

RIVERLAND MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
SEPTEMBER 30, 2018, 2017 AND 2016

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 YEARS ENDED SEPTEMBER 30, 2018, 2017 AND 2016

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CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2018, 2017, 2016 AND 2015

This section of the Hospital's annual financial report presents background information and management's analysis of the Hospital's financial performance during the fiscal years ended on September 30, 2018, 2017, 2016, and 2015. Please read it in conjunction with the financial statements beginning on page 4 and notes to the financial statements beginning on page 8 in this report.

Financial Highlights

- Total assets increased by approximately \$1,156,000 during fiscal year 2018 and decreased by approximately \$570,000 during fiscal year 2017. These changes were due in large part to changes in construction in progress and cash and cash equivalents.
- During fiscal year 2018 and 2017, the Hospital's total operating revenues increased by approximately \$48,000 and \$1,100,000 respectively. The Hospital also had operating gains of \$191,000 and \$256,000 in fiscal years 2018 and 2017, respectively. The gains were a result of increased patient volumes.
- Net patient service revenue increased by approximately \$108,000 and \$1,032,000 in fiscal year 2018 and 2017, respectively. However, fiscal year 2018 and 2017 had increases of almost \$113,000 and \$1,355,000 in operating expenses from year to year. Increased volume was the primary reason for the increase in net patient revenue from year to year.
- The Hospital had a net position of approximately \$6,289,000 as of September 30, 2018.

Required Financial Statements

The financial statements of the Hospital report information about the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the Hospital. All of the current year's revenues and expenses are accounted for in the Statements of Revenue, Expenses and Changes in Net Position. This statement measures improvements in the Hospital's operations over the past four years and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the Hospital's cash from operations, investing and financing activities and to provide answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
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 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEARS ENDED SEPTEMBER 30, 2018, 2017, 2016 AND 2015

Financial Analysis of the Hospital

The statements of net position and the statements of revenue, expenses and changes in net position report information about the Hospital's activities. These two statements report the net assets of the Hospital and changes in them. Increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial 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.

Net Assets

A summary of the Hospital's Statements of Net Position is presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current assets				
Total current assets	\$ 5,613,769	\$ 6,123,446	\$ 7,391,266	\$ 7,528,701
Capital assets - net	4,725,159	3,053,328	2,224,899	2,512,860
Other assets	<u>152,258</u>	<u>158,636</u>	<u>288,908</u>	<u>288,258</u>
 Total assets	 \$ <u>10,491,186</u>	 \$ <u>9,335,410</u>	 \$ <u>9,905,073</u>	 \$ <u>10,329,819</u>
 Current liabilities	 \$ 2,089,707	 \$ 2,720,307	 \$ 3,546,064	 \$ 4,240,200
Long-term debt outstanding and other long-term liabilities	<u>2,112,726</u>	<u>483,449</u>	<u>492,411</u>	<u>721,790</u>
 Total liabilities	 <u>4,202,433</u>	 <u>3,203,756</u>	 <u>4,038,475</u>	 <u>4,961,990</u>
 Invested in capital assets, net of related debt	 4,472,655	 2,697,395	 1,706,115	 1,994,076
Unrestricted	<u>1,816,098</u>	<u>3,434,259</u>	<u>4,160,483</u>	<u>3,373,753</u>
 Total net position	 <u>6,288,753</u>	 <u>6,131,654</u>	 <u>5,866,598</u>	 <u>5,367,829</u>
 Total liabilities and net position	 \$ <u>10,491,186</u>	 \$ <u>9,335,410</u>	 \$ <u>9,905,073</u>	 \$ <u>10,329,819</u>

As can be seen in Table 1, total assets increased by approximately \$1,156,000 during fiscal year 2018 and decreased by approximately \$570,000 during fiscal year 2017. These changes were due in large part to changes in construction in progress and cash and cash equivalents.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2018, 2017, 2016 AND 2015

Summary of Revenues, Expenses and Changes in Net Position

The following table presents a summary of the Hospital's historical revenues and expenses for each of the fiscal years ended September 30.

TABLE 2
Condensed Statements of Revenues, Expenses and
Changes in Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue:				
Net patient service revenue	\$ 16,273,158	\$ 16,164,776	\$ 15,132,553	\$ 13,878,212
Sales tax revenue	642,487	639,157	629,242	657,977
Grant revenue	3,608	2,530	-0-	312,186
Intergovernmental transfer grant	1,624,476	1,655,584	1,603,656	2,193,134
Other revenue	66,289	99,708	96,718	81,814
Total revenue	<u>18,610,018</u>	<u>18,561,755</u>	<u>17,462,169</u>	<u>17,123,323</u>
Expenses:				
Salaries and benefits	9,446,616	9,733,030	8,594,738	8,719,752
Medical supplies and drugs	1,592,328	1,803,056	1,727,587	1,429,383
Professional fees	2,390,875	1,923,983	2,303,041	1,960,462
Other expenses	4,339,945	4,078,645	3,495,957	3,337,636
Insurance	297,012	375,195	393,544	415,959
Depreciation and amortization	352,362	392,266	436,063	536,207
Total expenses	<u>18,419,138</u>	<u>18,306,175</u>	<u>16,950,930</u>	<u>16,399,399</u>
Operating income (loss)	<u>190,880</u>	<u>255,580</u>	<u>511,239</u>	<u>723,924</u>
Nonoperating income:				
Interest expense	(36,475)	(16,895)	(17,486)	(11,024)
Interest income	2,694	3,451	5,016	2,749
Gain (loss) on disposal of assets	-0-	450	-0-	-0-
Changes in net position before capital grants	157,099	242,586	498,769	715,649
Capital grants	-0-	22,470	-0-	-0-
Increase (decrease) in net assets	157,099	265,056	498,769	715,649
Beginning net position	6,131,654	5,866,598	5,367,829	4,652,180
Ending net position	<u>\$ 6,288,753</u>	<u>\$ 6,131,654</u>	<u>\$ 5,866,598</u>	<u>\$ 5,367,829</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
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 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEARS ENDED SEPTEMBER 30, 2018, 2017, 2016 AND 2015

Sources of Revenue

Operating Revenue

During fiscal year 2018 the District derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payers, who receive care in the District's facilities.

Reimbursement for the Medicare and Medicaid programs and the third-party payers is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes medical records revenue, sales tax revenue and home health joint venture payments.

Capital Assets

During fiscal year 2018, total capital assets increased by approximately \$1,954,000. This increase was related to increase in construction in progress. Construction in progress increased due to incurring expenses related to the planned building of a new hospital.

**TABLE 3
 Capital Assets**

	September 30, <u>2018</u>	September 30, <u>2017</u>	September 30, <u>2016</u>	September 30, <u>2015</u>
Land and land improvements	\$ 798,927	\$ 265,906	\$ 260,906	\$ 260,906
Buildings and fixed equipment	5,860,311	5,860,311	5,909,345	5,879,910
Equipment	5,776,658	5,610,618	5,546,062	5,683,039
Construction in progress	<u>2,433,656</u>	<u>1,178,314</u>	<u>105,735</u>	<u>-0-</u>
 Total	 14,869,552	 12,915,149	 11,822,048	 11,823,855
Less: accumulated depreciation	<u>10,144,393</u>	<u>9,861,821</u>	<u>9,597,149</u>	<u>9,310,995</u>
 Net capital assets	 <u>\$ 4,725,159</u>	 <u>\$ 3,053,328</u>	 <u>\$ 2,224,899</u>	 <u>\$ 2,512,860</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
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Long-term Debt

The District's noncurrent portion of long-term debt was \$2,113,000 and \$483,000 at end of fiscal years 2018 and 2017, respectively. The current portion of long-term debt was \$182,000 and \$235,000 for fiscal years 2018 and 2017. At year end the Hospital owed \$147,000 and \$1,895,000 on Certificate of Indebtedness 2012 Series and Certificate of Indebtedness 2017 Series, respectively. The additional debt was incurred through draws on the Certificate of Indebtedness 2017 Series to pay expenditures related to the planned building of a new hospital. Current portion of long-term debt outstanding represents 1.7% of the District's total assets at September 30, 2018, as compared to 2.5% in 2017.

Contacting the Hospital's Financial Manager

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



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Concordia Parish Hospital Service District Number One
Parish of Concordia, State of Louisiana
Ferriday, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Concordia Parish Hospital Service District Number One d/b/a Riverland Medical Center (the "District"), a component unit of the Concordia Parish Police Jury, Ferriday, Louisiana, as of and for the years ended September 30, 2018, 2017 and 2016 and the notes to the financial statements, which collectively comprise the District'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 from 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of September 30, 2018, 2017 and 2016, and the respective 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 Riverland Medical Center and do not purport to, and do not, present fairly the financial position of the Concordia Parish Police Jury as of September 30, 2018, 2017 and 2016, 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 "v" 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 responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was 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.

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 15, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Alexandria, Louisiana

March 15, 2019



CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
STATEMENTS OF NET POSITION
SEPTEMBER 30,

ASSETS	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current Assets			
Cash and cash equivalents (Note 3)	\$ 1,561,511	\$ 2,063,972	\$ 4,161,334
Accounts receivable, net of estimated uncollectibles (Note 4)	2,432,139	2,802,071	2,294,965
Estimated third-party payor settlements	817,304	661,151	88,426
Inventory	443,927	468,173	453,400
Prepaid expenses	203,302	98,759	85,064
Other receivables	155,586	29,320	308,077
Total Current Assets	<u>5,613,769</u>	<u>6,123,446</u>	<u>7,391,266</u>
Non-Current Assets			
Capital assets, net (Note 5)	4,725,159	3,053,328	2,224,899
Other assets (Note 6)	152,258	158,636	288,908
Total Assets	<u>\$ 10,491,186</u>	<u>\$ 9,335,410</u>	<u>\$ 9,905,073</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 739,647	\$ 643,729	\$ 527,566
Accrued expenses and withholdings payable (Note 7)	1,162,094	1,012,722	980,236
Estimated third-party payor settlements	6,349	829,076	1,798,889
Current maturities of long-term debt (Note 10)	181,617	234,780	239,373
Total Current Liabilities	<u>2,089,707</u>	<u>2,720,307</u>	<u>3,546,064</u>
Long-term debt, net of current maturities (Note 10)	<u>2,112,726</u>	<u>483,449</u>	<u>492,411</u>
Total Liabilities	<u>4,202,433</u>	<u>3,203,756</u>	<u>4,038,475</u>
Net Position			
Invested in capital assets, net of related debt	4,472,655	2,697,395	1,706,115
Unrestricted	1,816,098	3,434,259	4,160,483
Total Net Position	<u>6,288,753</u>	<u>6,131,654</u>	<u>5,866,598</u>
Total Liabilities and Net Position	<u>\$ 10,491,186</u>	<u>\$ 9,335,410</u>	<u>\$ 9,905,073</u>

See accompanying notes to financial statements.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues			
Net patient service revenue (Note 11)	\$ 16,273,158	\$ 16,164,776	\$ 15,132,553
Sales tax revenue (Note 14)	642,487	639,157	629,242
Grant revenue	3,608	2,530	-0-
Intergovernmental transfer grant (Note 13)	1,624,476	1,655,584	1,603,656
Other operating revenue	66,289	99,708	96,718
Total Revenues	<u>18,610,018</u>	<u>18,561,755</u>	<u>17,462,169</u>
Expenses			
Salaries and benefits	9,446,616	9,733,030	8,594,738
Medical supplies and drugs	1,592,328	1,803,056	1,727,587
Professional fees	2,390,875	1,923,983	2,303,041
Other expenses	4,300,643	4,037,880	3,482,941
Lease expense	39,302	40,765	13,016
Insurance	297,012	375,195	393,544
Depreciation and amortization	352,362	392,266	436,063
Total Expenses	<u>18,419,138</u>	<u>18,306,175</u>	<u>16,950,930</u>
Operating Income (Loss)	<u>190,880</u>	<u>255,580</u>	<u>511,239</u>
Non-Operating Income (Expenses)			
Interest expense	(36,475)	(16,895)	(17,486)
Interest income	2,694	3,451	5,016
Gain (loss) on disposal of assets	-0-	450	-0-
Changes in net position before capital grants	<u>157,099</u>	<u>242,586</u>	<u>498,769</u>
Capital grants	-0-	22,470	-0-
Increase (Decrease) in Net Position	<u>157,099</u>	<u>265,056</u>	<u>498,769</u>
Net Position at Beginning of Year	<u>6,131,654</u>	<u>5,866,598</u>	<u>5,367,829</u>
Net Position at End of Year	<u>\$ 6,288,753</u>	<u>\$ 6,131,654</u>	<u>\$ 5,866,598</u>

See accompanying notes to financial statements.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
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STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 15,664,210	\$ 14,115,132	\$ 14,924,514
Other operating cash receipts	2,210,594	2,675,736	2,051,947
Cash paid to employees and for employee-related cost	(8,604,539)	(9,700,541)	(8,575,457)
Cash payments for other operating expenses	<u>(9,297,244)</u>	<u>(8,093,837)</u>	<u>(8,099,713)</u>
Net cash provided (used) by operating activities	<u>(26,979)</u>	<u>(1,003,510)</u>	<u>301,291</u>
Cash flows from investing activities:			
Loans to students and amortization of loans	-0-	136,650	(650)
Investment in clinic	6,378	(6,378)	-0-
Interest income	<u>2,694</u>	<u>3,451</u>	<u>5,016</u>
Net cash provided (used) by investing activities	<u>9,072</u>	<u>133,723</u>	<u>4,366</u>
Cash flows from financing activities:			
Principal payments on short-term debt	(209,623)	(213,076)	(201,463)
Interest expense on short-term debt	<u>(28,747)</u>	<u>(9,167)</u>	<u>(9,758)</u>
Net cash provided (used) by financing activities	<u>(238,370)</u>	<u>(222,243)</u>	<u>(211,221)</u>
Cash flows from capital and related financing activities:			
Principal payments on long-term debt	(33,000)	(33,000)	(32,000)
Interest expense on long-term debt	(7,728)	(7,728)	(7,728)
Proceeds from long-term debt	1,818,737	232,521	12,280
Proceeds from disposal of assets	-0-	450	-0-
Proceeds from capital grants	-0-	22,470	-0-
Acquisition of capital assets	<u>(2,024,193)</u>	<u>(1,220,045)</u>	<u>(147,450)</u>
Net cash provided (used) by capital and related financing activities	\$ <u>(246,184)</u>	\$ <u>(1,005,332)</u>	\$ <u>(174,898)</u>

See accompanying notes to financial statements.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net increase (decrease) in cash and cash equivalents	\$ (502,461)	\$ (2,097,362)	\$ (80,462)
Beginning cash and cash equivalents	<u>2,063,972</u>	<u>4,161,334</u>	<u>4,241,796</u>
Ending cash and cash equivalents	\$ <u>1,561,511</u>	\$ <u>2,063,972</u>	\$ <u>4,161,334</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	\$ <u>36,475</u>	\$ <u>16,895</u>	\$ <u>17,486</u>
Equipment acquired under capital lease	\$ <u>106,194</u>	\$ <u>50,225</u>	\$ <u>12,280</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 190,880	\$ 255,580	\$ 511,239
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	352,362	391,616	436,063
Changes in:			
Net patient accounts receivable	369,932	(507,106)	346,239
Estimated third-party payor settlements	(978,880)	(1,542,538)	(554,278)
Inventory	24,246	(14,773)	27,471
Prepaid expenses	(104,543)	(13,695)	(4,986)
Other receivables	(126,266)	278,757	(278,321)
Accounts payable	95,918	116,163	(201,415)
Accrued expenses and withholdings payable	<u>149,372</u>	<u>32,486</u>	<u>19,279</u>
Net cash provided (used) by operating activities	\$ <u>(26,979)</u>	\$ <u>(1,003,510)</u>	\$ <u>301,291</u>

See accompanying notes to financial statements.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018, 2017 AND 2016

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana (referred to as "the District" or the "Hospital") was created by an ordinance of the Concordia Parish Police Jury on April 26, 1961, and was referred to as Concordia Parish Hospital until January 13, 1986, when the name was changed to Riverland Medical Center.

The District is a political subdivision of the Concordia Parish Police Jury whose jurors are elected officials. Its commissioners are appointed by the Concordia Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Concordia Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the Concordia 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 District and do not present information on the police jury, the general 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, emergency, inpatient acute hospital services, skilled nursing (through "swing bed"), private physician clinic, rural health clinic, behavioral health and home health services (by joint venture effective July 15, 2000). On November 1, 2004, the Hospital converted to a 25 bed critical access hospital (CAH).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant 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.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities of more than 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.

Inventory

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

Income Taxes

The entity is a political subdivision and exempt from taxation.

Capital Assets

Capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value on the date of their donation. The District uses straight-line method of determining depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

Buildings	25 to 40 years
Machinery and Equipment	3 to 20 years
Furniture and Fixtures	3 to 15 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 years of disposal. Gains or losses resulting from property disposal are credited or charged to nonoperating revenue currently.

Restricted Resources

When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

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

Revenue and Expenses

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

Grants and Contributions

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

Charity Care

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

Credit Risk

The District provides medical care to Concordia Parish residents and grants credit to patients, substantially all of whom are local residents. The District's estimate of collectibility is based on an evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Concentration of Economic Dependence

The District has an economic dependence on a small number of staff physicians who admit over 90% of the District's patients. The District also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 11. Accordingly, changes in federal or state legislation or interpretations of rules have a significant impact on the District.

Net Patient Service Revenue

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

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

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original 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 the 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.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

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

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 NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Louisiana state statutes authorize the District to invest in direct obligations of the United States 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. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

Account balances according to banks' records at September 30, 2018 for the District are as follows:

	Concordia Bank & Trust	Delta Bank	United Mississippi
Cash in banks	\$ <u>1,717,516</u>	\$ <u>44,737</u>	\$ <u>100,323</u>
Insured by FDIC	\$ <u>250,000</u>	\$ <u>44,737</u>	\$ <u>100,323</u>
Collateralization by fair market value	\$ <u>1,467,516</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

Custodial Credit Risks - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at September 30, 2018, 2017 and 2016.

Concentration of Credit Risks - The District has 92% of its cash and cash equivalents at Concordia Bank and Trust in checking accounts.

Interest Rate Risk - 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 District does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

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 YEARS ENDED SEPTEMBER 30, 2018, 2017 AND 2016

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Carrying amount			
Deposits	\$ 1,461,188	\$ 2,063,972	\$ 4,161,334
Short-term investments	<u>100,323</u>	<u>-0-</u>	<u>-0-</u>
Total cash and cash equivalents	\$ <u>1,561,511</u>	\$ <u>2,063,972</u>	\$ <u>4,161,334</u>

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net patient accounts receivable	\$ 5,212,691	\$ 6,108,621	\$ 7,508,105
Estimated uncollectibles	<u>(2,780,552)</u>	<u>(3,306,550)</u>	<u>(5,213,140)</u>
Total	\$ <u>2,432,139</u>	\$ <u>2,802,071</u>	\$ <u>2,294,965</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Medicare	23%	16%	17%
Medicaid	17%	15%	9%
Commercial and other third-party payors	22%	19%	21%
Self-pay	<u>38%</u>	<u>50%</u>	<u>53%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

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NOTE 5 - CAPITAL ASSETS

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

	September 30, <u>2017</u>	<u>Additions</u>	<u>Dispositions</u>	September 30, <u>2018</u>
Land	\$ 121,996	\$ 533,021	\$ -0-	\$ 655,017
Land improvements	143,910	-0-	-0-	143,910
Building & fixed equipment	5,860,311	-0-	-0-	5,860,311
Major moveable equipment	5,610,618	235,830	69,790	5,776,658
Construction in progress	<u>1,178,314</u>	<u>1,255,342</u>	<u>-0-</u>	<u>2,433,656</u>
Total	12,915,149	2,024,193	69,790	14,869,552
Accumulated depreciation	<u>9,861,821</u>	<u>352,362</u>	<u>69,790</u>	<u>10,144,393</u>
Net capital assets	\$ <u>3,053,328</u>	\$ <u>1,671,831</u>	\$ <u>-0-</u>	\$ <u>4,725,159</u>
	September 30, <u>2016</u>	<u>Additions</u>	<u>Dispositions</u>	September 30, <u>2017</u>
Land	\$ 116,996	\$ 5,000	\$ -0-	\$ 121,996
Land improvements	143,910	-0-	-0-	143,910
Building & fixed equipment	5,909,345	-0-	49,034	5,860,311
Major moveable equipment	5,546,062	142,467	77,911	5,610,618
Construction in progress	<u>105,735</u>	<u>1,072,579</u>	<u>-0-</u>	<u>1,178,314</u>
Total	11,822,048	1,220,046	126,945	12,915,149
Accumulated depreciation	<u>9,597,149</u>	<u>391,617</u>	<u>126,945</u>	<u>9,861,821</u>
Net capital assets	\$ <u>2,224,899</u>	\$ <u>828,429</u>	\$ <u>-0-</u>	\$ <u>3,053,328</u>

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NOTE 5 - CAPITAL ASSETS (Continued)

	September 30, <u>2015</u>	<u>Additions</u>	<u>Dispositions</u>	September 30, <u>2016</u>
Land	\$ 116,996	\$ -0-	\$ -0-	\$ 116,996
Land improvements	143,910	-0-	-0-	143,910
Building & fixed equipment	5,879,910	29,435	-0-	5,909,345
Major moveable equipment	5,683,039	12,280	149,257	5,546,062
Construction in progress	<u>-0-</u>	<u>105,735</u>	<u>-0-</u>	<u>105,735</u>
 Total	 11,823,855	 147,450	 149,257	 11,822,048
Accumulated depreciation	<u>9,310,995</u>	<u>435,411</u>	<u>149,257</u>	<u>9,597,149</u>
 Net capital assets	 \$ <u>2,512,860</u>	 \$ <u>(287,961)</u>	 \$ <u>-0-</u>	 \$ <u>2,224,899</u>

The hospital facility was originally built by the Concordia Parish Police Jury which issued ad valorem tax bonds to finance its construction. The facility assets were transferred to the District's financial statements with corresponding increases in net position.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Equipment	\$ 1,131,175	\$ 1,389,485	\$ 1,354,209
Accumulated depreciation	<u>(906,952)</u>	<u>(1,034,278)</u>	<u>(825,016)</u>
 Total	 \$ <u>224,223</u>	 \$ <u>355,207</u>	 \$ <u>529,193</u>

NOTE 6 - OTHER ASSETS

Other assets at September 30 consist of the following:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Investment in clinic	\$ -0-	\$ 6,378	\$ -0-
Notes receivable from medical students and doctors less estimated uncollectibles	-0-	-0-	136,650
LHA Trust Fund equity	<u>152,258</u>	<u>152,258</u>	<u>152,258</u>
 Total	 \$ <u>152,258</u>	 \$ <u>158,636</u>	 \$ <u>288,908</u>

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NOTE 7 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

Accrued expenses and withholdings payable at September 30 consist of the following:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
State and federal taxes payable	\$ 35,838	\$ 35,600	\$ 32,402
Accrued salaries and fees payable	275,645	264,544	214,825
Accrued compensated absences	366,173	361,231	326,500
Payroll withholdings payable	354,652	218,563	277,551
Vested sick pay payable	<u>129,786</u>	<u>132,784</u>	<u>128,958</u>
Total	<u>\$ 1,162,094</u>	<u>\$ 1,012,722</u>	<u>\$ 980,236</u>

NOTE 8 - COMPENSATED ABSENCES

Employees of the District are entitled to paid time off (PTO) and sick days depending on job classification, length of service and other factors. It is impracticable to estimate the amount of accrued compensation for future unvested sick days and, accordingly, no liability has been recorded in the accompanying financial statements. Employees hired prior to April 1, 2000 are eligible for payment of accrued sick leave as a termination benefit. Employees hired after April 1, 2000 are not eligible for accrued sick leave as a termination benefit. However, for employees with over ten years of service, accrued paid time off and vested sick pay for employees hired prior to April 1, 2000 have been recorded as liabilities in the accompanying financial statements at employee earning rates in effect at the balance sheet date.

NOTE 9 - PENSION PLAN

The District contributes to a qualified defined contribution plan, Riverland Medical Center Money Purchase Pension Plan as authorized under Internal Revenue Code of 1986, Sections 401(a), 402(g) and other Code sections. The plan is intended to be a Social Security replacement plan. The plan was restated July 1, 2015 to comply with the requirements of IRS Pre-approved Plan (PPA), pursuant to Revenue Procedure 2011-49. The Plan is administered by an unrelated third party, Lincoln Financial Group. An employee is 100% vested upon entry to the plan with retirement age being age 59 ½.

Plan benefits include death and disability provisions and choice of four payment options upon retirement. Plan provisions may be amended by the plan trustee. The District contributes 5% of salaries to the plan. Employee mandatory contributions are 6% and employee voluntary contributions are up to 14%. Pension expense charged to operations was \$377,549, \$411,929 and \$366,753, in 2018, 2017 and 2016, respectively.

The District restated the Riverland Medical Center Employee 403(b) Plan as of April 1, 2016 to comply with IRS PPA, pursuant to Revenue Procedure 2011-49. The District does not contribute to this plan. It is a salary only deferral plan. The Plan is administered by an unrelated third party, Lincoln Financial Group.

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NOTE 9 - PENSION PLAN (Continued)

Employee contributions for each fiscal year are summarized below:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employee mandatory contributions	\$ 442,878	\$ 462,564	\$ 412,083
Employee voluntary contributions	<u>162,679</u>	<u>132,815</u>	<u>133,433</u>
 Total	 \$ <u>605,557</u>	 \$ <u>595,379</u>	 \$ <u>545,516</u>

NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term debt, including capital lease obligations, at September 30:

	<u>September 30</u> <u>2017</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30</u> <u>2018</u>	<u>Due Within</u> <u>One Year</u>
Capital lease obligations	\$ 355,933	\$ 106,194	\$ 209,623	\$ 252,504	\$ 146,617
Series 2012 bonds	180,000	-0-	33,000	147,000	35,000
Series 2017 certificates of indebtedness	<u>182,296</u>	<u>1,712,543</u>	<u>-0-</u>	<u>1,894,839</u>	<u>-0-</u>
 Total	 \$ <u>718,229</u>	 \$ <u>1,818,737</u>	 \$ <u>242,623</u>	 \$ <u>2,294,343</u>	 \$ <u>181,617</u>

	<u>September 30</u> <u>2016</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30</u> <u>2017</u>	<u>Due Within</u> <u>One Year</u>
Capital lease obligations	\$ 518,784	\$ 50,225	\$ 213,076	\$ 355,933	\$ 201,780
Series 2012 bonds	213,000	-0-	33,000	180,000	33,000
Series 2017 certificates of indebtedness	<u>-0-</u>	<u>182,296</u>	<u>-0-</u>	<u>182,296</u>	<u>-0-</u>
 Total	 \$ <u>731,784</u>	 \$ <u>232,521</u>	 \$ <u>246,076</u>	 \$ <u>718,229</u>	 \$ <u>234,780</u>

	<u>September 30</u> <u>2015</u>	<u>Additions</u>	<u>Payments</u>	<u>September 30</u> <u>2016</u>	<u>Due Within</u> <u>One Year</u>
Capital lease obligations	\$ 707,967	\$ 12,280	\$ 201,463	\$ 518,784	\$ 206,373
Series 2012 bonds	<u>245,000</u>	<u>-0-</u>	<u>32,000</u>	<u>213,000</u>	<u>33,000</u>
 Total	 \$ <u>952,967</u>	 \$ <u>12,280</u>	 \$ <u>233,463</u>	 \$ <u>731,784</u>	 \$ <u>239,373</u>

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NOTE 10 - LONG-TERM DEBT (Continued)

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

- Series 2017 Certificates of Indebtedness, at an average interest rate of 3.35%, due in variable annual installments due June 1 of each year with full repayment at June 1, 2027, collateralized by a pledge and dedication of the District's excess annual revenues over expenses, subject to the payment of principal and interest falling due on the Issuer's outstanding Certificates of Indebtedness, Series 2012. The full amount available for the District's use is \$2,500,000. The District had borrowed \$1,894,839 at September 30, 2018. Series 2017 Certificates of Indebtedness were issued to provide funds to pay various architectural and other professional fees pertaining to the construction of a new hospital for the District, purchasing the land upon which the Hospital is to be constructed and paying costs of issuance of the Certificates.
- Series 2012 Certificates of Indebtedness, at an average interest rate of 2.70%, due in variable semi-annual installments with full repayment at August 22, 2022, collateralized by a pledge and dedication of the District's excess annual revenues over expenses. The District had borrowed the full amount of the maximum \$300,000 debt at September 30, 2012. Series 2012 Certificates of Indebtedness were issued to provide funds to pay costs of acquiring a building to provide health services and make improvements to existing facilities and to acquire equipment, furnishings and fixtures for said buildings and facilities.
- Capital leases at varying rates of imputed interest of 1.2% to 6.57%, with total monthly payments ranging from \$443 to \$10,555 until 2022, collateralized by leased equipment.

Scheduled principal and interest payments on long-term debt and capital leases are as follows:

<u>Year Ending September 30,</u>	<u>Long-Term Debt</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 35,000	\$ 2,655	\$ 146,617	\$ 4,456
2020	291,000	87,054	70,056	4,336
2021	297,000	77,450	32,933	1,393
2022	309,000	67,648	2,899	30
2023 and thereafter	<u>1,109,839</u>	<u>147,667</u>	<u>-0-</u>	<u>-0-</u>
Totals	\$ <u>2,041,839</u>	\$ <u>382,474</u>	\$ <u>252,505</u>	\$ <u>10,215</u>

NOTE 11 - NET PATIENT SERVICE REVENUE

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

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NOTE 11 - NET PATIENT SERVICE REVENUE (Continued)

Medicare - Effective November 1, 2004, the District became a Medicare "Critical Access Hospital" (CAH). This designation enables the District to receive cost based reimbursement for most services provided to Medicare beneficiaries on or after this date, including Swing Bed. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District.

Medicaid - Inpatient acute services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The District is reimbursed at a tentative rate for cost based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary.

Commercial - The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Gross charges	\$ 56,261,107	\$ 58,268,421	\$ 54,986,634
Less charges associated with charity patients	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Gross patient service revenue	56,261,107	58,268,421	54,986,634
Less deductions from revenue:			
Contractual adjustments	(35,035,185)	(37,304,489)	(34,647,052)
Policy and other discounts	<u>(1,977,763)</u>	<u>(721,879)</u>	<u>(921,752)</u>
Patient service revenue (net of contractual adjustments and discounts)	19,248,159	20,242,053	19,417,830
Less provision for bad debt	<u>(2,975,001)</u>	<u>(4,077,277)</u>	<u>(4,285,277)</u>
Net patient service revenue less provision for bad debt	<u>\$ 16,273,158</u>	<u>\$ 16,164,776</u>	<u>\$ 15,132,553</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 2018, 2017 AND 2016

NOTE 11 - NET PATIENT SERVICE REVENUE (Continued)

The District generated a substantial portion of its charges from the Medicare and Medicaid programs at discounted rates. The following is a summary of gross Medicare and Medicaid patient charges for the years ended September 30:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Medicare and Medicaid gross patient charges	\$ 38,735,124	\$ 36,962,570	\$ 35,388,589
Contractual adjustments	<u>(26,413,461)</u>	<u>(27,087,474)</u>	<u>(24,613,892)</u>
Program patient service revenue	\$ <u>12,321,663</u>	\$ <u>9,875,096</u>	\$ <u>10,774,697</u>
Percent of total gross patient revenue	<u>69%</u>	<u>63%</u>	<u>64%</u>
Percent of total net patient revenue	<u>76%</u>	<u>61%</u>	<u>71%</u>

The District did not experience any differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts in fiscal year 2018.

NOTE 12 - PROFESSIONAL LIABILITY RISK

The District 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 District is at risk.

The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

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

NOTE 13 - INTERGOVERNMENTAL TRANSFER GRANT

The District entered into a cooperative endeavor agreement with a regional 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 District's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$1,624,476, \$1,655,584 and \$1,603,656 for the fiscal years 2018, 2017 and 2016.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
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 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 2018, 2017 AND 2016

NOTE 14 - SALES TAX REVENUE

During the year ended September 30, 1985, the voters of the District passed a one-fourth cent sales tax for the operation and maintenance of the District, which was renewed for an additional ten years in 1995 and 2005. An additional ten year renewal was approved by voters in November 2014. The sales tax is collected by the Concordia Parish School Board for a five percent collection fee. Sales tax revenue is approximately 4.0% of the total revenues in fiscal years 2018, 2017 and 2016.

NOTE 15 - SELF-FUNDED BENEFIT PLAN

The District is self-insured to provide group medical and drug coverage for its employees. The District entered into an agreement with IMA to be the third-party administrator to administer the plan. The plan year runs from November 1 through October 31. The District funds its losses based on actual claims. A stop-loss insurance contract was executed with an insurance carrier that provides for payment of 100% of claims in excess of \$75,000 per year up to specific individual maximums of \$1,063,000. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, and frequency of claims. It is reasonably possible that the District's estimate will change by a material amount in the near term.

The following is a summary of changes in the Hospital's claims liability for the year ended September 30:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Beginning of the year	\$ 215,926	\$ 275,741	\$ 298,843
Plus: Claims incurred and changes in estimate, net of reinsurance	1,959,295	991,279	1,117,130
Less: Claims paid	<u>(1,821,928)</u>	<u>(1,051,094)</u>	<u>(1,140,232)</u>
End of the year	\$ <u>353,293</u>	\$ <u>215,926</u>	\$ <u>275,741</u>

NOTE 16 - CONTINGENCIES

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

Governmental Third-Party Reimbursement Programs (Note 11) - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined. Further, in order to continue receiving reimbursement from the Medicare program, the District entered into an agreement with a government agent allowing the agent access to the District's Medicare patient medical records for purposes of making medical

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018, 2017 AND 2016

NOTE 16 - CONTINGENCIES (Continued)

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 District.

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, privacy, 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 District is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

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

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

Litigation and Other Matters - Various claims in the ordinary course of business are pending against the District. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

NOTE 17 - CHARITY CARE

The District 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 reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines. Accordingly, the District does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies, and other operating expenses. The costs of caring for charity care patients were zero since there were zero charges for charity care for the years ended September 30, 2018, 2017 and 2016. See Note 13 for funds received through grants, which pay part of the cost of charity and uninsured care. Charges for services and supplies furnished to patients who may qualify for charity care but are not documented according to the District's policy are included in bad debt expense.

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 2018, 2017 AND 2016

NOTE 18 - JOINT VENTURE

The District entered into a cooperative endeavor (i.e. joint venture) with a home health company on July 15, 2000. The District receives ten percent (10%) of the profits from this organization. The District's share of the profits was \$-0-, \$-0- and \$248 for fiscal years ended in 2018, 2017 and 2016, respectively. The financial statements of the joint venture are available for review at the District's administrative office.

NOTE 19 - OPERATING LEASES

Leases that do not meet the criteria for capitalization are classified as operating leases with related rental charge to operations as incurred.

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2018, that have initial or remaining lease terms in excess of one year.

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 28,548
2020	28,548
2021	<u>23,790</u>
 Total minimum lease payments	 \$ <u>80,886</u>

NOTE 20 - SUBSEQUENT EVENT

Events have been evaluated through March 15, 2019, for subsequent event disclosure. The District signed the closing and settlement documents for the USDA bridging loan to fund the building of a new hospital. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUE
YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Routine Services:			
Adult and pediatric	\$ 3,914,203	\$ 3,686,427	\$ 4,037,621
Swing bed	1,007,550	890,550	1,069,200
Intensive care	<u>231,000</u>	<u>290,400</u>	<u>482,900</u>
 Total routine services	 <u>5,152,753</u>	 <u>4,867,377</u>	 <u>5,589,721</u>
Other Professional Services:			
Operating room			
Inpatient	44,801	295,420	377,394
Outpatient	<u>2,275,056</u>	<u>5,363,347</u>	<u>4,725,018</u>
 Total operating room	 <u>2,319,857</u>	 <u>5,658,767</u>	 <u>5,102,412</u>
Recovery room			
Inpatient	5,253	39,998	51,580
Outpatient	<u>159,923</u>	<u>344,971</u>	<u>278,711</u>
 Total recovery room	 <u>165,176</u>	 <u>384,969</u>	 <u>330,291</u>
Anesthesia			
Inpatient	7,440	89,360	122,088
Outpatient	<u>188,046</u>	<u>603,044</u>	<u>478,880</u>
 Total anesthesia	 <u>195,486</u>	 <u>692,404</u>	 <u>600,968</u>
Radiology			
Inpatient	681,458	739,401	802,300
Outpatient	<u>12,922,899</u>	<u>12,029,695</u>	<u>9,086,749</u>
 Total radiology	 <u>13,604,357</u>	 <u>12,769,096</u>	 <u>9,889,049</u>
Laboratory			
Inpatient	1,159,187	1,218,420	1,557,282
Outpatient	<u>7,873,777</u>	<u>7,180,734</u>	<u>6,006,997</u>
 Total laboratory	 <u>\$ 9,032,964</u>	 <u>\$ 8,399,154</u>	 <u>\$ 7,564,279</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Blood			
Inpatient	\$ 193,911	\$ 238,254	\$ 296,544
Outpatient	<u>117,998</u>	<u>102,797</u>	<u>161,354</u>
Total blood	<u>311,909</u>	<u>341,051</u>	<u>457,898</u>
Respiratory care			
Inpatient	3,463,570	3,415,038	4,470,724
Outpatient	<u>703,103</u>	<u>599,042</u>	<u>653,088</u>
Total respiratory care	<u>4,166,673</u>	<u>4,014,080</u>	<u>5,123,812</u>
IV therapy			
Inpatient	315,406	308,119	339,026
Outpatient	<u>311,936</u>	<u>337,063</u>	<u>343,877</u>
Total IV therapy	<u>627,342</u>	<u>645,182</u>	<u>682,903</u>
Physical & speech therapy			
Inpatient	955,059	597,885	431,497
Outpatient	<u>418,106</u>	<u>158,851</u>	<u>5,218</u>
Total physical & speech therapy	<u>1,373,165</u>	<u>756,736</u>	<u>436,715</u>
EKG and EEG			
Inpatient	84,923	88,173	116,460
Outpatient	<u>604,835</u>	<u>544,550</u>	<u>527,281</u>
Total EKG and EEG	<u>689,758</u>	<u>632,723</u>	<u>643,741</u>
Medical supply			
Inpatient	489,884	597,594	789,847
Outpatient	<u>1,265,348</u>	<u>1,675,146</u>	<u>1,440,998</u>
Total medical supply	\$ <u>1,755,232</u>	\$ <u>2,272,740</u>	\$ <u>2,230,845</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Pharmacy			
Inpatient	\$ 1,520,110	\$ 1,591,046	\$ 1,965,423
Outpatient	<u>1,968,030</u>	<u>2,549,625</u>	<u>2,051,896</u>
Total pharmacy	<u>3,488,140</u>	<u>4,140,671</u>	<u>4,017,319</u>
Wound care			
Inpatient	-0-	-0-	17,807
Outpatient	<u>-0-</u>	<u>136,955</u>	<u>1,438,624</u>
Total wound care	<u>-0-</u>	<u>136,955</u>	<u>1,456,431</u>
Emergency room			
Outpatient	<u>9,361,333</u>	<u>7,693,009</u>	<u>6,934,982</u>
Total emergency room	<u>9,361,333</u>	<u>7,693,009</u>	<u>6,934,982</u>
Emergency room physician fees			
Inpatient	<u>558,592</u>	<u>528,639</u>	<u>496,156</u>
Total emergency room physician fees	<u>558,592</u>	<u>528,639</u>	<u>496,156</u>
Monitor			
Inpatient	245,394	295,030	510,805
Outpatient	<u>149,578</u>	<u>174,039</u>	<u>150,190</u>
Total monitor	<u>394,972</u>	<u>469,069</u>	<u>660,995</u>
Behavioral health			
Outpatient	<u>1,221,850</u>	<u>1,221,224</u>	<u>1,349,296</u>
Total behavioral health	\$ <u>1,221,850</u>	\$ <u>1,221,224</u>	\$ <u>1,349,296</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Clinic			
RMC Ferriday Clinic	\$ 1,274,838	\$ 1,959,818	\$ 1,418,821
RMC Living Well Clinic	<u>566,710</u>	<u>684,757</u>	<u>-0-</u>
Total clinics	<u>1,841,548</u>	<u>2,644,575</u>	<u>1,418,821</u>
Total other professional services	<u>51,108,354</u>	<u>53,401,044</u>	<u>49,396,913</u>
Gross charges	56,261,107	58,268,421	54,986,634
Less charges associated with charity patients	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Gross patient service revenue	56,261,107	58,268,421	54,986,634
Deductions from Revenue:			
Medicare and Medicaid contractual adjustments	26,413,461	27,087,474	24,613,892
Other contractual adjustments	8,621,724	10,217,015	10,033,160
Policy and other discounts	<u>1,977,763</u>	<u>721,879</u>	<u>921,752</u>
Patient service revenue (net of contractual adjustments and discounts)	19,248,159	20,242,053	19,417,830
Less provision for bad debt	<u>2,975,001</u>	<u>4,077,277</u>	<u>4,285,277</u>
Net patient service revenue	<u>\$ 16,273,158</u>	<u>\$ 16,164,776</u>	<u>\$ 15,132,553</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
d/b/a RIVERLAND MEDICAL CENTER
SCHEDULES OF OTHER OPERATING REVENUE
YEARS ENDED SEPTEMBER 30,

	<u>2018</u>		<u>2017</u>		<u>2016</u>
Medical records revenue	\$ 17,367	\$	15,915	\$	10,517
Vending machine commissions	2,369		1,596		1,569
Home health joint venture payments	-0-		-0-		248
Pharmacy 340B program	-0-		2,585		39,464
Rebates on purchases	-0-		14,727		2,768
Insurance recovery	-0-		-0-		11,701
Hospital incentive	14,050		5,604		4,005
Clinics' incentive	22,114		17,914		21,244
Miscellaneous revenue	<u>10,389</u>		<u>41,367</u>		<u>5,202</u>
 Total other operating revenue	 \$ <u>66,289</u>	\$	 <u>99,708</u>	\$	 <u>96,718</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 SCHEDULES OF EXPENSES - SALARIES AND BENEFITS
 YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Administration	\$ 1,013,528	\$ 853,177	\$ 766,787
Plant operations and maintenance	93,280	112,430	119,076
Medical records	265,756	263,335	259,513
Nursing services	1,600,098	1,630,665	1,501,773
Intensive care unit	288,401	353,130	409,547
Operating room	412,701	1,009,897	904,763
Anesthesiology	262,168	281,502	283,579
Radiology	528,772	526,835	486,988
Laboratory	473,051	466,495	431,888
Respiratory therapy	373,062	362,628	345,303
Physical therapy	1,976	305,857	185,429
Central supply	111,942	108,284	104,198
Pharmacy	210,937	160,942	86,918
Emergency room	827,810	745,530	645,355
iOP	328,064	409,523	382,436
Clinics	<u>677,216</u>	<u>536,909</u>	<u>277,530</u>
 Total salaries	 <u>7,468,762</u>	 <u>8,127,139</u>	 <u>7,191,083</u>
 Payroll taxes	 104,511	 113,996	 100,854
Hospital insurance	1,491,357	1,054,847	676,934
Retirement	377,549	411,929	366,753
Other	<u>4,437</u>	<u>25,119</u>	<u>259,114</u>
 Total benefits	 <u>1,977,854</u>	 <u>1,605,891</u>	 <u>1,403,655</u>
 Total salaries and benefits	 <u>\$ 9,446,616</u>	 <u>\$ 9,733,030</u>	 <u>\$ 8,594,738</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 SCHEDULES OF EXPENSES - MEDICAL SUPPLIES AND DRUGS
 YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Nursing services	\$ 97,178	\$ 100,351	\$ 114,535
Intensive care unit	21,934	27,245	35,627
Operating room	166,623	329,653	327,618
Anesthesiology	-0-	188	-0-
Radiology	13,158	17,687	14,338
Laboratory and blood	583,159	598,513	514,635
Respiratory therapy	51,465	63,540	45,647
Physical therapy	1,638	1,083	328
Central supply	3,947	3,386	6,966
Pharmacy	516,081	537,662	575,440
Pharmacy 340B program	-0-	91	10,569
Emergency room	73,406	60,515	63,795
Clinics	<u>63,739</u>	<u>63,142</u>	<u>18,089</u>
 Total medical supplies and drugs	 \$ <u>1,592,328</u>	 \$ <u>1,803,056</u>	 \$ <u>1,727,587</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 SCHEDULES OF EXPENSES - PROFESSIONAL FEES
 YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ultrasound	\$ 104,260	\$ 106,320	\$ 88,280
Laboratory	24,000	24,000	26,384
EKG	27,160	25,088	25,296
Wound care	-0-	32,400	372,325
Pharmacy	194,267	275,549	461,990
Emergency room	1,080,000	889,981	799,691
Hospitalist	460,500	469,845	428,275
Physical therapy	378,888	-0-	-0-
Ferriday clinic	<u>121,800</u>	<u>100,800</u>	<u>100,800</u>
 Total professional fees	 \$ <u>2,390,875</u>	 \$ <u>1,923,983</u>	 \$ <u>2,303,041</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 SCHEDULES OF EXPENSES - OTHER EXPENSES
 YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contract services	\$ 1,542,690	\$ 1,425,009	\$ 1,146,481
Collection fees	147,940	65,638	106,911
Director fees	6,300	6,900	5,600
Legal and accounting	398,363	317,619	148,643
Supplies	164,899	183,821	157,418
Repairs and maintenance	430,892	402,294	434,408
Utilities	264,187	252,873	238,176
Telephone	33,732	48,324	58,474
Information technology	579,004	646,962	574,522
Travel	32,892	28,680	22,676
Rentals	189,522	185,354	108,675
Education	16,806	9,433	7,182
Advertising	53,492	53,354	69,668
Dues and subscriptions	94,840	102,693	93,128
Physician recruitment	24,784	5,817	35,718
Statements for accounts receivable	39,529	40,802	36,497
Emergency room CMR record fees	44,937	41,967	38,160
Miscellaneous	<u>235,834</u>	<u>220,340</u>	<u>200,604</u>
 Total other expenses	 \$ <u>4,300,643</u>	 \$ <u>4,037,880</u>	 \$ <u>3,482,941</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 SCHEDULES OF PER DIEM AND OTHER
 COMPENSATION PAID TO BOARD MEMBERS
 YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Board Members:			
Mr. Jim Graves	\$ 1,000	\$ 1,100	\$ 1,000
Mr. Fred Butcher	600	700	800
Ms. Rena Pitts	-0-	600	800
Mr. Larry Chauvin	-0-	600	900
Mr. Fred Marsalis	1,000	1,100	1,000
Mr. James King	900	1,000	200
Dr. Kevin Ingram	1,000	900	800
Ms. Rowena Lipsey	900	400	-0-
Mr. Randy Hoggatt	900	500	-0-
Dr. Carrie Bonomo	-0-	-0-	100
	<hr/>	<hr/>	<hr/>
Totals	\$ <u>6,300</u>	\$ <u>6,900</u>	\$ <u>5,600</u>

CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
 OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
 d/b/a RIVERLAND MEDICAL CENTER
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO CHIEF EXECUTIVE OFFICER
 YEAR ENDED SEPTEMBER 30, 2018

Agency Head Name: William Rucker
 Position: CEO
 Time Period: October 1, 2017 to September 30, 2018

<u>Purpose</u>	<u>Amount</u>
Salary	128,346
Health insurance	-0-
Retirement (FICA replacement plan)	7,701
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	2,273
Registration fees	-0-
Conference travel	1,322
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	1,600



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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
Concordia Parish Hospital Service District Number One
Parish of Concordia, State of Louisiana
Ferriday, 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 Concordia Parish Hospital Service District Number One, a component unit of the Concordia Parish Police Jury, ("the District") as of and for the years ended September 30, 2018, 2017 and 2016, 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 15, 2019.

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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings that we consider to be significant deficiencies: 2018-1, 2018-2 and 2018-3.

Board of Commissioners
Concordia Parish Hospital Service District Number One
Parish of Concordia, State of Louisiana
Ferriday, Louisiana
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 and no other matter that is 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. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Commissioners, management, and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Alexandria, Louisiana

March 15, 2019



CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
RIVERLAND MEDICAL CENTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2018

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 2018-1 - Third-Party Payor Settlements

Fiscal Year Initially Reported: September 30, 2016

Finding: Management is responsible for calculating and recording estimates of interim Medicare and Medicaid cost settlements. Adjustments were made to revise prior year settlement balances and to record the fiscal year 2018 as-filed cost report receivable/payable from/to Medicare and Medicaid.

Recommendation: Management should continue to adjust the settlements based on interim cost report calculations and consider the results in relation to other factors that occur that may impact the estimates.

Response: Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from correcting the control deficiency. As it is impracticable for management to make such estimates, differences between interim payments and future cost report settlements will be charged to or against income in future periods when determinable.

FINDING 2018-2 - 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.



CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
RIVERLAND MEDICAL CENTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2018

FINDING 2018-2 - Segregation of Duties (Continued)

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; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

Response: Due to limited staffing with the technical skills to perform these duties, management feels that close supervision of the personnel assigned to those tasks is the preferred solution. Administration will continue to monitor these tasks on a daily basis.

FINDING 2018-3 - Contracts

Finding: During our audit we found that the District did not, in all instances, comply with Board policy for the Board to approve all contracts with annual amounts of \$10,000 or over.

Recommendation: We recommend that management comply with Board policies to request Board approval of all contracts with annual amounts of \$10,000 or over.

Response: All future contracts will follow Board policy for approval.

Section III. Federal Award Findings

Not applicable

Section IV. Management Letter

Not applicable



CONCORDIA PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
OF THE PARISH OF CONCORDIA, STATE OF LOUISIANA
RIVERLAND MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2018

Section I. Financial Statement Findings

FINDING 2017-1 - Third-Party Payor Settlements

Finding: Estimates of third-party payor cost settlements were not accurately calculated or recorded on an interim basis.

Recommendation: Management should continue to adjust the settlements based on interim cost report calculations and consider the results in relation to other factors that occur that may impact the estimates.

Response: Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from correcting the control deficiency. As it is impracticable for management to make such estimates, differences between interim payments and future cost report settlements will be charged to or against income in future periods when determinable.

Current Status: This matter has not been fully resolved. See finding 2018-1

FINDING 2017-2 - 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; 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review.

Response: Due to limited staffing with the technical skills to perform these duties, management feels that close supervision of the personnel assigned to those tasks is the preferred solution. Administration will continue to monitor these tasks on a daily basis.

Current Status: This matter has not been resolved. See finding 2018-2

Section II. Federal Award Findings

Not applicable

Section III. Management Letter

Not applicable



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

FOR THE YEAR ENDED
SEPTEMBER 30, 2018



LESTER, MILLER & WELLS
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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
of Concordia Parish Hospital Service District Number One
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Concordia Parish Hospital Service District Number One 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, 2017 through September 30, 2018. 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.

To the Board of Commissioners
of Concordia Parish Hospital Service District Number One
and the Louisiana Legislative Auditor

- 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.

Exceptions: The policy and procedures for purchasing does not state that documentation is required for state bid law.

The policy and procedures for disbursement does not state who approves disbursements.

The policy and procedures for collections does not include management's actions to determine the completeness of all collections for each type of revenue.

The policy and procedures for payroll does not include processing payroll or reviewing and approving attendance and leave records.

The policy and procedures for contracting does not state the services that require a written contract.

The policy and procedures for credit cards does not include who must approve credit card purchases.

The policy and procedures for travel does not include the dollar threshold for expense.

The policy and procedures for ethics does not include the prohibitions as defined in LA R.S.42:1111-1121 and the requirement for signature verification.

The policy and procedures for debt service does not include the debt reserve and debt service requirements.

Management's Response: Management is in the process of updating policies and procedures to address the control and compliance areas identified.

Board or Finance Committee

- 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)



To the Board of Commissioners
of Concordia Parish Hospital Service District Number One
and the Louisiana Legislative Auditor

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: No exceptions noted in applying the above procedures.

Bank Reconciliations

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: Of the five (5) bank accounts tested, three (3) did not have evidence that the reconciliation was prepared within two (2) months, and three (3) did not have documentation reflecting outstanding items were researched.

Management's Response: Management is in the process of updating policies and procedures to address the control and compliance areas identified.

Collections

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.



To the Board of Commissioners
of Concordia Parish Hospital Service District Number One
and the Louisiana Legislative Auditor

- 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:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exceptions: Employees responsible for collecting cash do share cash drawers. At one location, the employee responsible for collecting cash is responsible for posting the deposit.

Management's Response: Due to limited staffing to perform these duties, management feels that close supervision of the personnel assigned to those tasks is the preferred solution.

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

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



To the Board of Commissioners
of Concordia Parish Hospital Service District Number One
and the Louisiana Legislative Auditor

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exceptions: Person responsible for processing payments is the only staff who can add vendors. This is a segregation of duties issue.

Management's Response: Due to limited staffing to perform these duties, management feels that close supervision of the personnel assigned to those tasks is the preferred solution.

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

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).

Exceptions: The statements for the two (2) fuel cards contained finance charges or late fees.

Management's Response: Management is aware of the finance charges and will make every effort to complete the payment process in a timely manner to avoid these charges.



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

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:
- 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).
 - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions: No exceptions noted in applying the above procedures.

Contracts

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 in applying the above procedures.

Payroll and Personnel

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:



To the Board of Commissioners
of Concordia Parish Hospital Service District Number One
and the Louisiana Legislative Auditor

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

Exceptions: No exceptions noted in applying the above procedures.

Ethics

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: No exceptions noted in applying the above procedures.

Debt Service

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.

Exceptions: No exceptions noted in applying the above procedures.



To the Board of Commissioners
of Concordia Parish Hospital Service District Number One
and the Louisiana Legislative Auditor

Other

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: No exceptions noted in applying the above procedures.

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.

Justin Mella ; Will

Certified Public Accountants
Alexandria, Louisiana

March 15, 2019



