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which was signed into law by the President on March 27, 2020. This Act established several different tranches of funds meant to ensure businesses would be able to continue paying their employees and other bills despite the COVID related declines in patient volumes and revenues and increase in operating costs. Riverside Medical Center received funds from three of the different portions of CARES Act funds: The Small Business Administration's Paycheck Protection Program, the Medicare Accelerated and Advanced Payment Program, and Provider Relief Funds.

Paycheck Protection Program

The Hospital received \$2,332,755 on May 5, 2020. This money was to be used for payroll costs, utility payments, lease agreements, and interest on mortgage obligations. Under the terms of the Program, if certain criteria are met when the Hospital applies for loan forgiveness, all or part of the loan could be forgiven. Any portion that is not forgiven must be repaid over two years at an interest rate of 1%. As of June 24, 2021, the Paycheck Protection Program loan of \$2,332,755 and accrued interest of \$38,037 was forgiven by the Small Business Administration. The loan forgiveness amount was recognized as other non-operating revenue and the accrued interest forgiven amount was recognized as interest income.

Medicare Accelerated and Advanced Program

The Hospital received \$2,705,253 in Medicare Accelerated and Advanced Payments on April 17, 2020. This program was in existence prior to COVID-19 but was amended and expanded by the Act for the purposes of providing a source of more funding to Medicare Part A providers and Part B suppliers. If these funds are not repaid within one year from the date they were received, CMS will recover the funds by way of recoupment of twenty-five (25) percent of Medicare payments owed to the Hospital for the first eleven (11) months, then recouped at fifty (50) percent for the next six (6) months. The total recoupment will take place over a maximum of twenty-nine (29) months. After that time, a demand letter will be issued for any remaining balance due subject to an interest rate of four (4) percent. CMS began recouping funds during the 2021 fiscal year, and the balance was paid in full September 30, 2022.

Provider Relief Funds

The Hospital received \$6,118,065 under this section of the CARES Act. The terms and conditions require that recipients be able to demonstrate that lost net patient revenues and increased expenses attributable to COVID 19, excluding expenses and losses that have been reimbursed from other sources, exceed the total amount of Provider Relief funding received. The Hospital has recognized \$6,118,065 of the available funds as an offset to lost net patient revenue in the prior year. The Hospital recognized this as non-operating revenue per the guidance laid out in GASB Technical Bulletin 2020-1.

NOTE 19: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 22, 2023.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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SCHEDULE OF REVENUE

DECEMBER 31,

	2022			2021
	INPATIENT	OUTPATIENT	TOTAL	TOTAL
Daily Patient Services				
Medical and Surgical	\$ 300,214	\$ 570,847	\$ 871,061	\$ 1,438,439
Intensive Care	21,965	1,333	23,298	185,699
Swing Bed	246,086	-	246,086	109,515
Total Daily Patient Services	568,265	572,180	1,140,445	1,733,653
Other Nursing Services				
Emergency Services	39,326	8,166,887	8,206,213	7,657,072
Operating and Recovery Rooms	325,698	4,005,174	4,330,872	5,501,585
Total Other Nursing Services	365,024	12,172,061	12,537,085	13,158,657
Other Professional Services				
Anesthesiology	64,766	810,907	875,673	1,080,104
Cardiac Rehab	-	166,196	166,196	226,380
Cardiopulmonary	653,202	951,072	1,604,274	2,231,957
Cardiologist Clinic	-	135,485	135,485	67,771
CT Scan	121,584	8,987,212	9,108,796	7,426,844
Cath Lab	32,416	3,067,158	3,099,574	1,698,642
Dialysis	4,250	12,750	17,000	57,800
Dietary	2,041	4,217	6,258	13,696
Echo and Doppler	44,318	1,203,999	1,248,317	1,051,642
Electrocardiology/Electroencephalography	15,272	834,066	849,338	797,822
Family Care Clinic	-	1,821,574	1,821,574	1,522,383
Hospice	3,366	-	3,366	11,781
Hospitalist	199,237	320,474	519,711	580,349
Infusion Therapy	11,928	990,546	1,002,474	1,445,589
Internal Medicine	-	1,747,122	1,747,122	1,283,556
Laboratory	508,474	20,896,120	21,404,594	19,751,337
Mammography	-	775,456	775,456	768,139
MRI	1,126	706,490	707,616	668,341
Nuclear Medicine	8,986	1,748,963	1,757,949	1,866,186
Pediatric Internal Medicine Clinic	-	1,784,809	1,784,809	1,501,650
Pharmacy	1,447,948	5,531,816	6,979,764	9,421,785
Physician Offices	-	-	-	10,604
Radiology	34,668	2,153,318	2,187,986	2,163,868
Speech/Occupational/Physical Therapy	252,642	2,758,507	3,011,149	2,751,186
Thomas Clinic	-	1,183,803	1,183,803	1,048,237
Riverside Medical Center Surgery Center	-	79,519	79,519	84,337
Ultrasound	26,678	1,198,814	1,225,492	1,231,157
Wound Care	-	569,019	569,019	784,917
Total Other Professional Services	3,432,902	60,439,412	63,872,314	61,548,060
Gross Patient Service Revenue	\$ 4,366,191	\$ 73,183,653	77,549,844	76,440,370
Less: Contractual Adjustments			(49,548,111)	(50,567,017)
Net Patient Service Revenue before Provision for Doubtful Accounts			\$ 28,001,733	\$ 25,873,353

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF OTHER REVENUE

DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Other Operating Revenue		
Cafeteria	\$ 62,003	\$ 67,448
Vending	15,611	16,100
Other	<u>709,160</u>	<u>242,721</u>
 Total Other Operating Revenue	 <u>\$ 786,774</u>	 <u>\$ 326,269</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF EXPENSES

DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Salaries		
Administrative	\$ 2,095,811	\$ 1,684,037
Anesthesiology	402,186	367,714
Cardiac Rehab	45,943	45,866
Cardiopulmonary	643,970	671,209
Cath Lab	223,198	185,155
Central Services and Supply	103,431	90,925
CT Scan	65,304	67,321
Dietary	167,615	172,855
Echo and Doppler	73,276	67,334
Electrocardiology	47,310	46,477
Emergency Services	1,516,258	1,766,744
Franklinton Clinic	739,263	774,441
Hospitalist	492,461	555,743
Housekeeping	244,855	239,576
Infusion Therapy	161,432	150,520
Intensive Care	44,261	154,677
Laboratory	984,705	997,236
Mammography	60,745	54,384
Medical and Surgical	1,026,517	984,017
Nuclear Medicine	72,780	73,602
Nursing Administration	831,424	752,502
Operating and Recovery Rooms	194,909	218,521
Pediatric Internal Medicine Clinic	662,762	539,065
Physician Office	474,440	507,127
Plant Operations	233,368	234,436
Radiology	428,490	416,689
Social Services	139,615	139,897
Speech/Occupational/Physical Therapy	804,728	756,831
Surgery Center	517,914	488,710
Thomas Clinic	709,762	698,372
Ultrasound	153,829	154,124
	<u> </u>	<u> </u>
Total Salaries	<u>\$ 14,362,562</u>	<u>\$ 14,056,107</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF EXPENSES

DECEMBER 31,

	2022	2021
Outside Services and Professional Fees		
Administrative	1,711,589	1,724,738
Cardiology	696,771	806,317
Cath Lab	1,287	2,054
CT Scan	500	500
Dialysis	11,700	43,150
Dietary	45,272	43,897
Electrocardiology/Electroencephalography	16,900	7,175
Emergency Services	1,388,926	1,375,878
Franklinton Clinic	3,757	3,212
Hospitalist	22,917	-
Housekeeping	72,962	64,712
Information Technology	439,736	387,957
Laboratory	378,393	602,269
Mammography	3,900	3,900
Med/Surge	25,380	7,725
MRI	212,600	218,200
Nuclear Medicine	6,451	6,284
Operating and Recovery Rooms	-	2,609
Pediatric Internal Medicine Clinic	2,677	2,095
Pharmacy	468,317	444,377
Physician Office	1,407	1,805
Plant Operations	44,157	43,437
Radiology	10,291	9,967
Social Services	4,860	4,709
Speech/Occupational/Physical Therapy	12,637	14,088
Surgery Center	1,175	1,606
Swingbed	1,600	2,400
Thomas Clinic	35,680	49,127
Wound Care	188,900	212,600
	\$ 5,810,742	\$ 6,086,788
Total Outside Services and Professional Fees	\$ 5,810,742	\$ 6,086,788

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF EXPENSES

DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Supplies and Other Expenses		
Administrative	\$ 1,716,509	\$ 1,366,175
Anesthesiology	23,423	23,023
Cardiac Rehab	4,381	7,915
Cardiopulmonary	446,809	153,206
Cath Lab	367,580	273,287
Central Services and Supply	14,659	20,435
CT Scan	123,091	110,196
Dietary	157,235	137,041
Echo and Doppler	22,355	23,275
Electrocardiology/Electroencephalography	6,552	4,491
Emergency Services	197,652	196,858
Franklinton Clinic	117,439	116,161
Housekeeping	68,499	72,590
Hospitalist	(28)	-
Information Technology	95,101	107,062
Infusion Therapy	45,051	51,805
Intensive Care	11,745	26,064
Laboratory	1,448,641	1,355,780
Mammography	(11,284)	115,557
Medical and Surgical	74,819	114,500
MRI	26,299	23,691
Nuclear Medicine	62,845	64,783
Nursing Administration	15,947	24,993
Operating and Recovery Rooms	252,634	291,463
Pediatric Internal Medicine Clinic	157,416	160,796
Pharmacy	1,070,065	1,131,054
Physician Office	156,583	145,294
Plant Operations	753,567	692,088
Radiology	160,598	134,710
Social Services	15,101	20,177
Speech/Occupational/Physical Therapy	36,161	38,594
Surgery Center	9,330	9,533
Swing Bed	2,082	4,316
Thomas Clinic	78,956	60,164
Ultrasound	16,688	9,565
Wound Care	5,107	3,507
	<u>\$ 7,749,608</u>	<u>\$ 7,090,149</u>
Total Supplies and Other Expenses	<u>\$ 7,749,608</u>	<u>\$ 7,090,149</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF GOVERNING BOARD EXPENSES

DECEMBER 31,

	2022	2021
Jerry Thomas	\$ 900	\$ 750
Donna Steele	375	450
JT Thomas	750	600
Pam Breland	900	825
Malcolm Wascom	900	900
Lori Schilling	825	675
Richard Watts	300	900
Tammy Magruder	900	900
Cynthia August	750	750
Randy Magee	450	-
William Ferrante	600	300
	\$ 7,650	\$ 7,050
Total Governing Board Expenses	\$ 7,650	\$ 7,050

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER

DECEMBER 31,

	2022	2021
Peter Sullivan		
Our Lady of the Angels - Contract Labor	\$ -	\$ 250,000
Salary	256,264	-
Benefits- Insurance	3,244	315
	\$ 259,508	\$ 250,315



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John W. O'Bryan, CPA (Retired)

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

Board of Commissioners
Washington Parish Hospital Service District No. 1
d/b/a Riverside Medical Center
Franklinton, Louisiana

We have audited, in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital), a component unit of the Washington Parish Council, State of Louisiana, as of and for the years ended December 31, 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, and have issued our report thereon dated May 22, 2023.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan", we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan" as items 2022-1 and 2022-2 to be material weaknesses.

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.

COMPLIANCE AND OTHER MATTERS

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

THE HOSPITAL'S RESPONSE TO FINDINGS

The Hospital's response to the findings identified in our audit is described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan". The Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 for the information and use of the Board of Commissioners and management of the Hospital, others within the organization, federal awarding agencies, and 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.

Sincerely,



LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, LA
May 22, 2023

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

We have audited the financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital), a component unit of the Washington Parish Council, State of Louisiana, as of and for the years ended December 31, 2022 and 2021 and have issued our report thereon dated May 22, 2023.

We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of December 31, 2022 and 2021 resulted in unmodified opinions.

Section I: Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements:

Compliance:

Compliance Material to Financial Statements No

Internal Control:

Material Weaknesses: Yes

Significant Deficiencies: No

Section II: Financial Statement Findings

Material Weaknesses

Finding 2022-1 Proposed Audit Adjustments

Criteria: The proposed audit adjustments had a material effect on the financial statements.

Condition and Cause: The proposed audit adjustments primarily included adjustments to cost report settlements.

Effect: Hospital management has reviewed and approved these proposed audit adjustments.

Recommendation: Hospital management should continue to monitor interim financial statements in order to identify adjustments that need to be booked.

Management Response: Management agrees with the findings and will monitor the interim financial statements in order to identify any corrections that need to be recorded.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

Finding 2022-2 Preparation of Full Disclosure Financial Statements

Criteria: Management is responsible for the preparation and presentation of financial statements according to Generally Accepted Accounting Principles (GAAP). These principles include disclosure requirements.

Condition and Cause: The Hospital does not prepare full-disclosure GAAP Financial Statements.

Effect: The Hospital relied on its outside auditors to assist in the preparation of external financial statements and related disclosures.

Recommendation: Hospital's management and accounting personnel should review the draft financial statements and note disclosures prior to approving them and accepting responsibility for their contents and presentation.

Management Response: Management has reviewed the draft financial statements and agrees with the findings.

Section III: Management Letter Items

There were no management letter items for the fiscal years ended December 31, 2022 and 2021.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2021

Finding 2021-1 Proposed Audit Adjustments

The proposed audit adjustments had a material effect on the financial statements.

Status: Unresolved; See Finding 2022-1

Finding 2021-2 Preparation of Full Disclosure Financial Statements

Management is responsible for the preparation and presentation of financial statements according to Generally Accepted Accounting Principles (GAAP). These principles include disclosure requirements.

Status: Unresolved; See Finding 2022-2



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Washington Parish Hospital Service District No. 1
d/b/a Riverside Medical Center
Franklinton, Louisiana

We have performed the procedures described in Schedule A – Procedures and Results, which were agreed to by Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (Hospital), a component unit of Washington Parish Council, State of Louisiana, and on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 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 January 1, 2022 through December 31, 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 described in Schedule A – Procedures and Results.

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

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.

Langlinais Broussard & Kohlenberg

LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana

May 22, 2023

Schedule A – Procedures and Results

Sexual Harassment

1. 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 as required by R.S. 42:343.

Result: Procedure performed; (4) of the (5) sampled employees were in compliance with annual training requirements. (1) of the tested employees was noted to have failed to obtain required training within the prescribed time period.

2. 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).

Result: Procedure performed; sexual harassment policy and complaint procedures were found on its website.

3. 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;

Result: (243) employees equaling 72% of total employees completed the required training

- b. Number of sexual harassment complaints received by the agency;

Result: Zero complaints reported.

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

Result: N/A – zero complaints reported.

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Result: N/A – zero complaints reported.

- e. Amount of time it took to resolve each complaint.

Result: N/A – zero complaints reported.

Management Response: We are aware of the findings and are working on a plan/process to correct the findings.