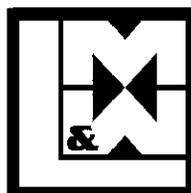


RICHARDSON MEDICAL CENTER  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2019, 2018 AND 2017



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



HOSPITAL SERVICE DISTRICT NO. 1B  
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
 d/b/a RICHARDSON MEDICAL CENTER  
 YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

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Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

This section of the annual financial report for Richland Parish Hospital Service District No. 1B d/b/a Richardson Medical Center (the Medical Center) provides background information and management's analysis of the Medical Center's financial performance during the fiscal year ended September 30, 2019. Please read it in conjunction with the financial statements beginning on page 4 and the notes to the financial statements beginning on page 8 in this report.

**Required Financial Statements**

The financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements provide overall information about the Medical Center's financial activities on both a short-term and long-term basis. The statements of net position present information about its assets (resources) and liabilities (the amounts obligated to its creditors). The statements of revenues, expenses, and changes in net position present information about the current and prior years' activities in revenues and expenses. This statement also provides useful information for determining whether the Medical Center's patient service revenue and other revenue sources were sufficient to allow the Medical Center to recover all of its costs. The final required financial statement is the statement of cash flows which provides information about the Medical Center's cash from operations, investing, and financing activities. In addition, this statement provides useful information to answer questions such as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the Medical Center**

The statements of net position and the statements of revenue, expenses, and changes in net position report information about the Medical Center's activities. These two statements report the net position of the Medical Center and changes in them. Increases or decreases in the Medical Center's net position are one of a number of indicators of whether its overall financial health is improving or deteriorating. However, other non-financial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

**Net Assets**

A summary of the Medical Center's statements of net position are presented in Table 1 below:

TABLE 1  
Condensed Statements of Net Position  
(in thousands)

	September 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total current assets	\$ 8,101	\$ 7,702	\$ 7,335	\$ 7,437
Nondepreciable capital assets	19	24	16	
Depreciable capital assets	4,039	4,355	4,542	5,049
Limited use assets	1,809	1,303	1,332	1,470
Other assets	<u>50</u>	<u>51</u>	<u>35</u>	<u>38</u>
 Total assets	 \$ <u>14,018</u>	 \$ <u>13,435</u>	 \$ <u>13,260</u>	 \$ <u>13,994</u>
 Current liabilities	 \$ 1,992	 \$ 1,925	 \$ 1,820	 \$ 2,014
Long-term liabilities	<u>2,382</u>	<u>2,602</u>	<u>2,883</u>	<u>3,400</u>
 Total liabilities	 <u>4,374</u>	 <u>4,527</u>	 <u>4,703</u>	 <u>5,414</u>
 Invested in capital assets, net of related debt	 1,456	 1,426	 1,171	 1,104
Restricted	3	217	432	691
Unrestricted	<u>8,185</u>	<u>7,265</u>	<u>6,954</u>	<u>6,785</u>
 Total net position	 <u>9,644</u>	 <u>8,908</u>	 <u>8,557</u>	 <u>8,580</u>
 Total liabilities and net position	 \$ <u>14,018</u>	 \$ <u>13,435</u>	 \$ <u>13,260</u>	 \$ <u>13,994</u>

As shown in Table 1, the Medical Center's total assets increased by approximately \$583,000, or 4.3%, during fiscal year 2019, compared to an increase of approximately \$175,000, or 1.3%, from fiscal year 2017 to 2018. Total assets decreased by \$734,000 or 5.2% from fiscal year 2016 to 2017. The Medical Center's capital assets decreased by approximately \$321,000, or 7.3% from fiscal year 2018 to 2019, following a decrease of approximately \$179,000 or 3.9% from fiscal year 2017 to 2018, and a decrease of approximately \$491,000 or 9.7% from fiscal year 2016 to 2017. Limited use assets increased by approximately \$506,000 or 3.9%, compared to a decrease of approximately \$29,000, or 2.2% from fiscal year 2017 to 2018, and a decrease of approximately \$138,000 or 9.4% during fiscal year 2017. Total liabilities decreased by approximately \$153,000, or 3.4% during fiscal year 2019, compared to a decrease of approximately \$176,000, or 3.7% during fiscal year 2018, and a decrease of approximately \$711,000 or 13.1% from fiscal year 2016 to 2017. The increase in limited use assets in fiscal year 2019 is due to the reduction of capital expenditures.

Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

**Summary of Revenue, Expenses, and Changes in Net Assets**

The following table presents a summary of the Medical Center's historical revenue and expenses for each of the fiscal years ended September 30:

**TABLE 2**  
Condensed Statements of Revenue, Expenses and Changes in Net Position  
(in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenue:				
Net patient service revenue	\$ 22,045	\$ 19,676	\$ 18,065	\$ 17,244
Other revenue	<u>1,234</u>	<u>1,806</u>	<u>1,755</u>	<u>3,056</u>
 Total operating revenue	 <u>23,279</u>	 <u>21,482</u>	 <u>19,820</u>	 <u>20,300</u>
 Operating expenses:				
Salaries and employee benefits	13,517	12,049	11,641	10,529
Supplies, fees, and purchased services	4,535	4,808	4,177	3,673
Other expenses	4,829	4,423	4,018	3,874
Depreciation and amortization	<u>603</u>	<u>652</u>	<u>674</u>	<u>699</u>
 Total operating expenses	 <u>23,484</u>	 <u>21,932</u>	 <u>20,510</u>	 <u>18,775</u>
 Profit (loss) from operations	 (205)	 (450)	 (690)	 1,525
Interest income and expense, net	(70)	(138)	(138)	(180)
Gain on disposal of assets	-0-	(6)	(114)	-0-
Property taxes	<u>1,011</u>	<u>945</u>	<u>919</u>	<u>904</u>
 Excess of revenue over expenses	 736	 351	 (23)	 2,249
 Beginning net position	 <u>8,908</u>	 <u>8,557</u>	 <u>8,580</u>	 <u>6,331</u>
 Ending net position	 \$ <u><u>9,644</u></u>	 \$ <u><u>8,908</u></u>	 \$ <u><u>8,557</u></u>	 \$ <u><u>8,580</u></u>

Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

**Source of Revenue**

Net Patient Revenue

During fiscal year 2019, the Medical Center derived the majority, or approximately 95%, of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or patients with other third-party coverage, who receive care in the Medical Center's facilities. Reimbursement from the Medicare and Medicaid programs and other third-party payors is based upon established contracts. The difference between the covered charges and the established contract rates is recognized as a contractual allowance. Total net patient service revenue increased by approximately \$2,369,000, or 12.0% compared to an increase of \$1,611,000, or 8.9% from fiscal year 2017 to 2018, and an increase of \$821,000 or 4.8% from fiscal years 2016 to 2017.

Table 3 presents the relative percentage of gross charges billed for patient services by payor for the fiscal years ended September 30:

TABLE 3  
Payor Mix by Percentage

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Medicare	42%	40%	42%	44%
Medicaid	36%	38%	35%	27%
Blue Cross Blue Shield	10%	10%	11%	12%
Commercial insurance	9%	8%	8%	10%
Self-pay	<u>3%</u>	<u>4%</u>	<u>4%</u>	<u>7%</u>
Total patient revenue	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Other Revenue

Other revenue (Table 4) includes Richland Parish property taxes, cafeteria sales, rental income, pharmacy sales to employees, and other miscellaneous services.

TABLE 4  
Other Revenue  
(in thousands)

	Years Ended September 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Other revenue:				
Cafeteria	\$ 21	\$ 63	\$ 64	\$ 78
Medical records	2	1	2	1
Vending machines	5	5	5	5
Rentals	16	21	19	18
Pharmacy sales to employees	22	25	25	28
Grants	1,123	1,655	1,359	2,775
Joint venture income	-0-	-0-	47	(28)
Miscellaneous	<u>45</u>	<u>36</u>	<u>234</u>	<u>179</u>
 Total other revenue	 \$ <u>1,234</u>	 \$ <u>1,806</u>	 \$ <u>1,755</u>	 \$ <u>3,056</u>

Grant Income

Grant income decreased by approximately \$532,000, or 32.1%, during fiscal year 2019, compared to an increase of \$296,000, or 21.8%, from fiscal year 2017 to 2018, and a decrease of \$1,416,000 or 51.0%, from fiscal year 2016 to 2017. The Hospital received grants of \$1,010,000, \$1,521,171, \$1,333,276, and \$2,021,083 in fiscal years 2019, 2018, 2017 and 2016, respectively, to be used solely to provide adequate and essential medically necessary health care services to the citizens in its community who are low income and/or indigent patients.

Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Adjustments to revenue increased over prior year as described in Table 5 below:

**TABLE 5**  
**Adjustment Summary**  
(in thousands)

	September 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Adjustments:				
Commercial and other adjustments	\$ 4,535	\$ 4,329	\$ 4,705	\$ 4,573
Medicaid contractual adjustments	12,719	12,246	9,772	7,604
Medicare contractual adjustments	14,868	14,094	12,355	13,120
Physician fee revenue	(973)	(1,140)	(479)	(668)
Discounts	222	222	364	262
Provision for bad debts	<u>3,113</u>	<u>4,162</u>	<u>4,439</u>	<u>3,930</u>
 Total adjustments and allowances	 \$ <u>34,484</u>	 \$ <u>33,913</u>	 \$ <u>31,156</u>	 \$ <u>28,821</u>

Medicaid contractual adjustments increased from fiscal year 2018 to 2019 by 3.9% or approximately \$473,000, compared to an increase of \$2,474,00 or 25.3% in 2018, and an increase of \$2,168,000 or 28.5% in 2017. The increase in Medicaid contractual adjustments is due to the expansion of Medicaid patients in the previous years, however the increase in 2019 is related to the increase in the volume of services. As noted in Table 3, the Medicaid charges have increased from 27% of total charges in fiscal year 2016 to 36% of total charges in fiscal year 2019.

**Operating Expenses**

Salaries increased by \$1,196,426 or 11.3% from fiscal year 2018 to 2019, compared to an increase of \$354,266 or 3.5% during fiscal year 2018, and an increase of \$1,250,016 or 13.9% during fiscal year 2017. As a percentage of net patient service revenue, salary expense was approximately 53.4%, 53.7%, 56.5%, and 52.0%, for the fiscal years ended September 30, 2019, 2018, 2017 and 2016, respectively. The majority of the increase is related to hiring new physicians and related staff in the Rural Health Clinic.

Employee benefits expense increased \$271,401 or 18.3% during fiscal year 2019, compared to an increase of \$54,328 or 3.8% during fiscal year 2018, and a decrease of \$138,785, or 8.9% during fiscal year 2017. Employee benefit expenses represented 14.9%, 14.0%, 14.0%, and 17.5% of salary expenses in the current and prior three fiscal years, respectively. Also, the Hospital has a self-funded health plan. The plan's cost varies according to the number of claims filed. The Hospital's plan is structured to capture and perform 90% of the claims within the facility to minimize cost.

Supplies expense decreased \$75,345 or 3.8% during fiscal year 2019, compared to an increase \$18,879 or 1.0% during fiscal year 2018, and an increase of \$232,204 or 14.4% during fiscal year 2017.

Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

Professional fees decreased during fiscal year 2019 by approximately \$198,000 or 7.0%, compared to an increase of approximately \$502,000 or 21.6% during the fiscal year 2018, and an increase of approximately \$271,000 or 13.2% during the fiscal year 2017.

Total overall operating expenses for 2019 increased approximately \$1,552,144 or 7.0%. In 2018, the overall operating expenses increased approximately \$1,422,000 or 6.9%. In 2017, the overall operating expenses increased approximately \$1,735,000 or 9.2%.

**Operating and Financial Performance**

The following financial information summarizes the Medical Center's statements of revenue, expenses, and changes in net assets for 2019 through 2016:

Overall activity at the Medical Center, as measured by patient discharges, decreased by 187 during fiscal year 2019, compared to an increase of 38 from fiscal year 2017 to 2018, and an increase of 11 from fiscal year 2016 to 2017. Patient days decreased 14% in 2019, compared to an increase of 10.3% in 2018, a decrease of 12.3% in 2017, and a decrease of 7.5% in 2016.

**TABLE 6**  
Patient and Hospital Statistical Data

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Year Ended September 30,				
Discharges:				
Acute care	623	757	762	773
Swing bed	44	97	54	32
Patient days:				
Acute - Medicare	1,203	1,364	1,431	1,627
Acute - Medicaid	379	402	331	376
Acute - Commercial	870	997	737	979
Acute - Self pay	26	81	80	63
Swing bed	425	527	478	440
Operating room patients	1,434	1,472	1,631	1,243
Emergency room visits	8,225	8,465	8,916	8,245
Average daily census:				
Adult and pediatric	6.8	7.8	7.1	8.3
Swing bed	1.2	1.4	1.3	1.2

Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

TABLE 6 (Continued)  
Patient and Hospital Statistical Data

	Year Ended September 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Average length of stay:				
Acute care	4.0	3.8	3.4	3.9
Swing bed	9.7	5.4	8.9	13.8
Percentage of total acute patient days:				
Medicare	49%	48%	55%	53%
Medicaid	15%	14%	13%	12%
Rural health clinic visits	37,486	31,009	26,972	22,121
Full-time equivalents (FTEs)	213.8	208.9	194.9	187.7

**Capital Assets**

During the 2019 fiscal year, the Medical Center invested approximately \$279,000 in capital assets, included in Table 7 below:

TABLE 7  
Capital Assets  
(in thousands)

	Year Ended September 30,		Dollar	Percentage
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Change</u>
Land and improvements	\$ 109	\$ 104	\$ 5	4.8%
Building and equipment	<u>19,757</u>	<u>19,483</u>	<u>274</u>	<u>1.4%</u>
Subtotal	19,866	19,587	279	1.4%
Less accumulated depreciation	<u>15,808</u>	<u>15,208</u>	<u>600</u>	<u>3.9%</u>
Net	\$ <u>4,058</u>	\$ <u>4,379</u>	\$ <u>(321)</u>	<u>-7.3%</u>

**Long-Term Debt (Excluding Capital Leases)**

At 2019 fiscal year end, the Medical Center had \$2,602,212 in short-term and long-term debt.

Richland Parish Hospital Service District No. 1B  
d/b/a Richardson Medical Center

Management's Discussion and Analysis

**Contacting the Medical Center's Financial Manager**

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



## **LESTER, MILLER & WELLS**

*A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS*

3600 Bayou Rapides Road • Alexandria, LA 71303-3653  
Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758  
Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107  
Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

**Members:** American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

John S. Wells, CPA  
Robert G. Miller, CPA  
Paul A. Delaney, CPA  
Mary L. Carroll, CPA  
Joey L. Breaux, CPA  
Jason P. LeBlanc, CPA

Brenda J. Lloyd, CPA  
Karlie P. Brister, CPA

Retired 2015  
Bobby G. Lester, CPA

### INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Hospital Service District No. 1B  
Parish of Richland, State of Louisiana  
Rayville, Louisiana

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Hospital Service District No. 1B, Parish of Richland d/b/a Richardson Medical Center (the Hospital), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 2019, 2018, and 2017, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Commissioners  
Hospital Service District No. 1B  
Parish of Richland, State of Louisiana  
Rayville, Louisiana  
Page Two

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of September 30, 2019, 2018, and 2017, 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.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the financial information of Richland Parish Hospital Service District No. 1B and do not purport to, and do not, present fairly the financial position of the Richland Parish Police Jury as of September 30, 2019, 2018, and 2017, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.



Board of Commissioners  
Hospital Service District No. 1B  
Parish of Richland, State of Louisiana  
Rayville, Louisiana  
Page Three

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 March 4, 2020, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Hospital's internal control over financial reporting and compliance.

*Lester, Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

March 4, 2020



RICHARDSON MEDICAL CENTER  
STATEMENTS OF NET POSITION  
SEPTEMBER 30,

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current			
Cash and cash equivalents (Note 3)	\$ 2,112,919	\$ 2,310,829	\$ 2,331,852
Short-term investments	310,159	310,159	305,441
Accounts receivable, net (Note 4)	3,484,762	2,831,883	2,645,804
Estimated third-party payor settlements	1,528,869	1,639,831	1,437,876
Inventory	495,184	489,455	525,975
Prepaid expenses	169,234	119,854	88,060
Total Current Assets	<u>8,101,127</u>	<u>7,702,011</u>	<u>7,335,008</u>
Nondepreciable capital assets (Note 5)	18,500	24,200	16,000
Depreciable capital assets, net (Note 5)	4,039,418	4,354,938	4,541,692
Limited use assets (Note 6)	1,808,745	1,302,455	1,331,795
Other assets	49,874	50,885	35,494
Total Assets	<u>\$ 14,017,664</u>	<u>\$ 13,434,489</u>	<u>\$ 13,259,989</u>
<u>LIABILITIES AND NET POSITION</u>			
Current			
Accounts payable	\$ 792,666	\$ 526,165	\$ 424,680
Accrued expenses	973,936	852,393	776,846
Estimated third-party payor settlements	5,218	195,003	114,758
Current portion of long-term debt (Note 7)	220,504	350,958	504,237
Total Current Liabilities	<u>1,992,324</u>	<u>1,924,519</u>	<u>1,820,521</u>
Long-term debt, net of current maturities (Note 7)	<u>2,381,708</u>	<u>2,602,212</u>	<u>2,882,804</u>
Total Liabilities	<u>4,374,032</u>	<u>4,526,731</u>	<u>4,703,325</u>
Net Position			
Invested in capital assets, net of related debt	1,455,706	1,425,968	1,170,651
Restricted	2,866	216,887	431,616
Unrestricted	8,185,060	7,264,903	6,954,397
Total Net Position	<u>9,643,632</u>	<u>8,907,758</u>	<u>8,556,664</u>
Total Liabilities and Net Position	<u>\$ 14,017,664</u>	<u>\$ 13,434,489</u>	<u>\$ 13,259,989</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEARS ENDED SEPTEMBER 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>			
Net patient service revenues	\$ 22,044,620	\$ 19,675,673	\$ 18,064,695
Grants	113,340	133,697	25,960
Intergovernmental transfer grants	1,010,000	1,521,171	1,333,276
Contributions	3,835	-0-	-0-
Other operating revenues	<u>107,078</u>	<u>151,329</u>	<u>396,254</u>
 Total Revenues	 <u>23,278,873</u>	 <u>21,481,870</u>	 <u>19,820,185</u>
<b>Expenses</b>			
Salaries	11,765,550	10,569,124	10,214,858
Benefits and payroll taxes	1,751,481	1,480,080	1,425,752
Supplies and drugs	1,902,699	1,978,044	1,969,765
Professional fees	2,631,617	2,830,011	2,327,924
Other expenses	4,295,483	3,963,973	3,401,504
Insurance	533,901	458,322	495,962
Depreciation and amortization	<u>603,206</u>	<u>652,239</u>	<u>674,204</u>
 Total Expenses	 <u>23,483,937</u>	 <u>21,931,793</u>	 <u>20,509,969</u>
 Operating Income (Loss)	 <u>(205,064)</u>	 <u>(449,923)</u>	 <u>(689,784)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	41,529	17,426	12,795
Interest expense	(111,628)	(155,425)	(151,361)
Gain (loss) on disposal of assets	(5)	(6,166)	(113,464)
Property taxes	<u>1,011,042</u>	<u>945,182</u>	<u>918,956</u>
 Changes in net position	 735,874	 351,094	 (22,858)
 Beginning net position	 <u>8,907,758</u>	 <u>8,556,664</u>	 <u>8,579,522</u>
 Ending net position	 \$ <u>9,643,632</u>	 \$ <u>8,907,758</u>	 \$ <u>8,556,664</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 21,312,918	\$ 19,367,884	\$ 17,501,107
Other receipts from operations	1,234,253	1,806,197	1,708,153
Cash payments to employees and for employee-related cost	(13,412,651)	(11,973,657)	(11,577,226)
Cash payments for other operating expenses	<u>(9,134,134)</u>	<u>(9,139,530)</u>	<u>(8,276,932)</u>
Net cash provided (used) by operating activities	<u>386</u>	<u>60,894</u>	<u>(644,898)</u>
Cash flows from investing activities:			
Cash proceeds (invested) from limited use assets	(506,295)	24,622	138,264
Interest income	<u>41,529</u>	<u>17,426</u>	<u>12,795</u>
Net cash provided (used) by investing activities	<u>(464,766)</u>	<u>42,048</u>	<u>151,059</u>
Cash flows from capital and related financing activities:			
Acquisition of property, plant, and equipment	(281,986)	(406,460)	(396,422)
Principal payments on long-term debt	(350,958)	(516,952)	(557,654)
Property taxes utilized for capital acquisitions	1,011,042	945,182	918,956
Proceeds from sale of assets	-0-	9,690	100,000
Interest expense	<u>(111,628)</u>	<u>(155,425)</u>	<u>(151,361)</u>
Net cash provided (used) by capital and related financing activities	<u>266,470</u>	<u>(123,965)</u>	<u>(86,481)</u>
Net increase (decrease) in cash and cash equivalents	(197,910)	(21,023)	(580,320)
Beginning cash and cash equivalents	<u>2,310,829</u>	<u>2,331,852</u>	<u>2,912,172</u>
Ending cash and cash equivalents	\$ <u>2,112,919</u>	\$ <u>2,310,829</u>	\$ <u>2,331,852</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED SEPTEMBER 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ (205,064)	\$ (449,923)	\$ (689,784)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:			
Depreciation and amortization	603,206	652,239	674,204
Change in current assets (increase) decrease			
Patient accounts receivable, net	(652,879)	(186,079)	(159,778)
Estimated third-party payor settlements	110,962	(201,955)	(357,336)
Inventory	(5,729)	36,520	15,573
Prepaid expenses	(49,380)	(31,794)	23,215
Change in current liabilities increase (decrease)			
Accounts payable	266,501	101,485	(123,210)
Accrued expenses	121,543	75,547	63,384
Due to joint venture	-0-	-0-	(47,337)
Estimated third-party payor settlements	(189,785)	80,245	(46,474)
Change in other assets (increase) decrease	<u>1,011</u>	<u>(15,391)</u>	<u>2,645</u>
Net cash provided (used) by operating activities	\$ <u>386</u>	\$ <u>60,894</u>	\$ <u>(644,898)</u>
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	\$ <u>106,042</u>	\$ <u>140,082</u>	\$ <u>151,361</u>
Equipment acquired under capital lease	\$ <u>-0-</u>	\$ <u>83,081</u>	\$ <u>-0-</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Richland Parish Hospital Service District No. 1B (the District or the Hospital) was created by an ordinance of the Richland Parish Police Jury on April 18, 1989. The District is comprised of the entire parish excluding Ward 1 of the Parish of Richland, State of Louisiana, as constituted as of the date of the ordinance.

Effective as of October 1, 1989, Richland Parish Hospital Service District No. 1 (which operated hospitals in Delhi and Rayville) transferred operations of the hospital in Rayville and clinic in Mangham to Richland Parish Hospital Service District No. 1B, along with all related assets, liabilities, and equity. On November 3, 1998, Richland Parish Hospital Service District No. 1B transferred operations and management of the Mangham Outpatient Clinic to Richland Parish Hospital Service District No. 1C.

The District is a political subdivision of the Richland Parish Police Jury whose jurors are elected officials. The District's commissioners are appointed by the Richland Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the District. Accordingly, the Hospital was determined to be a component unit of the Richland Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District provides outpatient, skilled nursing (through "swing-beds") and acute inpatient hospital services. In 1995, the District began operation of a rural health clinic and opened a second rural health clinic on October 1, 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

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

Basis of Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities over 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Credit Risk

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

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients. The Hospital also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 10. Changes in federal and state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenues

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

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

Inventory

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

Income Taxes

The District is a political subdivision and exempt from taxation.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at cost for purchased assets or at fair market value on the date of any donation. The Hospital uses straight-line method of determining depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

Buildings and Improvements	5 to 40 years
Machinery and Equipment	3 to 20 years
Furniture and Fixtures	3 to 20 years

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposal are credited or charged to operations currently.

Net Position

The Hospital classifies net position into three components: invested in capital assets, net of related debt; restricted and unrestricted. Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowing used to finance the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted. When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

The Hospital's statements of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Nonexchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Patient Accounts Receivable

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

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended September 30, 2019, 2018, and 2017 totaled \$11,758, \$29,700 and \$24,532, respectively.

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify, with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At September 30, 2019, 2018, and 2017, management is not aware of any liability resulting from environmental matters.

Restricted Revenues

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

Grants and Contributions

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

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. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Use of Estimates

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

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classification.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Recently Issued Accounting Pronouncements

In June 2018, the GASB issued Statement No. 87 (GASB 87). The objective of GASB Statement No. 87, Leases, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on the Hospital's financial statements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risks – Custodial credit risk for deposit is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name at September 30, 2019, 2018 and 2017.

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

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Carrying amount					
Deposits	\$ 3,921,664	\$	3,613,284	\$	3,663,647
Investments	<u>310,159</u>		<u>310,159</u>		<u>305,441</u>
	<u>\$ 4,231,823</u>	\$	<u>3,923,443</u>	\$	<u>3,969,088</u>
Included in the following balance sheet captions					
Cash and cash equivalents	\$ 2,112,919	\$	2,310,829	\$	2,331,852
Short-term investments	310,159		310,159		305,441
Assets whose use is limited	<u>1,808,745</u>		<u>1,302,455</u>		<u>1,331,795</u>
	<u>\$ 4,231,823</u>	\$	<u>3,923,443</u>	\$	<u>3,969,088</u>

Account balances according to banks' records at September 30, 2019, for the Hospital are as follows:

	<u>Guaranty Bank &amp; Trust</u>		<u>Business First Bank</u>		<u>CrossKeys</u>
Cash in bank	\$ <u>23,030</u>	\$	<u>2,184,213</u>	\$	<u>2,010,852</u>
Insured by FDIC	\$ <u>23,030</u>	\$	<u>356,734</u>	\$	<u>353,982</u>
Collateralization by fair market value	\$ <u>-0-</u>	\$	<u>1,827,479</u>	\$	<u>1,656,870</u>
Uncollateralized	\$ <u>-0-</u>	\$	<u>-0-</u>	\$	<u>-0-</u>

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Patient accounts receivable	\$ 7,804,598	\$ 7,119,953	\$ 6,142,703
Other accounts receivable	<u>36,487</u>	<u>32,601</u>	<u>14,852</u>
	7,841,085	7,152,554	6,157,555
Estimated uncollectibles	<u>(4,356,323)</u>	<u>(4,320,671)</u>	<u>(3,511,751)</u>
Net patient accounts receivable	\$ <u>3,484,762</u>	\$ <u>2,831,883</u>	\$ <u>2,645,804</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Medicare	18%	13%	18%
Medicaid	15%	13%	15%
Blue Cross Blue Shield	6%	5%	5%
Commercial and other third-party payors	9%	8%	7%
Patients	<u>52%</u>	<u>61%</u>	<u>55%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation at September 30:

	September 30, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2019</u>
Nondepreciable capital assets					
Land	\$ 16,000	\$ 1,000	\$ -0-	\$ -0-	\$ 17,000
Construction in progress	<u>8,200</u>	<u>-0-</u>	<u>-0-</u>	<u>(6,700)</u>	<u>1,500</u>
Total nondepreciable capital assets	\$ <u>24,200</u>	\$ <u>1,000</u>	\$ <u>-0-</u>	\$ <u>(6,700)</u>	\$ <u>18,500</u>
Depreciable capital assets					
Land improvements	\$ 87,549	\$ 3,743	\$ -0-	\$ -0-	\$ 91,292
Buildings and improvements	7,016,329	62,008	-0-	6,700	7,085,037
Major movable equipment	<u>12,459,093</u>	<u>215,233</u>	<u>3,500</u>	<u>-0-</u>	<u>12,670,826</u>
Total depreciable capital assets	19,562,971	280,984	3,500	6,700	19,847,155
Accumulated depreciation	<u>15,208,033</u>	<u>603,204</u>	<u>3,500</u>	<u>-0-</u>	<u>15,807,737</u>
Total depreciable capital assets, net	\$ <u>4,354,938</u>	\$ <u>(322,220)</u>	\$ <u>-0-</u>	\$ <u>6,700</u>	\$ <u>4,039,418</u>
	September 30, <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2018</u>
Nondepreciable capital assets					
Land	\$ 16,000	\$ -0-	\$ -0-	\$ -0-	\$ 16,000
Construction in progress	<u>-0-</u>	<u>8,200</u>	<u>-0-</u>	<u>-0-</u>	<u>8,200</u>
Total nondepreciable capital assets	\$ <u>16,000</u>	\$ <u>8,200</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>24,200</u>
Depreciable capital assets					
Land improvements	\$ 63,840	\$ 23,709	\$ -0-	\$ -0-	\$ 87,549
Buildings and improvements	6,898,495	117,834	-0-	-0-	7,016,329
Major movable equipment	<u>12,177,534</u>	<u>339,798</u>	<u>58,239</u>	<u>-0-</u>	<u>12,459,093</u>
Total depreciable capital assets	19,139,869	481,341	58,239	-0-	19,562,971
Accumulated depreciation	<u>14,598,177</u>	<u>652,239</u>	<u>42,383</u>	<u>-0-</u>	<u>15,208,033</u>
Total depreciable capital assets, net	\$ <u>4,541,692</u>	\$ <u>(170,898)</u>	\$ <u>15,856</u>	\$ <u>-0-</u>	\$ <u>4,354,938</u>

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 5 - CAPITAL ASSETS (Continued)

	September 30, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2017</u>
Nondepreciable capital assets					
Land	\$ 16,000	\$ -0-	\$ -0-	\$ -0-	\$ 16,000
Total nondepreciable capital assets	\$ <u>16,000</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>16,000</u>
Depreciable capital assets					
Land improvements	\$ 63,840	\$ -0-	\$ -0-	\$ -0-	\$ 63,840
Buildings and improvements	7,385,621	150,753	637,879	-0-	6,898,495
Major movable equipment	<u>11,931,867</u>	<u>245,667</u>	<u>-0-</u>	<u>-0-</u>	<u>12,177,534</u>
Total depreciable capital assets	19,381,328	396,420	637,879	-0-	19,139,869
Accumulated depreciation	<u>14,348,390</u>	<u>674,204</u>	<u>424,417</u>	<u>-0-</u>	<u>14,598,177</u>
Total depreciable capital assets, net	\$ <u>5,032,938</u>	\$ <u>(277,784)</u>	\$ <u>213,462</u>	\$ <u>-0-</u>	\$ <u>4,541,692</u>

A summary of assets held under capital leases, which are included in capital assets at September 30 follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Equipment under capital leases	\$ 2,636,244	\$ 2,636,244	\$ 2,553,162
Accumulated depreciation	<u>2,482,496</u>	<u>2,340,343</u>	<u>2,109,228</u>
Net	\$ <u>153,748</u>	\$ <u>295,901</u>	\$ <u>443,934</u>

NOTE 6 - ASSETS WHOSE USE IS LIMITED

The following assets are restricted as to use as designated below:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Restricted by Third Parties			
Series 2014 Revenue Bonds to be disbursed	\$ 2,866	\$ 216,887	\$ 431,616
Restricted by Hospital Board			
To be used for asset additions and replacements - Certificates of deposits	<u>1,805,879</u>	<u>1,085,568</u>	<u>900,179</u>
Non-current limited use assets	\$ <u>1,808,745</u>	\$ <u>1,302,455</u>	\$ <u>1,331,795</u>

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 7 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt and capital lease obligations as of September 30:

	September 30, <u>2018</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2019</u>	Due Within <u>One Year</u>
Capital lease - Siemens	\$ 32,890	\$ -0-	\$ 32,890	\$ -0-	\$ -0-
Capital lease - Siemens	253,952	-0-	177,459	76,493	76,493
Revenue Bonds, Series 2014	2,593,148	-0-	123,163	2,469,985	127,536
Capital lease - KSB Ortho	71,253	-0-	15,519	55,734	16,475
Capital lease - GE Healthcare	<u>1,927</u>	<u>-0-</u>	<u>1,927</u>	<u>-0-</u>	<u>-0-</u>
 Total	 \$ <u>2,953,170</u>	 \$ <u>-0-</u>	 \$ <u>350,958</u>	 \$ <u>2,602,212</u>	 \$ <u>220,504</u>

	September 30, <u>2017</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2018</u>	Due Within <u>One Year</u>
Capital lease - Siemens	\$ 62,672	\$ -0-	\$ 29,782	\$ 32,890	\$ 32,890
Capital lease - Siemens	423,094	-0-	169,142	253,952	177,459
Revenue Bonds, Series 2014	2,712,090	-0-	118,942	2,593,148	123,163
Capital lease - Stryker	-0-	83,081	11,828	71,253	15,519
Capital lease - Govt. Capital	162,406	-0-	162,406	-0-	-0-
Capital lease - GE Healthcare	<u>26,779</u>	<u>-0-</u>	<u>24,852</u>	<u>1,927</u>	<u>1,927</u>
 Total	 \$ <u>3,387,041</u>	 \$ <u>83,081</u>	 \$ <u>516,952</u>	 \$ <u>2,953,170</u>	 \$ <u>350,958</u>

	September 30, <u>2016</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2017</u>	Due Within <u>One Year</u>
Capital lease - Siemens	\$ 89,641	\$ -0-	\$ 26,969	\$ 62,672	\$ 26,969
Capital lease - Siemens	584,308	-0-	161,214	423,094	169,142
Revenue Bonds, Series 2014	2,826,953	-0-	114,863	2,712,090	118,941
Note payable - MRI buildout	41,694	-0-	41,694	-0-	-0-
Capital lease - Stryker	34,371	-0-	34,371	-0-	-0-
Capital lease - Govt. Capital	317,234	-0-	154,828	162,406	162,406
Capital lease - GE Healthcare	<u>50,494</u>	<u>-0-</u>	<u>23,715</u>	<u>26,779</u>	<u>26,779</u>
 Total	 \$ <u>3,944,695</u>	 \$ <u>-0-</u>	 \$ <u>557,654</u>	 \$ <u>3,387,041</u>	 \$ <u>504,237</u>

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 7 - LONG-TERM DEBT (Continued)

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

- Bancorp South Bank note payable for building renovation at 4.79%, due in 120 monthly installments of \$2,757 through January 1, 2018, secured by certificates of deposit.
- Governmental Capital capital lease for CPSI computer system at 4.895% due in 6 annual installments of \$170,357 through July 30, 2018, secured by equipment.
- GE Healthcare capital lease for ultrasound equipment at 4.69% due in 1 initial payment of \$13,800 followed by 59 monthly installments of \$2,124 through September 9, 2018, secured by equipment.
- Siemens capital lease for MRI equipment at 4.81% due in 70 monthly installments of \$15,483 through February 29, 2020, secured by equipment.
- Siemens capital lease for MRI equipment at 9.97% due in 70 monthly installments of \$2,891 through February 29, 2020.
- Series 2014 Hospital Revenue Bond at 3.25% collateralized by a pledge and dedication of hospital revenue payable in annual installments of \$215,220 which includes principal and interest through July 25, 2034.
- Stryker capital lease for endoscopy equipment at 2.562% due in 48 monthly installments of \$2,644 through October 25, 2017, secured by equipment.
- KSB capital lease for orthopedic equipment at 6.197% due in 60 monthly installments of \$1,614 through November 15, 2022, secured by equipment.

Year Ending <u>June 30,</u>	<u>Long-Term Debt</u>		<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 127,536	\$ 87,684	\$ 92,968	\$ 3,813
2021	132,063	83,157	17,489	1,877
2022	136,751	78,469	18,566	800
2023	141,606	73,614	3,204	24
2024	146,633	68,587	-0-	-0-
2025-2029	815,042	261,058	-0-	-0-
2030-2034	<u>970,354</u>	<u>105,745</u>	<u>-0-</u>	<u>-0-</u>
 Totals	 \$ <u>2,469,985</u>	 \$ <u>758,314</u>	 \$ <u>132,227</u>	 \$ <u>6,514</u>

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 8 - PENSION PLAN

The District elected to withdraw from the Social Security System effective January 1, 1994. In place of Social Security, the District established a defined contribution annuity plan, called the Richardson Medical Center Retirement Plan. Employees are eligible to participate upon the date of employment and after one year of service the employee is fully vested in the employer's matching contribution. Contributions to the plan by the Hospital are determined by the Board of Commissioners. The plan requires a minimum total contribution by the Hospital and the employee of at least 7.5%. The amounts charged to pension expense under this plan were \$658,743, \$619,809, and \$561,192 for the years ended September 30, 2019, 2018, and 2017, respectively. The employees contributed \$561,164, \$530,709 and \$483,104 for the years ended September 30, 2019, 2018 and 2017, respectively.

NOTE 9 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid time off and sick days depending on length of service. The Hospital accrued \$422,187, \$418,951, and \$372,606 of paid time off at September 30, 2019, 2018, and 2017, respectively. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of unvested sick pay when actually paid to employees.

NOTE 10 - NET PATIENT SERVICE REVENUES

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010 until September 30, 2022, if not extended by Congress. The additional payments received under the Medicare low volume add-on was \$432,859, \$394,676 and \$377,308 for the years ended September 30, 2019, 2018 and 2017. Because the Hospital qualified as a Medicare Dependent Hospital (MDH), it receives additional reimbursement. The benefits related to MDH designation are set to expire on September 30, 2022, if not extended by Congress. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed routine services are reimbursed based on a prospectively determined rate per patient day. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2016.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports 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 September 30, 2014.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 10 - NET PATIENT SERVICE REVENUES (Continued)

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 10%, 10% and 11% of the total charges for the years ended September 30, 2019, 2018 and 2017, respectively.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Gross charges	\$ 56,642,407	\$ 53,602,982	\$ 49,235,629
Less charges associated with charity patients	<u>112,808</u>	<u>14,301</u>	<u>15,474</u>
Gross patient service revenue	56,529,599	53,588,681	49,220,155
Less deductions from revenue:			
Contractual adjustments	32,122,225	30,668,856	26,831,956
Discounts	222,447	221,731	363,929
Physician supplement revenue	<u>(972,782)</u>	<u>(1,139,686)</u>	<u>(478,998)</u>
Patient service revenue (net of contractual adjustments)	25,157,709	23,837,780	22,503,268
Less provision for bad debts	<u>3,113,089</u>	<u>4,162,107</u>	<u>4,438,573</u>
Net patient service revenue less provision for bad debts	\$ <u>22,044,620</u>	\$ <u>19,675,673</u>	\$ <u>18,064,695</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Medicare and Medicaid charges	\$ 43,940,360	\$ 41,972,677	\$ 37,799,998
Contractual adjustments	<u>(27,587,775)</u>	<u>(26,339,716)</u>	<u>(23,327,741)</u>
Program patient service revenue	\$ <u>16,352,585</u>	\$ <u>15,632,961</u>	\$ <u>14,472,257</u>
Percent of total gross patient charges	<u>78%</u>	<u>78%</u>	<u>77%</u>
Percent of total net patient revenues	<u>74%</u>	<u>79%</u>	<u>80%</u>

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. These adjustments resulted in a decrease in net patient service revenue of \$61,443 and \$20,827 in 2019 and 2018, respectively.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 11 - GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement with a regional public hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$1,010,000, \$1,521,171 and \$1,333,276 for the fiscal years 2019, 2018 and 2017, respectively.

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

NOTE 12 - PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

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:

Governmental Third-Party Reimbursement Programs (Note 10) - The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

Further, in order to continue receiving reimbursement from the Medicare program, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

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

RICHARDSON MEDICAL CENTER  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 13 - CONTINGENCIES (Continued)

Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 12) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Patient Protection and Affordable Care Act (PPACA) - The PPACA was passed into law in 2010. This federal legislation is extremely complex and will substantially change the landscape of the healthcare industry. The PPACA has the potential to affect both payment rates and coverage issues for all healthcare payors. While the overall impact of the PPACA cannot currently be estimated, it could have a negative impact on the District's revenues.

NOTE 14 - EMPLOYEE MEDICAL BENEFIT PLAN

The Hospital is self-insured to provide group medical coverage for its employees. A third-party administers the group medical coverage for the Hospital. The Hospital funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of \$45,000. There were no significant changes in insurance coverage from the prior year. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term. The following is a summary of the changes in the Hospital's claims liability for the year ended September 30:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning of the year	\$ 115,030	\$ 98,133	\$ 140,962
Plus: Claims incurred and changes in estimate	930,713	678,885	730,650
Less: Claims paid	<u>916,024</u>	<u>661,988</u>	<u>773,479</u>
End of the year	<u>\$ 129,719</u>	<u>\$ 115,030</u>	<u>\$ 98,133</u>

NOTE 15 - AD VALOREM TAXES

The District levies a property tax on all property subject to taxation in the service district. A 9.22 mill tax runs for a period of ten years, beginning with the year 2002 and ending with the year 2012, subsequently renewed for another ten years ending with the year 2022, to be dedicated and used for operating, maintaining, renovating, and improving emergency medical services. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the Hospital. Property tax notices are mailed by November 15 each year, due by December 31, and are considered delinquent by January 31.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019, 2018, AND 2017

NOTE 16 - OPERATING LEASES

Leases that do not meet the criteria for capitalization are classified as operating leases with related rental charged to operations as incurred. Total lease expense was \$404,874, \$233,631 and \$198,547 for the years ended September 30, 2019, 2018 and 2017, respectively. The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2019, that have initial or remaining lease terms in excess of one year.

<u>Year Ended September 30,</u>	<u>Amount</u>
2020	\$ 336,346
2021	259,212
2022	215,581
2023	51,826
2024	<u>36,496</u>
Total minimum lease payments	\$ <u>899,461</u>

NOTE 17 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a per-diem based on the patient's level of income. Accordingly, the Hospital does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The cost of caring for charity care patients were approximately \$47,000, \$6,000 and \$6,000 for the years ended September 30, 2019, 2018 and 2017, respectively. Funds received through grants, which pay part of the cost of charity and uninsured care, were approximately \$5,000, \$6,000 and \$4,000 for the years ended September 30, 2019, 2018 and 2017, respectively.

NOTE 18 - SUBSEQUENT EVENTS

Events have been evaluated through March 4, 2020, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

RICHARDSON MEDICAL CENTER  
SCHEDULES OF NET PATIENT SERVICE REVENUES  
YEARS ENDED SEPTEMBER 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Routine Services:			
Adult and pediatric	\$ 1,324,841	\$ 1,570,943	\$ 1,500,172
Intensive care unit	105,015	65,207	78,015
Swing bed	<u>233,550</u>	<u>238,156</u>	<u>211,106</u>
 Total Routine Services	 <u>1,663,406</u>	 <u>1,874,306</u>	 <u>1,789,293</u>
Other Professional Services:			
Operating and recovery room	4,302,967	4,827,913	4,982,970
Anesthesia	763,798	838,697	825,725
Radiology	15,224,974	14,513,588	13,690,911
Laboratory	6,521,554	6,354,040	5,693,092
Blood	249,136	311,508	262,234
Respiratory therapy	832,557	1,023,469	933,874
Occupational therapy	1,161,262	858,355	179,823
Electrocardiology	544,976	532,124	553,322
Central supply	165,914	259,207	157,050
Pharmacy	2,861,175	2,890,272	2,976,737
Provider-based clinic	156,769	323,293	-0-
Cardiac cath lab	371,772	576,842	929,418
Wound care	-0-	97,324	148,410
Emergency room	7,381,129	7,287,390	6,985,434
Intensive outpatient program	1,793,132	1,505,001	308,788
Observation	2,192,653	1,480,214	1,489,017
Rural health clinics	7,937,258	5,966,342	5,386,579
Hospitalist	333,455	359,750	447,980
Family health clinic	254,026	-0-	-0-
Surgery clinic	<u>1,930,494</u>	<u>1,723,347</u>	<u>1,494,972</u>
 Total Other Professional Services	 <u>54,979,001</u>	 <u>51,728,676</u>	 <u>47,446,336</u>
 Gross Charges	 56,642,407	 53,602,982	 49,235,629
Less charges associated with charity patients	<u>(112,808)</u>	<u>(14,301)</u>	<u>(15,474)</u>
Gross patient service revenue	56,529,599	53,588,681	49,220,155
Less deductions from revenue:			
Contractual adjustments	(32,122,225)	(30,668,856)	(26,831,956)
Discounts	(222,447)	(221,731)	(363,929)
Physician supplemental revenue	<u>972,782</u>	<u>1,139,686</u>	<u>478,998</u>
 Patient service revenue	 25,157,709	 23,837,780	 22,503,268
Less provision for bad debts	<u>(3,113,089)</u>	<u>(4,162,107)</u>	<u>(4,438,573)</u>
 Net Patient Service Revenue	 \$ <u>22,044,620</u>	 \$ <u>19,675,673</u>	 \$ <u>18,064,695</u>

RICHARDSON MEDICAL CENTER  
SCHEDULES OF OTHER OPERATING REVENUES  
YEARS ENDED SEPTEMBER 30,

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Cafeteria	\$ 20,993	\$	62,998	\$	64,417
Medical records	1,943		1,226		2,349
Vending machines	4,787		5,206		4,640
Rentals	15,996		20,500		19,000
Pharmacy sales to employees	21,698		25,463		24,581
Joint venture income	-0-		-0-		47,337
Miscellaneous	<u>41,661</u>		<u>35,936</u>		<u>233,930</u>
 Total Other Operating Revenue	 \$ <u>107,078</u>	\$	 <u>151,329</u>	\$	 <u>396,254</u>

RICHARDSON MEDICAL CENTER  
SCHEDULES OF OPERATING EXPENSES – SALARIES AND BENEFITS  
YEARS ENDED SEPTEMBER 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Administrative and general	\$ 1,303,786	\$ 1,303,273	\$ 1,260,617
Plant operations and maintenance	135,657	133,523	117,748
Housekeeping	211,298	207,342	201,085
Dietary and cafeteria	44,626	143,737	135,383
Nursing administration	79,736	74,097	78,784
Central supply	68,101	66,411	65,137
Pharmacy	419,785	396,359	357,699
Medical records	311,789	298,952	231,298
Nursing services	1,546,757	1,476,737	1,455,431
Intensive care unit	76,441	74,424	101,571
Operating room	530,956	586,653	486,166
Radiology	503,531	479,869	468,035
Laboratory	599,529	545,315	528,551
Respiratory therapy	346,567	339,403	321,778
EKG and EEG	26,683	23,856	21,960
Provider-based clinic	19,539	23,819	-0-
Wound care	-0-	13,645	11,565
Intensive outpatient program	257,863	226,789	86,255
Emergency room	864,989	836,461	747,059
Rural health clinics	3,364,674	2,406,940	2,589,206
Family health clinic	97,214	-0-	-0-
Surgery clinic	763,057	747,519	791,711
School based health clinic	192,972	164,000	157,819
	<u>11,765,550</u>	<u>10,569,124</u>	<u>10,214,858</u>
<b>Total Salaries</b>			
Payroll taxes	148,956	143,774	133,910
Hospitalization insurance	930,713	678,885	730,650
Retirement	658,743	619,809	561,192
Other	13,069	37,612	-0-
	<u>1,751,481</u>	<u>1,480,080</u>	<u>1,425,752</u>
<b>Total Benefits</b>			
<b>Total Salaries and Benefits</b>	\$ <u>13,517,031</u>	\$ <u>12,049,204</u>	\$ <u>11,640,610</u>

RICHARDSON MEDICAL CENTER  
SCHEDULES OF OPERATING EXPENSES – PROFESSIONAL FEES  
YEARS ENDED SEPTEMBER 30,

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Anesthesiology	\$ 204,025	\$	237,550	\$	212,725
Radiology	725,012		720,437		508,007
Laboratory	134,758		135,096		177,984
Respiratory therapy	6,396		5,730		5,250
EKG	22,225		23,600		22,275
Cardiac cath lab	59,025		23,130		71,000
Provider-based clinic	89,900		411,677		-0-
Wound care	2,255		12,168		26,198
Intensive outpatient program	10,000		100		260
Emergency room	1,356,701		1,217,089		1,222,495
Rural health clinics	15,150		33,594		67,090
School based health clinic	<u>6,170</u>		<u>9,840</u>		<u>14,640</u>
 Total Professional Fees	 \$ <u>2,631,617</u>	 \$	 <u>2,830,011</u>	 \$	 <u>2,327,924</u>

RICHARDSON MEDICAL CENTER  
SCHEDULES OF OPERATING EXPENSES – OTHER EXPENSES  
YEARS ENDED SEPTEMBER 30,

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Management fees	\$ -0-	\$	2,818	\$	7,749
Contract services	1,956,897		1,439,943		1,187,840
Legal and accounting	100,508		154,310		131,911
Supplies	373,349		445,045		475,883
Repairs and maintenance	517,677		481,776		441,486
Utilities	233,244		244,607		258,582
Telephone	41,848		47,331		39,774
Travel	62,347		54,988		73,740
Rentals	345,503		325,344		232,397
Education	33,693		23,618		36,398
Recruitment and advertising	23,286		45,832		65,636
Dues and subscriptions	117,064		122,181		197,539
Inter-governmental transfer	474,733		562,178		235,600
Miscellaneous	<u>15,334</u>		<u>14,002</u>		<u>16,969</u>
 Total Other Expenses	 \$ <u>4,295,483</u>	\$	 <u>3,963,973</u>	\$	 <u>3,401,504</u>

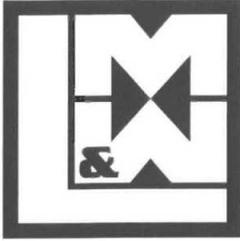
RICHARDSON MEDICAL CENTER  
 SCHEDULES OF PER DIEM AND  
 OTHER COMPENSATION PAID TO BOARD MEMBERS  
 YEARS ENDED SEPTEMBER 30,

	-----TERM-----				
	<u>BEGAN</u>	<u>ENDING</u>			
Mrs. Beth Green	09/08/08	09/08/20	NONE	NONE	NONE
Mr. Bill Worsely	05/06/13	05/06/25	NONE	NONE	NONE
Mr. Moses Wilkins	12/21/93	12/03/23	NONE	NONE	NONE
Mr. Oliver Holland	04/18/89	02/01/22	NONE	NONE	NONE
Dr. Chris Morris	12/12/13	12/12/26	NONE	NONE	NONE
Dr. Addison Thompson	11/05/13	11/05/25	NONE	NONE	NONE

RICHARDSON MEDICAL CENTER  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO CHIEF EXECUTIVE OFFICER  
YEAR ENDED SEPTEMBER 30, 2019

Agency Head Name: James Barrett, Jr.  
Position: CEO  
Time Period: For the year ended September 30, 2019

<u>Purpose</u>	<u>Amount</u>
Salary	182,136
Health insurance	6,392
Retirement (FICA replacement plan)	11,292
Car allowance	4,800
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	811



## LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Road • Alexandria, LA 71303-3653  
Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758  
Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107  
Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

**Members:** American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

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Karlie P. Brister, CPA

Retired 2015  
Bobby G. Lester, CPA

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

Board of Commissioners  
Hospital Service District No. 1B  
Parish of Richland, State of Louisiana  
Rayville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Richland Parish Hospital Service District No. 1B, Parish of Richland (the District), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 2019, 2018, and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 4, 2020.

#### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2019-001.

Board of Commissioners  
Hospital Service District No. 1B  
Parish of Richland, State of Louisiana  
Rayville, Louisiana  
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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

### **District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lester, Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

March 4, 2020



RICHARDSON MEDICAL CENTER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2019

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

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

*Federal Awards* – Not applicable

**Section II. Financial Statement Findings**

**FINDING 2019-001 - Segregation of Duties**

**Finding:** Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

**Recommendation:** We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; and 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review particularly at remote locations.

**Response:** The Hospital is limited in its resources. The benefits of having a complete segregation of duties are not feasible. However, management has added an additional accountant to help segregate duties between the custody and recording of cash transactions.



RICHARDSON MEDICAL CENTER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2019

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

Not Applicable

**Section IV. Management Letter**

Not Applicable



RICHARDSON MEDICAL CENTER  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2019

**Section I. Financial Statement Findings**

**Finding 2018-001 - Segregation of Duties**

**Fiscal Year Initially Reported:** September 30, 2007

**Finding:** Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, recording and custody functions.

**Recommendation:** We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; and 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review particularly at remote locations.

**Response:** We will work to have the staff and the knowledge to segregate duties so that internal controls can be in place to prevent intentional and unintentional errors.

**Resolution:** Not resolved - See finding 2019-001.

**Finding 2018-002 - Third-Party Payor Settlements**

**Fiscal Year Initially Reported:** September 30, 2017

**Finding:** An estimate of the current year Medicare and Medicaid cost reports were not estimated and recorded. Therefore, receivables from third-party payor settlements and net patient service revenue were understated by approximately \$715,000.

**Recommendation:** We recommend calculating an estimate for the current year Medicare and Medicaid cost reports and recording the results on an interim basis.

**Response:** Management will create and implement a method to estimate cost report and third-party receivables. This estimate will be recorded on a bi-annual basis.

**Resolution:** Resolved.

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

Not Applicable

**Section III. Management Letter**

Not Applicable





RICHARDSON MEDICAL CENTER  
INDEPENDENT AUDITORS' REPORT  
ON APPLYING AGREED UPON  
PROCEDURES

FOR THE YEAR ENDED  
SEPTEMBER 30, 2019



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





## LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Road • Alexandria, LA 71303-3653

Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758

Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107

Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

Members: American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

John S. Wells, CPA  
Robert G. Miller, CPA  
Paul A. Delaney, CPA  
Mary L. Carroll, CPA  
Joey L. Breaux, CPA  
Jason P. LeBlanc, CPA

Brenda J. Lloyd, CPA  
Karlie P. Brister, CPA

Retired 2015  
Bobby G. Lester, CPA

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

To the Board of Commissioners  
of Richardson Medical Center  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Richardson Medical Center (Hospital) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Hospital's management is responsible for those C/C areas identified in the SAUPs.

The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose of which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.

**Exceptions:** No exceptions noted.

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

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Exceptions:** The Board did not meet two (2) out of the twelve (12) monthly board meetings.



### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Exceptions:** In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions

### ***Collections***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.



7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day).  
*Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:*
- Observe that receipts are sequentially pre-numbered.
  - Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - Trace the deposit slip total to the actual deposit per the bank statement.
  - 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).
  - Trace the actual deposit per the bank statement to the general ledger.

**Exceptions:** In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Observe that the disbursement matched the related original invoice/billing statement.
  - Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Exceptions:** No exceptions noted.



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

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Exceptions:** No exceptions noted.

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

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

**Exceptions:** No exceptions noted.



### **Contracts**

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

**Exception:** No exceptions noted.

### **Payroll and Personnel**

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

**Exceptions:** In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions



### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Exceptions:** In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions

### ***Debt Service***

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

**Exceptions:** In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions

### ***Other***

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

**Exceptions:** In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions



Board of Commissioners  
of Richardson Medical Center  
and the Louisiana Legislative Auditor

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Lester, Miller & Wells*

Certified Public Accountants  
Alexandria, Louisiana

February 20, 2020



