

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

DECEMBER 31, 2023 AND 2022

FRANKLINTON, LOUISIANA



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FINANCIAL STATEMENTS
WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a RIVERSIDE MEDICAL CENTER
DECEMBER 31, 2023 AND 2022
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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, 2023 and 2022, 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, 2023 and 2022, 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.

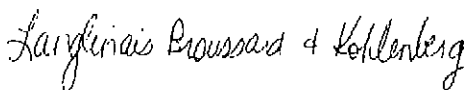
Other Supplemental Information

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 23, 2024 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 23, 2024

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

STATEMENT OF NET POSITION

DECEMBER 31,

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and Cash Equivalents	\$ 9,597,389	\$ 7,765,995
Patient Accounts Receivable, less Allowance for Doubtful Accounts of \$2,215,006 and \$2,422,113, respectively	3,492,349	3,689,235
Estimated Third-Party Payor Settlements	1,855,533	2,058,344
Inventory	733,086	755,988
Prepaid Expenses	131,766	289,097
Ad Valorem Tax Receivable	1,583,084	1,538,367
Other Receivables	532,736	307,091
Total Current Assets	<u>17,925,943</u>	<u>16,404,117</u>
ASSETS WHOSE USE IS LIMITED:		
By Bond Indenture	<u>102,055</u>	<u>100,649</u>
Total Assets Whose Use is Limited	<u>102,055</u>	<u>100,649</u>
Capital Assets		
Property, Plant and Equipment	27,471,999	28,578,023
Less Accumulated Depreciation	<u>(21,403,022)</u>	<u>(23,167,103)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>6,068,977</u>	<u>5,410,920</u>
Total Assets	<u>\$ 24,096,975</u>	<u>\$ 21,915,686</u>

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

	2023	2022
Current Liabilities		
Accounts Payable	\$ 1,315,255	\$ 2,101,205
Current Maturities of Debt	533,464	379,582
Estimated Third-Party Payor Settlements	1,208,534	795,141
Patient Accounts - Credit Balances	35,219	39,177
Accrued Salaries	608,108	598,223
Accrued Compensated Absences	988,482	1,014,631
Accrued Payroll Liabilities and Health Insurance Reserve	421,347	382,377
Accrued Interest Payable	17,888	18,903
	5,128,297	5,329,319
Long-Term Debt		
Leases Payable	878,384	513,601
2017 Series of Indebtedness	277,000	363,000
2019 Series of Indebtedness	825,000	840,000
	1,980,384	1,716,601
Total Long-Term Debt	1,980,384	1,716,601
Total Liabilities	7,108,681	7,045,920
Net Position		
Invested in Assets, Net of Related Debt	3,555,129	3,314,737
Restricted	102,055	100,649
Unrestricted	13,331,110	11,454,380
	16,988,294	14,869,766
Total Liabilities and Net Position	\$ 24,096,975	\$ 21,915,686

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,

	2023	2022
Operating Revenues		
Net Patient Service Revenue before Provision for Doubtful Accounts	\$ 28,042,871	\$ 28,001,733
Less: Provisions for Doubtful Accounts	(1,465,913)	(1,414,502)
Net Patient Service Revenue after Provision for Doubtful Accounts	26,576,958	26,587,231
Ad Valorem Taxes	1,895,729	1,620,098
Intergovernmental Transfers - Operating	5,471,682	4,634,374
Other Operating Revenue	2,008,421	786,774
Total Operating Revenues	35,752,790	33,628,477
Operating Expenses		
Salaries	14,294,500	14,362,562
Employee Benefits	4,771,372	4,860,013
Outside Services and Professional Fees	6,528,398	6,141,866
Depreciation and Amortization	981,260	966,736
Supplies and Other Expenses	7,035,893	7,418,484
Total Operating Expenses	33,611,423	33,749,661
Gain (Loss) from Operations	2,141,367	(121,184)
Non-Operating Revenues (Expenses)		
Non-Operating Grants	27,034	-
Rental Income	48,739	49,889
Interest Income	29,435	7,877
Interest Expense	(113,937)	(94,071)
Gain (Loss) on the Sale of Assets	(14,110)	1,000
Total Non-Operating Revenues (Expenses)	(22,839)	(35,305)
Change in Net Position	2,118,528	(156,489)
Beginning Net Position	14,869,766	15,026,255
Ending Net Position	\$ 16,988,294	\$ 14,869,766

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,	
	2023	2022
Cash Flows from Operating Activities		
Receipts from Patients and Third-Party Payors	\$ 27,926,707	\$ 26,407,926
Receipts from Ad Valorem Taxes	1,651,012	1,208,894
Receipts from Intergovernmental Transfers	5,353,512	5,585,374
Payments to Suppliers	(12,801,243)	(13,585,293)
Payments to Employees for Salaries and Benefits	(19,035,886)	(19,500,215)
<u>Net Cash Flows Provided By Operating Activities</u>	<u>3,094,102</u>	<u>116,776</u>
Cash Flows from Investing Activities		
Interest and Rental Income	78,174	57,766
(Gain)Loss on the Sale of Assets	14,110	(1,000)
<u>Net Cash Flows Provided By Investing Activities</u>	<u>92,284</u>	<u>56,766</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	(1,656,219)	(460,497)
Proceeds From Notes Payable	904,599	266,775
Payments on Notes Payable	(98,000)	(95,000)
Interest Paid on Debt Obligations	(115,032)	(95,132)
Payment of Lease Obligations	(388,934)	(471,460)
<u>Net Cash Flows Used in Capital and Related Financing Activities</u>	<u>(1,355,586)</u>	<u>(855,314)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,832,800	(681,772)
Cash and Cash Equivalents at Beginning of the Year	7,866,644	8,548,416
<u>Cash and Cash Equivalents at Ending of the Year</u>	<u>\$ 9,699,444</u>	<u>\$ 7,866,644</u>

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,

	2023	2022
Reconciliation of Income from Operations to Net Cash Flows Provided by Operating Activities		
Net Loss from Operations	\$ 2,141,367	\$ (121,184)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	981,260	966,736
Provision for Doubtful Accounts	1,465,913	1,414,502
Increase in Patient Accounts Receivable	(1,212,985)	(1,849,562)
Increase in Ad Valorem Taxes Receivable	(44,717)	(411,204)
Decrease in Inventory	22,902	64,303
(Increase) Decrease in Prepaid Expenses	157,331	(111,101)
(Increase) Decrease in Other Receivables	(225,645)	1,242,900
Decrease in Estimated Third-Party Payor Settlements Receivable	202,811	392,455
Increase (Decrease) in Estimated Third-Party Payor Settlements Payable	429,109	(1,661,718)
Decrease in Accounts Payable	(785,950)	(39,450)
Increase in Accrued Salaries	9,885	87,005
(Decrease) Increase in Accrued Compensated Absences	(26,149)	63,393
Increase in Accrued Payroll Liabilities and Health Insurance Reserve	38,970	79,701
Net Cash Flows Provided By (Used In) Operating Activities	\$ 3,094,102	\$ 116,776

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, 2023 AND 2022

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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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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. Subscription-based information technology arrangement is stated at the sum of the initial measurement of the subscription liability plus any payments made to the lessor at or before the commencement of the subscription term plus initial direct cost necessary to place the subscription asset in service. Subscription-based information technology arrangements are amortized on the straight-line method over the shorter of the subscription term or estimated useful lives of the assets. Subscription-based information technology arrangement is stated at the sum of the initial measurement of the subscription liability plus any payments made to the lessor at or before the commencement of the subscription term plus initial direct cost necessary to place the subscription asset in service. Subscription-based information technology arrangements are amortized on the straight-line method over the shorter of the subscription 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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

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.

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 FIT 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 \$988,482 and \$1,014,631 for years ended December 31, 2023 and 2022, 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:

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FRANKLINTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

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 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, 2021.

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 2023 and 2022, this was the only millage assessed by the Hospital.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

Ad valorem taxes make up approximately 4.7% and 4.8% of the hospital's financial support for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, totaled \$28,805 and \$37,411, respectively.

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:

	2023	2022
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized by securities held by the pledging financial institution's trust department in the Hospital's name	11,163,004	8,551,026
Total Collateral Held for Bank Balances	\$ 11,413,004	\$ 8,801,026
 Total Carrying Value per Bank	 \$ 10,095,546	 \$ 8,505,752

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

	2023	2022
Total Cash and Cash Equivalents	\$9,699,443	\$7,866,644

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

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 3: ACCOUNTS RECEIVABLE - PATIENTS, CONTINUED

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:

	2023	2022
Total Patient Accounts Receivable	\$ 9,286,173	\$ 9,947,044
LESS: Allowances for Doubtful Accounts and Contractual Allowances	(5,193,824)	(6,257,609)
Net Patient Accounts Receivable	\$ 3,492,349	\$ 3,689,235

NOTE 4: ACCOUNTS RECEIVABLE - OTHER

Other Accounts Receivable consists of the following:

	2023	2022
FMP Receivable	\$ 358,170	\$ 240,000
Other Receivables	174,566	67,091
Total Accounts Receivable - Other	\$ 532,736	\$ 307,091

NOTE 5: 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 2023 and 2022, respectively, from patients covered by the Medicare and Medicaid programs. The Hospital received Intergovernmental Revenue of \$5,471,682 and \$4,634,374, which accounted for 15% and 14% of total revenues for the years ended December 31, 2023 and 2022, respectively.

NOTE 6: 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:

	2023	2022
Medicare	\$ 3,867,699	\$ 4,346,013
Medicaid	6,922,732	7,223,448
All Other Payors	17,252,440	16,432,272
Total Net Patient Service Revenue Before Provision for Doubtful Accounts	\$ 28,042,871	\$ 28,001,733

The following schedule represents Total Net Patient Service Revenue:

	2023	2022
Gross Patient Service Revenue	\$ 76,414,797	\$ 77,549,814
LESS: Contractual Adjustments	(48,371,926)	(49,548,111)
Net Patient Service Revenue Before Provision for Doubtful Accounts	28,042,871	28,001,733
Provision for Doubtful Accounts	(1,465,913)	(1,414,502)
Net Patient Service Revenue after Provision for Doubtful Accounts	\$ 26,576,958	\$ 26,587,231

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 7: 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, 2023 and 2022.

NOTE 8: CAPITAL ASSETS

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

December 31, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Land Improvements	\$ 900,225	\$ 7,400	\$ 597	\$ 907,028
Buildings	15,231,848	61,000	389,866	14,908,982
Equipment	7,768,013	352,524	1,535,521	6,585,016
Software Subscriptions	-	135,373	-	135,373
Right of Use Building	415,534	-	-	415,534
Right of Use Equipment	4,208,232	770,326	836,259	4,142,299
Total Right of Use Assets	4,623,766	770,326	836,259	4,557,833
Gross Capital Assets	28,523,852	1,332,623	2,762,243	27,094,232
Less: Accumulated Depreciation	(19,704,900)	(543,999)	1,919,194	(18,329,705)
Less: Accumulated Amortization-Software Subscription	-	(12,862)	-	(12,862)
Less: Accumulated Depreciation-Right of Use	(3,462,203)	(424,399)	826,147	(3,060,455)
Gross Accumulated Depreciation	(23,167,103)	(981,260)	2,745,341	(21,403,022)
Depreciable Capital Assets, Net	5,356,749	351,363	16,902	5,691,210
Land	42,921	-	-	42,921
Construction in Progress	11,250	334,846	11,250	334,846
Net Capital Assets	5,410,920	\$ 686,209	\$ 28,152	\$ 6,068,977

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	4,356,991	266,775	-	4,623,766
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	(22,272,654)	(966,736)	72,287	(23,167,103)
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	\$ 5,915,160	\$ (504,240)	\$ -	\$ 5,410,920

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 amounted to \$981,260 and \$966,736, respectively.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 9: LONG-TERM DEBT

Long-term debt at December 31, 2023 and 2022, consists of the following:

	2023	2022
2017 Series of Indebtedness, payable in semi-annual installments at a 3.51% interest rate, maturity in 2027	\$ 363,000	\$ 446,000
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	840,000	855,000
Right of Use Obligation, of the Canon CDXI Upgrade, payable in 60 monthly installments at a 4.65% interest rate, maturity in 2025	17,637	29,406
Right of Use Obligation, of Infinitt Workstation, payable in 60 monthly installments at a 7.00% interest rate, maturity in 2022	-	448
Right of Use Obligation, of GE Vivid E95 System, payable in 60 monthly installments at a 1.73% interest rate, maturity in 2028	115,717	-
Right of Use Obligation, of the Canon Mobile X-Ray System payable in 60 monthly installments at a 7.50% interest rate, maturity in 2028	100,037	-
Right of Use Obligation, of Carefusion Pyxis Medical Dispenser, payable in 60 monthly installments at a 3.49% interest rate, maturity in 2028	276,014	-
Right of Use Obligation, of 3D Mammo & Dexa Machine, payable in 60 monthly installments at a 5.019% interest rate, maturity in 2025	102,850	186,349
Right of Use Obligation, of RadPro Omera Digital System, payable in 60 monthly installments at a 3.79% interest rate, maturity in 2025	75,762	123,933
Right of Use Obligation, of the CVI Injector System, payable in 60 monthly installments at a 7.28% interest rate, maturity in 2027	30,036	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	49,436	59,503
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
Right of Use Obligation, of Beckman IS Billing hardware, payable in 72 monthly installments at a 2.09% interest rate, maturity in 2023	-	365
Right of Use Obligation, of Beckman DXH690T, payable in 60 monthly installments at a 0.00% interest rate, maturity in 2028	116,572	-

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 9: LONG-TERM DEBT, CONTINUED

Right of Use Obligation, of a Cannon Copier, payable in 56 monthly installments at a 10.19% interest rate, maturity in 2028	91,823	-
Right of Use Obligation, of a Cannon Copier, payable in 60 monthly installments at a 2.19% interest rate, maturity in 2023	-	21,627
Right of Use Obligation, of a Cannon Copier, payable in 56 monthly installments at a 2.19% interest rate, maturity in 2023	-	851
Right of Use Obligation, of a Cannon Copier, payable in 48 monthly installments at a 2.19% interest rate, maturity in 2023	-	624
Right of Use Obligation, of a Cannon Copier, payable in 46 monthly installments at a 2.19% interest rate, maturity in 2023	-	785
Right of Use Obligation, of a Cannon Copier, payable in 45 monthly installments at a 2.19% interest rate, maturity in 2023	-	785
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
Right of Use Obligation, of Nuclear Medicine System, payable in 60 monthly installments at a 6.00% interest rate, maturity in 2026	61,721	80,261
Right of Use Obligation, of Olympus Eye Med, payable in 42 monthly installments at a 3.25% interest rate, maturity in 2024	41,392	91,463
Right of Use Obligation, of Seven Seven Investments Building, payable in 60 monthly installments at a 4.00% interest rate, maturity in 2027	56,085	71,505
Right of Use Obligation, of Olympus Eye Med, payable in 24 monthly installments at a 4.57% interest rate, maturity in 2024	3,124	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	64,356	80,157
Software Subscription, of Abbott Rapid Software, payable in 5 yearly installments at a 3.05% interest rate, maturity in 2027	41,314	-
Software Subscription, of Velocity Software, payable in 3 yearly installments at a 3.38% interest rate, maturity in 2025	7,910	-
Software Subscription, of Cerner Dragon, payable in 5 yearly installments at a 2.87% interest rate, maturity in 2027	59,062	-
Total Long-term Debt	2,513,849	2,096,183
Less: Current Portion	(533,464)	(379,582)
Long-term Portion	\$ 1,980,384	\$ 1,716,601

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 9: LONG-TERM DEBT, CONTINUED

Balance due within one year:

	2023	2022
Lease Obligations	\$ 432,464	\$ 281,582
2017 Series of Indebtedness	86,000	83,000
2019 Series of Indebtedness	15,000	15,000
Total	\$ 533,464	\$ 379,582

A summary of long-term debt activity for the years ended December 31, 2023 and 2022, consists of the following:

December 31, 2023

	Beginning Balance	Additions	Reductions	Ending Balance
Lease Obligations	\$ 795,183	\$ 769,226	\$ 361,847	\$ 1,202,562
Software Subscriptions	-	135,373	21,087	108,286
2017 Series of Indebtedness	446,000	-	83,000	363,000
2019 Series of Indebtedness	855,000	-	15,000	840,000
Total	\$ 2,096,183	\$ 904,599	\$ 486,934	\$ 2,513,848

December 31, 2022

	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	\$ 2,395,868	\$ 266,775	\$ 566,460	\$ 2,096,183

Scheduled repayments on long-term debt are as follows:

December 31, 2023

	Notes Payable			Right of Use		
	Principal	Interest	Total	Principal	Interest	Total
2024	101,000	51,465	152,465	\$ 432,464	\$ 59,122	491,586
2025	104,000	47,976	151,976	296,849	39,984	336,833
2026	107,000	44,373	151,373	259,338	25,744	285,082
2027	111,000	40,619	151,619	235,652	12,057	247,709
2028	635,000	138,825	773,825	86,545	1,410	87,955
2029 - 2033	145,000	7,613	152,613	-	-	-
Total	\$ 1,203,000	\$ 330,871	\$ 1,533,871	\$ 1,310,848	\$ 138,317	\$ 1,449,165

December 31, 2022

	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	130,966	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	\$ 44,784
2028 - 2032	635,000	138,825	773,825	-	-	-
2033 - 2035	145,000	7,613	152,613	-	-	-
Total	\$ 1,301,000	\$ 385,720	\$ 1,686,720	\$ 795,183	\$ 72,587	\$ 867,770

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 9: LONG-TERM DEBT, CONTINUED

Interest expense incurred on long-term debt was \$113,937 and \$94,071 for the years ended December 31, 2023 and 2022, respectively.

NOTE 10: LEASES

The Hospital leases office space to various tenants, including physicians. Rental income received under these arrangements totaled \$48,739 and \$49,889 for the years ended December 31, 2023 and 2022, respectively.

NOTE 11: 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:

	2023	2022
Medicare	43%	36%
Medicaid	18%	27%
Commercial and other third-party payors, and patients	39%	37%
	100%	100%

NOTE 12: 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 \$22,500 and \$20,500 for December 31, 2023 and 2022 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 \$198,236 and \$160,502 for the years ended December 31, 2023 and 2022, 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 \$4,050 and \$33,278 for the years ended December 31, 2023 and 2022, 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 13: 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.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 13: CONTINGENCIES, CONTINUED

Professional Liability Risk

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

Workman's Compensation Risk

The Hospital participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 2023 and 2022. 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 and eligible dependents health claims. Each policy has a \$50,000 aggregate deductible that needs to be met before the deductible is applied. Each individual must reach \$80,000 before reinsurance reimburses.

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 14: NET POSITION

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

	2023	2022
Invested in Capital Assets, net of related debt	\$ 3,555,129	\$ 3,314,737
Restricted for:		
Bond Indenture	102,055	100,649
Unrestricted	13,331,110	11,454,380
Total Net Position	\$ 16,988,294	\$ 14,869,766

NOTE 15: 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 \$5,471,682 and \$4,634,374 for the years ended December 31, 2023 and 2022, respectively.

NOTE 16: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

As of the date of this report, there were no new pronouncements that affect the Hospital.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 17: 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.

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.

NOTE 18: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 23, 2024.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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SCHEDULE OF REVENUE

DECEMBER 31,

	2023			2022
	INPATIENT	OUTPATIENT	TOTAL	TOTAL
Daily Patient Services				
Medical and Surgical	\$ 227,680	\$ 560,685	\$ 788,365	\$ 871,061
Intensive Care	29,543	1,807	31,350	23,299
Swing Bed	403,877	-	403,877	246,086
Total Daily Patient Services	<u>661,100</u>	<u>562,492</u>	<u>1,223,592</u>	<u>1,140,445</u>
Other Nursing Services				
Emergency Services	43,344	8,456,637	8,499,981	8,206,213
Operating and Recovery Rooms	404,980	3,027,174	3,432,154	4,330,872
Total Other Nursing Services	<u>448,324</u>	<u>11,483,811</u>	<u>11,932,135</u>	<u>12,537,085</u>
Other Professional Services				
Anesthesiology	77,244	680,730	757,974	875,673
Cardiac Rehab	-	214,760	214,760	166,196
Cardiopulmonary	523,586	846,784	1,370,370	1,604,274
Cardiologist Clinic	-	589,514	589,514	135,485
CT Scan	143,924	9,733,372	9,877,296	9,108,796
Cath Lab	11,331	2,262,773	2,274,104	3,099,574
Dialysis	-	-	-	17,000
Dietary	1,927	2,936	4,863	6,258
Echo and Doppler	55,923	1,544,056	1,599,979	1,248,317
Electrocardiology/Electroencephalography	14,424	785,800	800,224	849,336
Family Care Clinic	-	1,446,894	1,446,894	1,821,574
Hospice	7,293	-	7,293	7,366
Hospitalist	134,127	198,805	332,932	519,711
Infusion Therapy	18,663	1,202,214	1,220,877	1,002,474
Internal Medicine	-	1,292,598	1,292,598	1,747,122
Laboratory	532,234	21,585,229	22,117,463	21,404,594
Mammography	-	824,431	824,431	775,456
MRI	4,504	721,564	726,068	707,616
Nuclear Medicine	19,606	1,137,959	1,157,565	1,757,949
Pediatric Internal Medicine Clinic	-	1,887,094	1,887,094	1,784,809
Pharmacy	1,498,790	5,153,164	6,651,954	6,979,764
Radiology	30,241	2,047,420	2,077,661	2,187,986
Speech/Occupational/Physical Therapy	372,330	3,005,525	3,377,855	3,011,149
Thomas Clinic	-	1,254,801	1,254,801	1,183,803
Riverside Medical Center Surgery Center	-	67,637	67,637	79,519
Ultrasound	19,501	1,214,894	1,234,395	1,225,492
Wound Care	-	486,468	486,468	569,019
Total Other Professional Services	<u>3,471,648</u>	<u>59,787,422</u>	<u>63,259,070</u>	<u>63,872,314</u>
Gross Patient Service Revenue	<u>\$ 4,581,072</u>	<u>\$ 71,833,725</u>	76,414,797	77,549,844
Less: Contractual Adjustments			(48,371,926)	(49,548,111)
Net Patient Service Revenue before Provision for Doubtful Accounts			<u>\$ 28,042,871</u>	<u>\$ 28,001,733</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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SCHEDULE OF OTHER REVENUE

DECEMBER 31,

	<u>2023</u>	<u>2022</u>
Other Operating Revenue		
Cafeteria	\$ 73,829	\$ 62,003
Vending	16,882	15,611
Other	<u>1,917,710</u>	<u>709,160</u>
Total Other Operating Revenue	<u>\$ 2,008,421</u>	<u>\$ 786,774</u>

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

SCHEDULE OF EXPENSES

DECEMBER 31,

	2023	2022
Salaries		
Administrative	\$ 1,927,217	\$ 1,995,897
Anesthesiology	395,673	402,186
Cardiac Rehab	71,146	45,943
Cardiopulmonary	717,166	643,970
Cath Lab	182,886	223,198
Central Services and Supply	100,323	103,431
CT Scan	76,794	65,304
Dietary	196,527	167,615
Echo and Doppler	78,310	73,276
Electrocardiology	45,570	47,310
Emergency Services	1,569,733	1,516,258
Franklinton Clinic	725,838	739,263
Hospitalist	-	492,461
Housekeeping	223,332	244,855
Infusion Therapy	167,929	161,432
Intensive Care	61,556	44,261
Laboratory	1,019,431	984,705
Mammography	62,734	60,745
Medical and Surgical	1,134,712	1,026,517
Nuclear Medicine	74,816	72,780
Nursing Administration	955,152	931,338
Operating and Recovery Rooms	222,577	194,909
Pediatric Internal Medicine Clinic	732,814	662,762
Physician Office	424,949	474,440
Plant Operations	249,060	233,368
Radiology	497,686	428,490
Social Services	138,721	139,615
Speech/Occupational/Physical Therapy	961,129	804,728
Surgery Center	471,290	517,914
Thomas Clinic	762,314	709,762
Ultrasound	147,215	153,829
Total Salaries	\$ 14,294,500	\$ 14,362,562

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

SCHEDULE OF EXPENSES

DECEMBER 31,

	2023	2022
Outside Services and Professional Fees		
Administrative	1,533,488	1,690,319
Cardiology	969,733	1,021,771
Cath Lab	5,796	20,174
CT Scan	1,614	500
Dialysis	-	11,700
Dietary	46,553	45,272
Electrocardiology/Electroencephalography	21,417	18,695
Echo and Doppler	239	207
Emergency Services	1,371,608	1,388,926
Franklinton Clinic	28,478	3,757
Hospitalist	544,076	22,917
Housekeeping	74,849	72,962
Information Technology	440,142	439,736
Laboratory	378,442	378,393
Mammography	6,600	3,900
Med/Surge	1,008	15,234
MRI	222,714	212,600
Nuclear Medicine	9,171	12,519
Pediatric Internal Medicine Clinic	46,618	5,354
Pharmacy	568,315	468,317
Physician Office	2,670	1,844
Plant Operations	61,232	44,157
Radiology	10,634	10,291
Social Services	5,069	4,860
Speech/Occupational/Physical Therapy	12,727	12,637
Surgery Center	1,199	1,175
Swingbed	9,878	11,746
Thomas Clinic	29,718	33,003
Wound Care	124,410	188,900
	<u>\$ 6,520,398</u>	<u>\$ 6,141,866</u>
Total Outside Services and Professional Fees		

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

SCHEDULE OF EXPENSES

DECEMBER 31,

	2023	2022
Supplies and Other Expenses		
Administrative	\$ 1,414,558	\$ 1,736,583
Anesthesiology	14,843	23,423
Cardiac Rehab	4,484	4,381
Cardiopulmonary	116,139	121,809
Cath Lab	290,230	348,693
Central Services and Supply	14,914	14,659
CT Scan	125,610	123,091
Dietary	155,986	157,244
Echo and Doppler	23,590	22,355
Electrocardiology/Electroencephalography	17,381	4,757
Emergency Services	182,933	197,652
Franklinton Clinic	106,017	117,439
Housekeeping	72,944	68,490
Hospitalist	-	(28)
Information Technology	90,779	95,161
Infusion Therapy	43,945	45,051
Intensive Care	3,667	11,745
Laboratory	1,294,057	1,409,314
Mammography	52,166	(11,284)
Medical and Surgical	64,733	74,722
MRI	24,906	26,299
Nuclear Medicine	54,262	62,845
Nursing Administration	42,130	16,382
Operating and Recovery Rooms	189,582	252,634
Pediatric Internal Medicine Clinic	136,147	154,809
Pharmacy	1,321,966	1,109,392
Physician Office	111,683	157,429
Plant Operations	761,068	753,591
Radiology	146,636	154,323
Social Services	14,450	15,101
Speech/Occupational/Physical Therapy	36,454	36,460
Surgery Center	7,812	11,091
Swing Bed	628	2,082
Thomas Clinic	85,399	79,053
Ultrasound	9,955	16,688
Wound Care	3,939	5,108
	<u>\$ 7,035,893</u>	<u>\$ 7,418,484</u>
Total Supplies and Other Expenses		

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

SCHEDULE OF GOVERNING BOARD EXPENSES

DECEMBER 31,

	2023	2022
Jerry Thomas	\$ 75	\$ 900
Grayson Ball	825	-
Donna Steele	-	375
Robin Fabre	375	-
JT Thomas	600	750
Pam Breland	900	900
Malcolm Wascom	825	900
Lori Schilling	825	825
Richard Watts	-	300
Tammy Magruder	825	900
Cynthia August	750	750
Randy Magee	750	450
William Ferrante	-	600
	<u>\$ 6,750</u>	<u>\$ 7,650</u>
Total Governing Board Expenses	<u>\$ 6,750</u>	<u>\$ 7,650</u>

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,

	2023	2022
Peter Sullivan		
Salary	28,014	256,264
Benefits- Insurance	203	3,244
	\$ 28,217	\$ 259,508
Sean Johnson		
Salary	100,917	-
Benefits- Insurance	125	-
	\$ 101,042	\$ -
Darell Lavender		
Salary	29,615	-
Reimbursement/Moving Expenses	8,516	-
	\$ 38,131	\$ -



Glen P. Langlinois, CPA
Gayla L. Falcon, CPA

Michael R. Broussard, CPA
Elizabeth L. Whitford, CPA
Barrett B. Perry, CPA
Elizabeth N. DeBaillon, CPA
Chadwick V. Fortier, CPA
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, 2023 and 2022, 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 23, 2024.

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 2023-1 and 2023-2 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

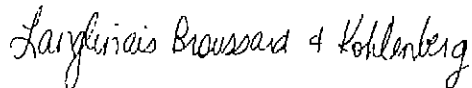
The Hospital's response to the findings identified in our audit is described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan". The Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, 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 23, 2024

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, 2023 AND 2022

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, 2023 and 2022 and have issued our report thereon dated May 23, 2024.

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, 2023 and 2022 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 2023-1 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 2023-2 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, 2023 and 2022.

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, 2022

Finding 2022-1 Proposed Audit Adjustments

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

Status: Unresolved; See Finding 2023-1

Finding 2022-2 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 2023-2



Glen P. Langlinais, CPA
Gayla F. Russo, CPA
Barrett B. Perry, CPA

Michael P. Broussard, CPA
Elizabeth L. Whitford, CPA
Elizabeth N. DeBaillon, CPA
Chad V. Fortier, CPA

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, 2023 through December 31, 2023. The Hospital's management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. 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 23, 2024

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
Result: Policy provided included all of the above functions.
 - ii. ***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.
Result: Policy provided included all of the above functions.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Result: Policy provided included all of the above functions.
 - iv. ***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).
Result: Policy provided included all of the above functions.
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
Result: Policy provided included all of the above functions, with the exception of approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Result: Policy provided included all of the above functions.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Result: Policy provided included all of the above functions.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Result: Policy provided included all of the above functions.
 - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained

to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Result: Policy provided included all of the above functions.

- x. *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Result: Policy provided included all of the above functions.

- xi. *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.

Result: Policy provided included all of the above functions.

- xii. *Prevention of Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Result: Policy provided included all of the above functions.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

- i. 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.

Result: Procedure performed; no exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Result: Procedure performed; no exceptions noted.

- iii. 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.

Result: Procedure N/A; no negative unassigned fund balance in the prior year audit.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Result: Procedure performed; no exceptions noted.

3) *Bank Reconciliations*

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
Result: Procedure performed; no exceptions noted.
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
Result: Procedure performed; no exceptions noted.
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
Result: Procedure performed; no exceptions noted.

4) *Collections (excluding electronic funds transfers)*

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
Result: Document provided; no exceptions noted.
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
Result: Procedure performed; no exceptions noted.
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
Result: Procedure performed; no exceptions noted.
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
Result: Procedure performed; no exceptions noted.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
Result: Procedure performed; no exceptions noted.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Result: Procedure performed; no exceptions noted.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and

i. Observe that receipts are sequentially pre-numbered.

Result: Procedure performed; no exceptions noted.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Result: Procedure performed; no exceptions noted.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Result: Procedure performed; no exceptions noted.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Result: Procedure performed; no exceptions noted.

v. Trace the actual deposit per the bank statement to the general ledger.

Result: Procedure performed; no exceptions noted.

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

A. 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).

Result: Document provided; no exceptions noted.

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

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Result: Procedure performed; no exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors;
Result: Procedure performed; no exceptions noted.
- iii. 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;
Result: Procedure performed; no exceptions noted.
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
Result: Procedure performed; no exceptions noted.
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
Result: Procedure performed; no exceptions noted.

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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
Result: Procedure performed; no exceptions noted.
- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
Result: Procedure performed; no exceptions noted.

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

Result: Procedure performed; no exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

Result: Document provided; no exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
Result: Procedure performed; no exceptions noted.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
Result: Procedure performed; no exceptions noted.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
Result: Procedure performed; no exceptions noted.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
Result: Procedure performed; no exceptions noted.
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
Result: Procedure performed; no exceptions noted.
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

Result: Procedure performed; no exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Result: Procedure performed; no exceptions noted.

8) Contracts

- A. 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. *Alternatively, 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
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
Result: Procedure performed; no exceptions noted.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
Result: Procedure performed; no exceptions noted.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
Result: Procedure performed; no exceptions noted.
 - iv. 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.
Result: Procedure performed; no exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Result: Document provided; no exceptions noted.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
Result: Procedure performed; no exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
Result: Procedure performed; no exceptions noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
Result: Procedure performed; no exceptions noted.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
Result: Procedure performed; no exceptions noted.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
Result: Procedure performed; no exceptions noted.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
Result: Procedure performed; no exceptions noted.

10) *Ethics*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
Result: Procedure performed; no exceptions noted.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
Result: Procedure performed; no exceptions noted.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
Result: Procedure performed; no exceptions noted.

11) *Debt Service*

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing,

obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
Result: Procedure N/A; no new debt instruments issued during fiscal period.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
Result: Procedure performed; no exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
Results: Procedure not applicable.
- B. 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.
Result: Procedure performed; no exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
Result: We performed the procedure and discussed the results with management. No exceptions noted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
Result: We performed the procedure and discussed the results with management. No exceptions noted.
 - iii. 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.

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

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

Result: Procedure performed; no exceptions noted.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Result: Procedure performed; no exceptions noted.

14) Prevention of Sexual Harassment

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

Result: Procedure performed; no exceptions noted.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Result: Procedure performed; no exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

Result: Procedure performed, 98% of employees have completed the training requirements.

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

Result: Procedure performed; 0 complaints received.

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

Result: Procedure performed; 0 complaints received.

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

Result: Procedure performed; 0 complaints received.

- v. Amount of time it took to resolve each complaint.
Result: Procedure performed; 0 complaints received.

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