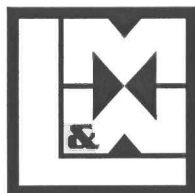


RICHARDSON MEDICAL CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
SEPTEMBER 30, 2021, 2020, AND 2019



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

HOSPITAL SERVICE DISTRICT NO. 1B
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
d/b/a RICHARDSON MEDICAL CENTER
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

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

Management's Discussion and Analysis

This section of the annual financial report for Richland Parish Hospital Service District No. 1B d/b/a Richardson Medical Center (the Medical Center) provides background information and management's analysis of the Medical Center's financial performance during the fiscal year ended September 30, 2021. Please read it in conjunction with the financial statements beginning on page 4 and the notes to the financial statements beginning on page 8 in this report.

Required Financial Statements

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

Financial Analysis of the Medical Center

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

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

Management's Discussion and Analysis

Net Assets

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

TABLE 1
Condensed Statements of Net Position
(in thousands)

	2021	September 30, 2020	2019	2018
Total current assets	\$ 13,635	\$ 15,503	\$ 8,101	\$ 7,702
Nondepreciable capital assets	35	512	19	24
Depreciable capital assets	4,609	3,951	4,039	4,355
Limited use assets	3,104	2,061	1,809	1,303
Other assets	<u>45</u>	<u>47</u>	<u>50</u>	<u>51</u>
 Total assets	 \$ <u>21,428</u>	 \$ <u>22,074</u>	 \$ <u>14,018</u>	 \$ <u>13,435</u>
 Current liabilities	 \$ 4,185	 \$ 4,937	 \$ 1,992	 \$ 1,925
Long-term liabilities	<u>2,404</u>	<u>6,333</u>	<u>2,382</u>	<u>2,602</u>
 Total liabilities	 <u>6,589</u>	 <u>11,270</u>	 <u>4,374</u>	 <u>4,527</u>
 Invested in capital assets, net of related debt	 2,030	 1,496	 1,456	 1,426
Restricted	182	182	3	217
Unrestricted	<u>12,627</u>	<u>9,126</u>	<u>8,185</u>	<u>7,265</u>
 Total net position	 <u>14,839</u>	 <u>10,804</u>	 <u>9,644</u>	 <u>8,908</u>
 Total liabilities and net position	 \$ <u>21,428</u>	 \$ <u>22,074</u>	 \$ <u>14,018</u>	 \$ <u>13,435</u>

As shown in Table 1, the Medical Center's total assets decreased by approximately \$650,000 or 2.9% during fiscal year 2021, compared to an increase of approximately \$8 million or 57.5% during fiscal year 2020, and an increase of \$583,00, or 4.3%, during fiscal year 2019. Assets increased approximately \$175,000, or 1.3%, in fiscal year 2018. The Medical Center's capital assets increased approximately \$181,000, or 4.1% from fiscal year 2020 to 2021, compared to an increase of approximately \$405,000, or 10% from fiscal year 2019 to 2020 and a decrease of approximately \$321,000, or 7.3% from fiscal year 2018 to 2019. Limited use assets increased by approximately \$1 million or 50.6% in fiscal year 2021, following an increase of \$252,000 or 13.9% in fiscal year 2020, and an increase of \$506,000 or 38.8% from fiscal year 2018 to 2019. Total liabilities decreased by approximately \$5 million or 41.5%, compared to an increase of approximately \$7 million or 157.7% during fiscal year 2020, and a decrease of \$153,000, or 3.4% during fiscal year 2019. The decrease in total current assets is due to a decrease in cash flow.

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

Management's Discussion and Analysis

Summary of Revenue, Expenses, and Changes in Net Assets

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

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

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>
Operating revenue:							
Net patient service revenue	\$ 22,937	\$	19,194	\$	22,045	\$	19,676
Other revenue	<u>1,995</u>		<u>2,037</u>		<u>1,234</u>		<u>1,806</u>
Total operating revenue	<u>24,932</u>		<u>21,231</u>		<u>23,279</u>		<u>21,482</u>
Operating expenses:							
Salaries and employee benefits	14,221		13,594		13,517		12,049
Supplies, fees, and purchased services	5,644		4,599		4,535		4,808
Other expenses	5,415		4,667		4,829		4,423
Depreciation and amortization	<u>532</u>		<u>522</u>		<u>603</u>		<u>652</u>
Total operating expenses	<u>25,812</u>		<u>23,382</u>		<u>23,484</u>		<u>21,932</u>
Profit (loss) from operations	(880)		(2,151)		(205)		(450)
COVID-19 grant awards	1,940		2,200		-0-		-0-
Loan forgiveness	1,997		-0-		-0-		-0-
Interest income and expense, net	(111)		(64)		(70)		(138)
Gain on disposal of assets	-0-		-0-		-0-		(6)
Property taxes	<u>1,021</u>		<u>983</u>		<u>1,011</u>		<u>945</u>
Excess of revenue over expenses	3,967		968		736		351
Capital grants	<u>68</u>		<u>192</u>		<u>-0-</u>		<u>-0-</u>
Changes in net position	4,035		1,160		736		351
Beginning net position	<u>10,804</u>		<u>9,644</u>		<u>8,908</u>		<u>8,557</u>
Ending net position	\$ <u>14,839</u>	\$	<u>10,804</u>	\$	<u>9,644</u>	\$	<u>8,908</u>

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

Management's Discussion and Analysis

Source of Revenue

Net Patient Revenue

During fiscal year 2021, the Medical Center derived the majority, or approximately 77%, of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or patients with other third-party coverage, who receive care in the Medical Center's facilities. Reimbursement from the Medicare and Medicaid programs and other third-party payors is based upon established contracts. The difference between the covered charges and the established contract rates is recognized as a contractual allowance. Total net patient service revenue increased by \$3,743,000, or 19.5% in fiscal year 2021, compared to a decrease of \$2,851,000, or 12.9% in fiscal year 2020, and an increase of approximately \$2,369,000, or 12.0% in 2019.

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

TABLE 3
Payor Mix by Percentage

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Medicare	38%	39%	42%	40%
Medicaid	39%	38%	36%	38%
Blue Cross Blue Shield	9%	10%	10%	10%
Commercial insurance	8%	8%	9%	8%
Self-pay	<u>6%</u>	<u>5%</u>	<u>3%</u>	<u>4%</u>
Total patient revenue	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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

Management's Discussion and Analysis

Other Revenue

Other revenue (Table 4) includes Richland Parish property taxes, cafeteria sales, rental income, pharmacy sales to employees, 340 B program, and other miscellaneous services.

TABLE 4
Other Revenue
(in thousands)

	Years Ended September 30,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Other revenue:				
Cafeteria	\$ 9	\$ 37	\$ 21	\$ 63
Medical records	1	2	2	1
Vending machines	4	4	5	5
Rentals	21	31	16	21
Pharmacy sales to employees	24	23	22	25
340 B program	642	900	-0-	-0-
Grants	1,119	1,015	1,123	1,655
Miscellaneous	<u>175</u>	<u>25</u>	<u>45</u>	<u>36</u>
Total other revenue	\$ <u><u>1,995</u></u>	\$ <u><u>2,037</u></u>	\$ <u><u>1,234</u></u>	\$ <u><u>1,806</u></u>

Operating Grant Income

Operating grant income increased by approximately 104,000, or 10.2%, during fiscal year 2021, compared to a decrease of approximately \$108,000, or 9.6%, during fiscal year 2020, and a decrease of \$532,000, or 32.1%, during fiscal year 2019. The Hospital received grants of \$992,000, \$904,722, \$1,010,000, and \$1,521,171 in fiscal years 2021, 2020, 2019, and 2018, respectively, to be used solely to provide adequate and essential medically necessary health care services to the citizens in its community who are low income and/or indigent patients.

Non-operating Income

The Medical Center recognized grant income from COVID-19 awards of approximately \$1.9 million and \$2.2 million during the fiscal years 2021 and 2020, respectively. Additionally, the Medical Center received forgiveness of approximately \$2.0 million from the SBA for the Payroll Protection Program loan.

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

Management's Discussion and Analysis

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

TABLE 5
Adjustment Summary
(in thousands)

	<u>2021</u>	<u>September 30,</u> <u>2020</u>	<u>2019</u>	<u>2018</u>
Adjustments:				
Commercial and other adjustments	\$ 6,588	\$ 5,869	\$ 4,535	\$ 4,329
Medicaid contractual adjustments	12,033	9,360	12,719	12,246
Medicare contractual adjustments	13,928	11,219	14,868	14,094
Physician fee revenue	(823)	(842)	(973)	(1,140)
Discounts	177	172	222	222
Provision for bad debts	<u>2,700</u>	<u>3,967</u>	<u>3,113</u>	<u>4,162</u>
Total adjustments and allowances	\$ <u>34,603</u>	\$ <u>29,745</u>	\$ <u>34,484</u>	\$ <u>33,913</u>

Medicaid contractual adjustments increased in fiscal year 2021 by 28.6% or approximately \$2,673,000, compared to a decrease of 26.4% or approximately \$3,359,000 in fiscal 2020, and an increase of \$473,000 or 3.9% in 2019. The increase in Medicaid contractual adjustments is due to the expansion of Medicaid patients in the previous years, however the decrease in 2020 is related to the decrease in the volume. As noted in Table 6, the Medicaid days decreased in fiscal year 2020 compared to an increase in fiscal year 2021.

Operating Expenses

Salaries increased by \$632,546 or 5% in fiscal year 2021, following an increase of \$113,247 or 1% from fiscal year 2019 to 2020, and an increase of \$1,196,426 or 11.3% from fiscal year 2018 to 2019. As a percentage of net patient service revenue, salary expense was approximately 54.5%, 61.9%, 53.4%, and 53.7%, for the fiscal years ended September 30, 2021, 2020, 2019, and 2018, respectively. The majority of the increase is related to an increase in employee shifts due to COVID-19 and PTO and sick payout.

Employee benefits expense decreased \$5,605 or 0.33 % during fiscal year 2021, following a decrease of \$36,520 or 2.1% during fiscal year 2020, and an increase of \$271,401 or 18.3% during fiscal year 2019. Employee benefit expenses represented 13.7%, 14.4%, 14.9%, and 14.0%, of salary expenses in the current and prior three fiscal years, respectively. Also, the Hospital has a self-funded health plan. The plan's cost varies according to the number of claims filed. The Hospital's plan is structured to capture and perform 90% of the claims within the facility to minimize cost.

Supplies expense increased \$539,178 or 23.3% during fiscal year 2021, following an increase of \$407,605 or 21.4% during fiscal year 2020, and a decrease of \$75,345 or 3.8% during fiscal year 2019.

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

Management's Discussion and Analysis

Professional fees increased during fiscal year 2021 by approximately \$505,568 or 22.1%, compared to a decrease during fiscal year 2020 by approximately \$342,871 or 13%, and a decrease of approximately \$198,000 or 7.0% in 2019.

Total overall operating expenses for 2021 increased approximately \$2,430,450 or 10.4%, compared to a decrease of approximately \$102,217 or 0.44% in 2020. In 2019, overall operating expenses increased approximately \$1,552,144 or 7.0%.

Operating and Financial Performance

The following financial information summarizes the Medical Center's statements of revenue, expenses, and changes in net assets for 2021 through 2018:

Overall activity at the Medical Center, as measured by patient discharges, increased by 101 during fiscal year 2021, compared to a decrease of 187 during fiscal year 2020, and a decrease of 187 from 2018 to 2019. Patient days increased 40% in 2021, compared to a decrease of 30% in 2020, a decrease of 14% in 2019, and an increase of 10.3% in 2018.

TABLE 6
Patient and Hospital Statistical Data

	<u>2021</u>	<u>2020</u>	Year Ended September 30, <u>2019</u>	<u>2018</u>
Discharges:				
Acute care	547	444	623	757
Swing bed	34	36	44	97
Patient days:				
Acute - Medicare	1,003	814	1,203	1,364
Acute - Medicaid	357	258	379	402
Acute - Commercial	891	573	870	997
Acute - Self pay	111	89	26	81
Swing bed	483	305	425	527
Operating room patients	1,346	978	1,434	1,472
Emergency room visits	7,215	6,911	8,225	8,465
Average daily census:				
Adult and pediatric	6.5	4.8	6.8	7.8
Swing bed	1.3	0.8	1.2	1.4

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

Management's Discussion and Analysis

TABLE 6 (Continued)
Patient and Hospital Statistical Data

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Average length of stay:				
Acute care	4.3	3.9	4.0	3.8
Swing bed	14.2	8.5	9.7	5.4
Percentage of total acute patient days:				
Medicare	42%	47%	49%	48%
Medicaid	15%	15%	15%	14%
Rural health clinic visits	28,862	26,508	37,486	31,009
Full-time equivalents (FTEs)	223.9	208.6	213.8	208.9

Capital Assets

During the 2021 fiscal year, the Medical Center invested approximately \$852,200 in capital assets, included in Table 7 below:

TABLE 7
Capital Assets
(in thousands)

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Land and improvements	\$ 126	\$ 603	\$ (477)	-79.1%
Building and equipment	<u>21,375</u>	<u>20,185</u>	<u>1,190</u>	<u>5.9%</u>
Subtotal	21,501	20,788	713	3.4%
Less accumulated depreciation	<u>16,857</u>	<u>16,325</u>	<u>532</u>	<u>3.3%</u>
Net	\$ <u>4,644</u>	\$ <u>4,463</u>	\$ <u>181</u>	<u>4.1%</u>

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

Management's Discussion and Analysis

Long-Term Debt (Excluding Capital Leases)

At 2021 fiscal year end, the Medical Center had \$2,613,101 in short-term and long-term debt.

Contacting the Medical Center's Financial Manager

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



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Hospital Service District No. 1B, Parish of Richland d/b/a Richardson Medical Center (the Hospital), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 2021, 2020, and 2019, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of September 30, 2021, 2020, and 2019, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Richland Parish Hospital Service District No. 1B and do not purport to, and do not, present fairly the financial position of the Richland Parish Police Jury as of September 30, 2021, 2020, and 2019, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also a required part of the basic financial statements.



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

The supplementary information and the schedule of expenditures of federal awards are 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 and the schedule of expenditures of federal awards are 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 June 7, 2022, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

June 7, 2022



RICHARDSON MEDICAL CENTER
STATEMENTS OF NET POSITION
SEPTEMBER 30,

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current			
Cash and cash equivalents (Note 3)	\$ 5,295,685	\$ 8,329,989	\$ 2,112,919
Certificates of deposit	323,984	322,064	310,159
Accounts receivable, net (Note 4)	3,350,984	2,563,498	3,484,762
Estimated third-party payor settlements	3,721,389	3,417,876	1,528,869
Inventory	800,740	683,290	495,184
Prepaid expenses	142,452	186,404	169,234
Total Current Assets	13,635,234	15,503,121	8,101,127
Nondepreciable capital assets (Note 5)	34,531	512,265	18,500
Depreciable capital assets, net (Note 5)	4,608,877	3,951,123	4,039,418
Limited use assets (Note 6)	3,103,698	2,060,486	1,808,745
Other assets	45,394	46,740	49,874
Total Assets	\$ 21,427,734	\$ 22,073,735	\$ 14,017,664
<u>LIABILITIES AND NET POSITION</u>			
Current			
Accounts payable	\$ 813,112	\$ 919,163	\$ 792,666
Accrued expenses	1,046,730	1,059,372	973,936
Estimated third-party payor settlements	181,298	108,198	5,218
Deferred revenue	200,000	1,923,105	-0-
Medicare advance payments	1,734,093	579,075	-0-
Current portion of long-term debt (Note 7)	209,250	348,552	220,504
Total Current Liabilities	4,184,483	4,937,465	1,992,324
Long-Term Liabilities			
Medicare advance payments	-0-	1,734,093	-0-
Long-term debt, net of current maturities (Note 7)	2,403,851	4,598,757	2,381,708
Total Liabilities	6,588,334	11,270,315	4,374,032
Net Position			
Invested in capital assets, net of related debt	2,030,307	1,495,679	1,455,706
Restricted	181,664	181,609	2,866
Unrestricted	12,627,429	9,126,132	8,185,060
Total Net Position	14,839,400	10,803,420	9,643,632
Total Liabilities and Net Position	\$ 21,427,734	\$ 22,073,735	\$ 14,017,664

See accompanying notes to financial statements.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues			
Net patient service revenues	\$ 22,936,569	\$ 19,193,797	\$ 22,044,620
Grants	127,674	109,915	113,340
Intergovernmental transfer grants	992,000	904,722	1,010,000
Contributions	-0-	-0-	3,835
Other operating revenues	<u>875,512</u>	<u>1,022,521</u>	<u>107,078</u>
 Total Revenues	 <u>24,931,755</u>	 <u>21,230,955</u>	 <u>23,278,873</u>
Expenses			
Salaries	12,511,343	11,878,797	11,765,550
Benefits and payroll taxes	1,709,356	1,714,961	1,751,481
Supplies and drugs	2,849,482	2,310,304	1,902,699
Professional fees	2,794,314	2,288,746	2,631,617
Other expenses	4,885,385	4,120,202	4,295,483
Insurance	530,134	546,349	533,901
Depreciation and amortization	<u>532,156</u>	<u>522,361</u>	<u>603,206</u>
 Total Expenses	 <u>25,812,170</u>	 <u>23,381,720</u>	 <u>23,483,937</u>
 Operating Income (Loss)	 <u>(880,415)</u>	 <u>(2,150,765)</u>	 <u>(205,064)</u>
Nonoperating Revenues (Expenses)			
COVID-19 grant awards	1,939,867	2,200,000	-0-
Loan forgiveness	1,997,911	-0-	-0-
Interest income	8,751	41,777	41,529
Interest expense	(120,245)	(105,723)	(111,628)
Gain (loss) on disposal of assets	(10)	(3)	(5)
Property taxes	<u>1,021,541</u>	<u>982,862</u>	<u>1,011,042</u>
 Excess of revenues (expenses) before capital grants	 3,967,400	 968,148	 735,874
 Capital grants	 <u>68,580</u>	 <u>191,640</u>	 <u>-0-</u>
 Changes in net position	 4,035,980	 1,159,788	 735,874
 Beginning net position	 <u>10,803,420</u>	 <u>9,643,632</u>	 <u>8,907,758</u>
 Ending net position	 \$ <u>14,839,400</u>	 \$ <u>10,803,420</u>	 \$ <u>9,643,632</u>

See accompanying notes to financial statements.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 21,339,595	\$ 20,857,955	\$ 21,312,918
Other receipts from operations	1,995,186	2,037,158	1,234,253
Cash payments to employees and for employee-related cost	(14,233,341)	(13,508,322)	(13,412,651)
Cash payments for other operating expenses	<u>(11,237,518)</u>	<u>(9,341,246)</u>	<u>(9,134,134)</u>
Net cash provided (used) by operating activities	<u>(2,136,078)</u>	<u>45,545</u>	<u>386</u>
Cash flows from investing activities:			
Cash proceeds (invested) from certificates of deposit	(1,920)	(11,905)	-0-
Cash proceeds (invested) from limited use assets	(1,043,212)	(251,741)	(506,295)
Interest income	<u>8,751</u>	<u>41,777</u>	<u>41,529</u>
Net cash provided (used) by investing activities	<u>(1,036,381)</u>	<u>(221,869)</u>	<u>(464,766)</u>
Cash flows from non-capital financing activities:			
Proceeds from COVID-19 grant awards	216,752	3,907,352	-0-
Property taxes	1,021,541	982,862	1,011,042
Proceeds from long-term debt	<u>-0-</u>	<u>1,979,600</u>	<u>-0-</u>
Net cash provided (used) by non-capital financing activities	<u>1,238,293</u>	<u>6,869,814</u>	<u>1,011,042</u>
Cash flows from capital and related financing activities:			
Acquisition of property, plant, and equipment	(852,176)	(787,834)	(281,986)
Principal payments on long-term debt	(214,608)	(220,503)	(350,958)
Proceeds from long-term debt	-0-	446,000	-0-
Proceeds from capital grant	68,580	191,640	-0-
Interest expense	<u>(101,934)</u>	<u>(105,723)</u>	<u>(111,628)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,100,138)</u>	<u>(476,420)</u>	<u>(744,572)</u>
Net increase (decrease) in cash and cash equivalents	(3,034,304)	6,217,070	(197,910)
Beginning cash and cash equivalents	<u>8,329,989</u>	<u>2,112,919</u>	<u>2,310,829</u>
Ending cash and cash equivalents	\$ <u><u>5,295,685</u></u>	\$ <u><u>8,329,989</u></u>	\$ <u><u>2,112,919</u></u>

See accompanying notes to financial statements.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ (880,415)	\$ (2,150,765)	\$ (205,064)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:			
Depreciation and amortization	532,156	522,361	603,206
Change in current assets (increase) decrease			
Patient accounts receivable, net	(787,486)	921,264	(652,879)
Estimated third-party payor settlements	(303,513)	(1,889,007)	110,962
Inventory	(117,450)	(188,106)	(5,729)
Prepaid expenses	43,952	(17,170)	(49,380)
Change in current liabilities increase (decrease)			
Accounts payable	(106,051)	126,497	266,501
Accrued expenses	(12,642)	85,436	121,543
Estimated third-party payor settlements	73,100	102,980	(189,785)
Deferred revenue	-0-	2,528,921	-0-
Medicare advance payments	(579,075)	-0-	-0-
Change in other assets (increase) decrease	<u>1,346</u>	<u>3,134</u>	<u>1,011</u>
Net cash provided (used) by operating activities	\$ <u>(2,136,078)</u>	\$ <u>45,545</u>	\$ <u>386</u>
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	\$ <u>101,934</u>	\$ <u>97,763</u>	\$ <u>106,042</u>
Equipment acquired under capital lease	\$ <u>-0-</u>	\$ <u>140,000</u>	\$ <u>-0-</u>
Forgiveness of PPP loan	\$ <u>1,997,911</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

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

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

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

Nature of Business

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

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

Basis of Accounting

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Credit Risk

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

Significant Concentration of Economic Dependence

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

Net Patient Service Revenues

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

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

Inventory

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

Income Taxes

The District is a political subdivision and exempt from taxation.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

Net Position

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

Revenues and Expenses

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

Patient Accounts Receivable

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended September 30, 2021, 2020, and 2019 totaled \$4,180, \$3,451 and \$11,758, respectively.

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify, with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At September 30, 2021, 2020, and 2019, management is not aware of any liability resulting from environmental matters.

Restricted Revenues

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

Grants and Contributions

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

Charity Care

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

Use of Estimates

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

Reclassifications

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management

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

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87 (GASB 87). The objective of GASB Statement No. 87, Leases, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on the Hospital's financial statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risks – Custodial credit risk for deposit is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name at September 30, 2021, 2020 and 2019.

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Carrying amount			
Deposits	\$ 8,399,383	\$ 10,390,475	\$ 3,921,664
Certificates of deposit	<u>323,984</u>	<u>322,064</u>	<u>310,159</u>
	<u>\$ 8,723,367</u>	<u>\$ 10,712,539</u>	<u>\$ 4,231,823</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 5,295,685	\$ 8,329,989	\$ 2,112,919
Certificates of deposit	<u>323,984</u>	<u>322,064</u>	<u>310,159</u>
Limited use assets	<u>3,103,698</u>	<u>2,060,486</u>	<u>1,808,745</u>
	<u>\$ 8,723,367</u>	<u>\$ 10,712,539</u>	<u>\$ 4,231,823</u>

Account balances according to banks' records at September 30, 2021, for the Hospital are as follows:

	<u>Guaranty Bank & Trust</u>	<u>CrossKeys Bank</u>	<u>Business First Bank</u>
Cash in bank	\$ <u>19,978</u>	\$ <u>8,114,748</u>	\$ <u>765,750</u>
Insured by FDIC	\$ <u>19,978</u>	\$ <u>357,708</u>	\$ <u>466,286</u>
Collateralization by fair market value	\$ <u>-0-</u>	\$ <u>7,757,040</u>	\$ <u>299,464</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Patient accounts receivable	\$ 6,942,142	\$ 5,983,674	\$ 7,804,598
Other accounts receivable	<u>200,787</u>	<u>80,872</u>	<u>36,487</u>
	7,142,929	6,064,546	7,841,085
Estimated uncollectibles	<u>(3,791,945)</u>	<u>(3,501,048)</u>	<u>(4,356,323)</u>
Net patient accounts receivable	\$ <u>3,350,984</u>	\$ <u>2,563,498</u>	\$ <u>3,484,762</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Medicare	23%	26%	28%
Medicaid	24%	19%	22%
Blue Cross Blue Shield	7%	6%	6%
Commercial and other third-party payors	15%	12%	15%
Patients	<u>31%</u>	<u>37%</u>	<u>29%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 5 - CAPITAL ASSETS

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

	September 30, 2020	Additions	Disposals	Transfers	September 30, 2021
Nondepreciable capital assets					
Land	\$ 34,531	\$ -0-	\$ -0-	\$ -0-	\$ 34,531
Construction in progress	<u>477,734</u>	<u>-0-</u>	<u>-0-</u>	<u>(477,734)</u>	<u>-0-</u>
Total nondepreciable capital assets	\$ <u>512,265</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(477,734)</u>	\$ <u>34,531</u>
Depreciable capital assets					
Land improvements	\$ 91,292	\$ -0-	\$ -0-	\$ -0-	\$ 91,292
Buildings and improvements	7,110,266	339,702	-0-	477,734	7,927,702
Major movable equipment	<u>13,074,668</u>	<u>512,476</u>	<u>140,000</u>	<u>-0-</u>	<u>13,447,144</u>
Total depreciable capital assets	20,276,226	852,178	140,000	477,734	21,466,138
Accumulated depreciation	<u>16,325,103</u>	<u>532,158</u>	<u>-0-</u>	<u>-0-</u>	<u>16,857,261</u>
Total depreciable capital assets, net	\$ <u>3,951,123</u>	\$ <u>320,020</u>	\$ <u>140,000</u>	\$ <u>477,734</u>	\$ <u>4,608,877</u>
	September 30, 2019	Additions	Disposals	Transfers	September 30, 2020
Nondepreciable capital assets					
Land	\$ 17,000	\$ 17,531	\$ -0-	\$ -0-	\$ 34,531
Construction in progress	<u>1,500</u>	<u>476,234</u>	<u>-0-</u>	<u>-0-</u>	<u>477,734</u>
Total nondepreciable capital assets	\$ <u>18,500</u>	\$ <u>493,765</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>512,265</u>
Depreciable capital assets					
Land improvements	\$ 91,292	\$ -0-	\$ -0-	\$ -0-	\$ 91,292
Buildings and improvements	7,085,037	25,229	-0-	-0-	7,110,266
Major movable equipment	<u>12,670,826</u>	<u>408,837</u>	<u>4,995</u>	<u>-0-</u>	<u>13,074,668</u>
Total depreciable capital assets	19,847,155	434,066	4,995	-0-	20,276,226
Accumulated depreciation	<u>15,807,737</u>	<u>522,361</u>	<u>4,995</u>	<u>-0-</u>	<u>16,325,103</u>
Total depreciable capital assets, net	\$ <u>4,039,418</u>	\$ <u>(88,295)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,951,123</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 5 - CAPITAL ASSETS (Continued)

	September 30, 2018	Additions	Disposals	Transfers	September 30, 2019
Nondepreciable capital assets					
Land	\$ 16,000	\$ 1,000	\$ -0-	\$ -0-	\$ 17,000
Construction in progress	<u>8,200</u>	<u>-0-</u>	<u>-0-</u>	<u>(6,700)</u>	<u>1,500</u>
Total nondepreciable capital assets	\$ <u>24,200</u>	\$ <u>1,000</u>	\$ <u>-0-</u>	\$ <u>(6,700)</u>	\$ <u>18,500</u>
Depreciable capital assets					
Land improvements	\$ 87,549	\$ 3,743	\$ -0-	\$ -0-	\$ 91,292
Buildings and improvements	7,016,329	62,008	-0-	6,700	7,085,037
Major movable equipment	<u>12,459,093</u>	<u>215,233</u>	<u>3,500</u>	<u>-0-</u>	<u>12,670,826</u>
Total depreciable capital assets	19,562,971	280,984	3,500	6,700	19,847,155
Accumulated depreciation	<u>15,208,033</u>	<u>603,204</u>	<u>3,500</u>	<u>-0-</u>	<u>15,807,737</u>
Total depreciable capital assets, net	\$ <u>4,354,938</u>	\$ <u>(322,220)</u>	\$ <u>-0-</u>	\$ <u>6,700</u>	\$ <u>4,039,418</u>

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

	2021	2020	2019
Equipment under capital leases	\$ 83,082	\$ 83,082	\$ 2,636,244
Accumulated depreciation	<u>29,600</u>	<u>22,043</u>	<u>2,482,496</u>
Net	\$ <u>53,482</u>	\$ <u>61,039</u>	\$ <u>153,748</u>

NOTE 6 - ASSETS WHOSE USE IS LIMITED

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

	2021	2020	2019
Restricted by Third Parties			
Series 2014 Revenue Bonds to be disbursed	\$ -0-	\$ -0-	\$ 2,866
Series 2020 Revenue Bonds to be disbursed	181,664	181,609	-0-
Restricted by Hospital Board			
To be used for asset additions and replacements - Certificates of deposits	<u>2,922,034</u>	<u>1,878,877</u>	<u>1,805,879</u>
Non-current limited use assets	\$ <u>3,103,698</u>	\$ <u>2,060,486</u>	\$ <u>1,808,745</u>

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 7 - LONG-TERM DEBT

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

	September 30, <u>2020</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2021</u>	Due Within <u>One Year</u>
Capital lease - Siemens	\$ 140,000	\$ -0-	\$ 140,000	\$ -0-	\$ -0-
Revenue Bonds, Series 2014	2,342,450	-0-	132,063	2,210,387	136,751
Revenue Bonds, Series 2020	446,000	-0-	65,445	380,555	53,555
Capital lease - KSB Ortho	39,259	-0-	17,100	22,159	18,944
SBA PPP Loan	<u>1,979,600</u>	<u>-0-</u>	<u>1,979,600</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>4,947,309</u>	\$ <u>-0-</u>	\$ <u>2,334,208</u>	\$ <u>2,613,101</u>	\$ <u>209,250</u>

	September 30, <u>2019</u>	<u>Additions</u>	<u>Payments</u>	September 30, <u>2020</u>	Due Within <u>One Year</u>
Capital lease - Siemens	\$ 76,493	\$ 140,000	\$ 76,493	\$ 140,000	\$ 140,000
Revenue Bonds, Series 2014	2,469,985	-0-	127,535	2,342,450	132,063
Revenue Bonds, Series 2020	-0-	446,000	-0-	446,000	59,000
Capital lease - KSB Ortho	55,734	-0-	16,475	39,259	17,489
SBA PPP Loan	<u>-0-</u>	<u>1,979,600</u>	<u>-0-</u>	<u>1,979,600</u>	<u>-0-</u>
Total	\$ <u>2,602,212</u>	\$ <u>2,565,600</u>	\$ <u>220,503</u>	\$ <u>4,947,309</u>	\$ <u>348,552</u>

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 7 - LONG-TERM DEBT (Continued)

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

- Siemens capital lease for MRI equipment at 4.81% due in 70 monthly installments of \$15,483 through February 29, 2020, secured by equipment.
- Siemens capital lease for MRI equipment at 9.97% due in 70 monthly installments of \$2,891 through February 29, 2020.
- Series 2014 Hospital Revenue Bond at 3.55% collateralized by a pledge and dedication of hospital revenue payable in annual installments of \$215,220 which includes principal and interest through July 25, 2034.
- KSB capital lease for orthopedic equipment at 6.197% due in 60 monthly installments of \$1,614 through November 15, 2022, secured by equipment.
- Series 2020 Hospital Revenue Bond at 2.89% collateralized by a pledge and dedication of hospital revenue payable in annual principal installments ranging from \$59,000 to \$69,000 plus interest through March 1, 2027.
- Paycheck Protection Program loan used to pay for employee payroll expenses. The loan repayment originally commenced one year after the loan date of May 1, 2020; however, a six-month deferment was granted beyond the one-year timeframe. On March 30, 2021, the Small Business Administration forgave the principal and interest attributable to this loan.

<u>Year Ending</u> <u>September 30,</u>	<u>Long-Term Debt</u>		<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 190,306	\$ 88,786	\$ 18,944	\$ 422
2023	203,606	82,168	3,215	24
2024	210,633	75,320	-0-	-0-
2025	216,838	68,252	-0-	-0-
2026	224,229	60,953	-0-	-0-
2027-2031	942,937	203,160	-0-	-0-
2032-2034	602,393	43,267	-0-	-0-
Totals	\$ <u>2,590,942</u>	\$ <u>621,906</u>	\$ <u>22,159</u>	\$ <u>446</u>

NOTE 8 - PENSION PLAN

The District elected to withdraw from the Social Security System effective January 1, 1994. In place of Social Security, the District established a defined contribution annuity plan, called the Richardson Medical Center Retirement Plan. Employees are eligible to participate upon the date of employment and after one year of service the employee is fully vested in the employer's matching contribution. Contributions to the plan by the Hospital are determined by the Board of Commissioners. The plan requires a minimum total contribution by the Hospital and the employee of at least 6.2%. The amounts charged to pension expense under this plan were \$758,519, \$686,334, and \$658,743 for the years ended September 30, 2021, 2020, and 2019, respectively. The employees contributed \$616,869, \$562,663 and \$561,164 for the years ended September 30, 2021, 2020 and 2019, respectively.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 9 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid time off and sick days depending on length of service. The Hospital accrued \$377,904, \$457,872, and \$422,187 of paid time off at September 30, 2021, 2020, and 2019, respectively. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of unvested sick pay when actually paid to employees.

NOTE 10 - NET PATIENT SERVICE REVENUES

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010 until September 30, 2022, if not extended by Congress. The additional payments received under the Medicare low volume add-on was \$491,709, \$363,955 and \$432,859 for the years ended September 30, 2021, 2020 and 2019. Because the Hospital qualified as a Medicare Dependent Hospital (MDH), it receives additional reimbursement. The benefits related to MDH designation are set to expire on September 30, 2022, if not extended by Congress. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed routine services are reimbursed based on a prospectively determined rate per patient day. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through September 30, 2016.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through September 30, 2014.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 10%, 10% and 10% of the total charges for the years ended September 30, 2021, 2020 and 2019, respectively.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 10 - NET PATIENT SERVICE REVENUES (Continued)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Gross charges	\$ 57,634,112	\$ 49,163,458	\$ 56,642,407
Less charges associated with charity patients	<u>94,249</u>	<u>224,443</u>	<u>112,808</u>
Gross patient service revenue	57,539,863	48,939,015	56,529,599
Less deductions from revenue:			
Contractual adjustments	32,549,733	26,448,400	32,122,225
Discounts	177,081	171,537	222,447
Physician supplement revenue	<u>(823,342)</u>	<u>(841,917)</u>	<u>(972,782)</u>
Patient service revenue (net of contractual adjustments)	25,636,391	23,160,995	25,157,709
Less provision for bad debts	<u>2,699,822</u>	<u>3,967,198</u>	<u>3,113,089</u>
Net patient service revenue less provision for bad debts	\$ <u>22,936,569</u>	\$ <u>19,193,797</u>	\$ <u>22,044,620</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Medicare and Medicaid charges	\$ 44,430,042	\$ 38,066,559	\$ 43,940,360
Contractual adjustments	<u>(25,961,546)</u>	<u>(20,578,570)</u>	<u>(27,587,775)</u>
Program patient service revenue	\$ <u>18,468,496</u>	\$ <u>17,487,989</u>	\$ <u>16,352,585</u>
Percent of total gross patient charges	<u>77%</u>	<u>77%</u>	<u>78%</u>
Percent of total net patient revenues	<u>81%</u>	<u>91%</u>	<u>74%</u>

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. These adjustments resulted in a decrease in net patient service revenue of \$9,651, \$-0- and \$61,443 in 2021, 2020 and 2019, respectively.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 11 - GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement with a regional public hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$992,000, \$904,722 and \$1,010,000 for the fiscal years 2021, 2020 and 2019, respectively.

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

NOTE 12 - PROFESSIONAL LIABILITY RISK

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

NOTE 13 - CONTINGENCIES

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

The principal contingencies are described below:

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

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

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

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 13 - CONTINGENCIES (Continued)

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

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a global pandemic. As a result, uncertainties have arisen that may have a significant impact on the operating activities and results of the Hospital. The occurrence and extent of such an impact will depend on future developments, including the duration and spread of the virus, government quarantine measures, voluntary and precautionary restriction on travel or meetings, the effects on the financial markets, and the effects on the economy overall, all of which are uncertain. The Hospital received \$3,939,866 in Provider Relief Funds, as described in Note 18, to prevent, prepare for and respond to the coronavirus and as reimbursement to the Hospital for eligible expenses and lost revenues. The Hospital applied and received a Payroll Protection Program (PPP) loan, discussed in Note 7, in order to continue paying employee salaries during the COVID-19 pandemic.

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

NOTE 14 - EMPLOYEE MEDICAL BENEFIT PLAN

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

	<u>2021</u>		<u>2020</u>		<u>2019</u>
Beginning of the year	\$ 69,703	\$	129,719	\$	115,030
Plus: Claims incurred and changes in estimate	785,202		864,903		930,713
Less: Claims paid	<u>783,124</u>		<u>924,919</u>		<u>916,024</u>
End of the year	\$ <u>71,781</u>	\$	<u>69,703</u>	\$	<u>129,719</u>

NOTE 15 - AD VALOREM TAXES

The District levies a property tax on all property subject to taxation in the service district. A 9.22 mill tax runs for a period of ten years, beginning with the year 2002 and ending with the year 2012, subsequently renewed twice for another ten years each ending with the year 2032, to be dedicated and used for operating, maintaining, renovating, and improving emergency medical services. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the Hospital. Property tax notices are mailed by November 15 each year, due by December 31, and are considered delinquent by January 31.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 16 - OPERATING LEASES

Leases that do not meet the criteria for capitalization are classified as operating leases with related rental charged to operations as incurred. Total lease expense was \$350,037, \$323,190 and \$404,874 for the years ended September 30, 2021, 2020 and 2019, respectively. The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2021, that have initial or remaining lease terms in excess of one year.

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ 293,305
2023	183,746
2024	132,640
2025	113,623
2026	<u>100,323</u>
Total minimum lease payments	\$ <u>823,637</u>

NOTE 17 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a per-diem based on the patient's level of income. Accordingly, the Hospital does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The cost of caring for charity care patients were approximately \$42,000, \$107,000, and \$47,000 for the years ended September 30, 2021, 2020 and 2019, respectively. Funds received through grants, which pay part of the cost of charity and uninsured care, were approximately \$98,000, \$37,000 and \$5,000 for the years ended September 30, 2021, 2020 and 2019, respectively.

NOTE 18 - PROVIDER RELIEF FUNDS

The Hospital received \$3,939,866 in Provider Relief Funds (the funds) via the Coronavirus Aid Relief and Economic Security (CARES) Act during the fiscal year ending September 30, 2020. The funds were issued by the U.S. Department of Health & Human Services (HHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. The Hospital recognized \$1,739,866 and \$2,200,000 as non-operating grant revenue in the fiscal years ending September 30, 2021 and 2020, respectively. The hospital will submit a report of healthcare related expenses and lost revenues attributable to coronavirus from inception through June 30, 2021. Funds received in excess of the reported expenses and lost revenues, if any, will be owed to HHS. As a result, the amount recorded in the financial statements compared to the Hospital's Provider Relief Fund reporting could differ. This difference could be materially different from current estimates.

RICHARDSON MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021, 2020, AND 2019

NOTE 19 - MEDICARE ADVANCE PAYMENTS

The Hospital applied for and received \$2,528,921 in Medicare Advance Payments during April 2020. The advance payments are to assist the Hospital due to the reduction in volume experienced by the restrictions placed by the Louisiana Department of Health in response to the coronavirus pandemic. These restrictions included the postponement of elective procedures. Recoupment of the advance payments through Medicare claims began in May of 2021. As of September 30, 2021, a total of \$579,075 has been recouped with the remaining \$1,734,093, expected to be collected within one year.

NOTE 20 - SUBSEQUENT EVENTS

Events have been evaluated through June 7, 2022, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Routine Services:			
Adult and pediatric	\$ 3,072,876	\$ 2,022,334	\$ 1,324,841
Intensive care unit	153,402	95,428	105,015
Swing bed	<u>250,326</u>	<u>157,788</u>	<u>233,550</u>
 Total Routine Services	 <u>3,476,604</u>	 <u>2,275,550</u>	 <u>1,663,406</u>
Other Professional Services:			
Operating and recovery room	4,055,311	2,939,077	4,302,967
Anesthesia	845,825	619,050	797,762
Radiology	16,355,298	12,812,999	15,224,974
Laboratory	6,768,913	6,063,716	6,521,554
Blood	330,647	252,517	249,136
Respiratory therapy	976,265	634,584	832,557
Occupational therapy	1,150,689	1,029,474	1,161,262
Electrocardiology	617,796	447,622	544,976
Central supply	596,037	227,325	242,607
Pharmacy	3,683,401	2,578,739	2,861,175
Provider-based clinic	477	493	122,805
Cardiac cath lab	168,244	127,016	371,772
Wound care	366	(61)	-0-
Emergency room	7,341,858	6,291,778	7,304,436
Intensive outpatient program	946,646	954,022	1,793,132
Observation	1,387,469	1,547,993	2,192,653
Rural health clinics	5,658,281	5,360,476	7,937,258
Hospitalist	551,202	474,542	333,455
Family health clinic	1,147,758	3,190,835	254,026
Surgery clinic	<u>1,575,025</u>	<u>1,335,711</u>	<u>1,930,494</u>
 Total Other Professional Services	 <u>54,157,508</u>	 <u>46,887,908</u>	 <u>54,979,001</u>
 Gross Charges	 57,634,112	 49,163,458	 56,642,407
Less charges associated with charity patients	<u>(94,249)</u>	<u>(224,443)</u>	<u>(112,808)</u>
Gross patient service revenue	57,539,863	48,939,015	56,529,599
Less deductions from revenue:			
Contractual adjustments	(32,549,733)	(26,448,400)	(32,122,225)
Discounts	(177,081)	(171,537)	(222,447)
Physician supplemental revenue	<u>823,342</u>	<u>841,917</u>	<u>972,782</u>
 Patient service revenue	 25,636,391	 23,160,995	 25,157,709
Less provision for bad debts	<u>(2,699,822)</u>	<u>(3,967,198)</u>	<u>(3,113,089)</u>
 Net Patient Service Revenue	 \$ <u>22,936,569</u>	 \$ <u>19,193,797</u>	 \$ <u>22,044,620</u>

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

	<u>2021</u>		<u>2020</u>		<u>2019</u>
Cafeteria	\$ 8,928	\$	37,352	\$	20,993
Medical records	1,378		2,195		1,943
Vending machines	4,226		4,172		4,787
Rentals	20,831		30,912		15,996
Pharmacy sales to employees	23,728		22,983		21,698
340B program	641,881		900,326		-0-
Miscellaneous	<u>174,540</u>		<u>24,581</u>		<u>41,661</u>
 Total Other Operating Revenue	 \$ <u>875,512</u>	 \$	 <u>1,022,521</u>	 \$	 <u>107,078</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Administrative and general	\$ 1,537,586	\$ 1,257,548	\$ 1,303,786
Plant operations and maintenance	169,938	147,389	135,657
Housekeeping	255,382	206,357	211,298
Dietary and cafeteria	-0-	-0-	44,626
Nursing administration	10,069	23,776	79,736
Central supply	98,780	77,715	68,101
Pharmacy	508,621	443,189	419,785
Medical records	353,540	328,281	311,789
Nursing services	1,722,899	1,508,146	1,546,757
Intensive care unit	54,412	67,016	76,441
Operating room	587,519	543,981	530,956
Radiology	615,522	520,180	503,531
Laboratory	669,257	590,390	599,529
Respiratory therapy	406,823	342,589	346,567
Physical therapy	33,937	22,295	-0-
EKG and EEG	30,400	28,020	26,683
Provider-based clinic	-0-	725	19,539
Intensive outpatient program	283,508	241,938	257,863
Emergency room	1,020,986	829,957	864,989
Rural health clinics	2,928,521	2,799,515	3,364,674
Family health clinic	317,396	996,098	97,214
Surgery clinic	707,245	750,549	763,057
School based health clinic	<u>199,002</u>	<u>153,143</u>	<u>192,972</u>
 Total Salaries	 <u>12,511,343</u>	 <u>11,878,797</u>	 <u>11,765,550</u>
 Payroll taxes	 165,125	 155,661	 148,956
Hospitalization insurance	785,202	864,903	930,713
Retirement	758,519	686,334	658,743
Other	<u>510</u>	<u>8,063</u>	<u>13,069</u>
 Total Benefits	 <u>1,709,356</u>	 <u>1,714,961</u>	 <u>1,751,481</u>
 Total Salaries and Benefits	 \$ <u><u>14,220,699</u></u>	 \$ <u><u>13,593,758</u></u>	 \$ <u><u>13,517,031</u></u>

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

	<u>2021</u>		<u>2020</u>		<u>2019</u>
Anesthesiology	\$ 247,153	\$	159,627	\$	204,025
Radiology	779,923		570,119		725,012
Laboratory	209,345		206,458		134,758
Respiratory therapy	895		2,295		6,396
EKG	1,500		20,750		22,225
Cardiac cath lab	8,000		29,000		59,025
Provider-based clinic	-0-		-0-		89,900
Wound care	-0-		1,325		2,255
Intensive outpatient program	-0-		-0-		10,000
Emergency room	1,532,198		1,284,086		1,356,701
Rural health clinics	15,300		9,732		15,150
School based health clinic	<u>-0-</u>		<u>5,354</u>		<u>6,170</u>
 Total Professional Fees	 \$ <u>2,794,314</u>	 \$	 <u>2,288,746</u>	 \$	 <u>2,631,617</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Management fees	\$ -0-	\$ 2,025	\$ -0-
Contract services	2,549,859	1,984,145	1,956,897
Legal and accounting	72,201	107,784	100,508
Supplies	393,343	367,803	373,349
Repairs and maintenance	658,796	509,187	517,677
Utilities	326,129	258,189	233,244
Telephone	38,029	38,012	41,848
Travel	27,517	36,853	62,347
Rentals	205,545	221,924	345,503
Education	23,552	29,941	33,693
Recruitment and advertising	10,822	14,502	23,286
Dues and subscriptions	184,640	137,444	117,064
Inter-governmental transfer	391,497	400,577	474,733
Miscellaneous	<u>3,455</u>	<u>11,816</u>	<u>15,334</u>
 Total Other Expenses	 \$ <u><u>4,885,385</u></u>	 \$ <u><u>4,120,202</u></u>	 \$ <u><u>4,295,483</u></u>

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

	-----TERM-----				
	<u>BEGAN</u>	<u>ENDING</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Mrs. Beth Green	09/08/08	05/03/27	NONE	NONE	NONE
Mr. Bill Worsely	05/06/13	05/06/25	NONE	NONE	NONE
Ms. Regina Craig	06/07/21	12/02/23	NONE	NONE	NONE
Mr. Oliver Holland	04/18/89	02/01/22	NONE	NONE	NONE
Dr. Chris Morris	12/12/13	01/01/26	NONE	NONE	NONE
Dr. Addison Thompson	11/05/13	11/06/25	NONE	NONE	NONE

RICHARDSON MEDICAL CENTER
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO CHIEF EXECUTIVE OFFICER
YEAR ENDED SEPTEMBER 30, 2021

Agency Head Name: James Barrett, Jr.
Position: CEO
Time Period: For the year ended September 30, 2021

<u>Purpose</u>	<u>Amount</u>
Salary	184,334
Health insurance	5,751
Retirement (FICA replacement plan)	-0-
Car allowance	4,800
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	513
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	300



LESTER, MILLER & WELLS

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Andrew J. Wynn, CPA
P. Trae' O'Pry, CPA, CVA

Retired 2015

Bobby G. Lester, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Richland Parish Hospital Service District No. 1B, Parish of Richland (the District), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 2021, 2020, and 2019, 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 June 7, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2021-002 to be a material weakness.

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

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001, 2021-003, 2021-004 and 2021-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Lester Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

June 7, 2022





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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Richland Parish Hospital Service District No. 1B's, Parish of Richland (the District), a component unit of the Richland Parish Police Jury, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Lester Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

June 7, 2022



RICHARDSON MEDICAL CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Grantor/Program Name/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass-through Identifying No.</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services COVID-19 Provider Relief Fund	93.498	\$	3,939,866
U.S. Department of Health and Human Services COVID-19 Testing for Rural Health Clinics	93.697		98,922
U.S. Department of Health and Human Services COVID-19 National Bioterrorism Hospital Preparedness Program Passed-through Louisiana Hospital Association	93.889		16,762
U.S. Department of Health and Human Services COVID-19 Uninsured Program	93.461		67,889
U.S. Department of Health and Human Services COVID-19 State Hospital Improvement Program Passed-through Louisiana Department of Health	93.301	H3JEH37413	84,317
Delta Regional Authority Delta Area Economic Development	90.201		<u>68,580</u>
Total Expenditures of Federal Awards		\$	<u><u>4,276,336</u></u>

See accompanying notes to schedule of expenditures of federal awards.

RICHARDSON MEDICAL CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Richland Parish Hospital Service District No. 1B (referred to as "the District" or "the Hospital") under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – Subrecipients

The District had no subrecipients in 2021.

NOTE E – Reconciliation of Provider Relief Fund Grant Revenue in the Financial Statements to the SEFA

During the fiscal year ended September 30, 2020, the Hospital received Provider Relief Funds from the U.S. Department of Health and Human Services (HHS) under Assistance Listing Number 93.498. The funds are to be utilized for expenditures to prevent, prepare for, and respond to coronavirus. Additionally, the funds are for lost revenues attributable to coronavirus pandemic. The Hospital recognized the amounts in the financial statements in the table below based on meeting the requirements of the program. The amounts received and expended are reported in the SEFA according to HHS's periods of availability. Accordingly, the \$3,939,866 expended in "Period 1" is reported on the September 30, 2021 SEFA.

Fiscal Year	Provider Relief Funding Received	Amount Recognized as Revenue	Amount Reported as Unearned Revenue	Amount Reported on the SEFA
2020	\$ 3,939,866	\$ 2,200,000	\$ 1,739,866	\$ -0-
2021	\$ -0-	\$ 1,739,866	\$ -0-	\$ 3,939,866

RICHARDSON MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified – Yes
- Significant deficiencies identified – Yes

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

Federal Awards –

- Material weaknesses identified – No
- Significant deficiencies identified – No
- Type of auditors' report issued on compliance for major program: unmodified
- Any audit findings which are required to be reported under Uniform Guidance – No
- Any instances of material noncompliance in major programs disclosed during the audit – No
- Identification of Major Program:
 - Assistance Listing #93.498 U.S. Department of Health and Human Services
COVID-19 Provider Relief Fund
- Dollar threshold to distinguish between Type A and Type B Programs - \$750,000
- Auditee qualified as a low-risk auditee - No

Section II. Financial Statement Findings

FINDING 2021-001 - Segregation of Duties

Criteria: The Hospital staff should maintain a segregation of duties for effective internal control.

Condition: The Hospital does not maintain segregation of duties in all job functions.

Cause: Segregation is not feasible due to small staff size.

Effect: A weakness in internal controls over job duties and functions creates an opportunity for fraud.

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



RICHARDSON MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021

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

FINDING 2021-002 - Medicare and Medicaid Cost Report Receivables

Criteria: An estimate of the current year Medicare and Medicaid cost reports should be made and recorded.

Condition: Management did not calculate and record an estimate for the current year Medicare and Medicaid cost reports.

Cause: Due to COVID-19 pandemic, the Hospital experienced significant changes in volume and expenditures; therefore, management determined an estimate would not be accurate unless a full cost report calculation was made.

Effect: This caused the revenues and current assets to be understated by approximately \$1.2 million.

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

Response: Management will implement a calculation and record an entry for Medicare and Medicaid cost report settlements for future periods.

FINDING 2021-003 - Allowances for Patient Receivables

Finding: An estimate of the allowances for accounts receivable should be made and recorded on a monthly basis.

Condition: An estimate of the allowances for the Family Healthcare Clinic was not estimated and recorded.

Cause: Management did not estimate and record an allowance since the clinic was closed during the current fiscal year.

Effect: Patient receivables and net patient service revenue was understated by approximately \$246,000.

Recommendation: We recommend calculating and recording an estimate for allowances on all patient accounts receivable.

Response: An estimate for allowances on accounts receivable related to the Family Healthcare Clinic will be calculated and reported by the CFO. The CFO will also review each allowance calculation to ensure all types of receivables are included.



RICHARDSON MEDICAL CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021

FINDING 2021-004 - Purchasing

Finding: Invoices for new and upgraded computers were paid without verification of what was done or what was completed as authorized.

Condition: The Hospital was billed for new computers and computer components. The Hospital staff did not match the computers and upgrades allegedly received to the invoices before payment was made. The Hospital paid for items and services it did not receive.

Cause: The invoices were approved without verification of receipt of the computers and upgrades.

Effect: The Hospital overpaid their IT vendor which was settled for approximately \$18,000.

Recommendation: Receipt of goods and services should be inspected and verified, then supported by proper documentation, e.g., purchase orders, receiving reports, signatures or initials with date before submission for payment.

Response: All computer equipment will be acquired by purchasing department and installed by the in-house IT department.

FINDING 2021-005 - Signature Authority

Finding: The signature authority on all financial deposits should be updated when an employee resigns.

Condition: A former employee remained as an authorized signer at one of the Hospital's financial institutions.

Cause: Management overlooked one of the banks when updating the signature authority.

Effect: The Hospital did not have proper controls on authorization of a bank account.

Recommendation: We recommend maintaining a list of bank accounts by financial institution listing the authorized signers and purpose of each account. The list should be maintained as a permanent document with the Board of Commissioners' minutes. The list should be utilized when making changes, such as updating signatory authority.

Response: Management has created a bank list and will utilize it when a board member or manager who is an authorized signer resigns.

Section III. Federal Awards Findings and Questioned Costs

Not Applicable

Section IV. Management Letter

Not Applicable



RICHARDSON MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021

Section I. Financial Statement Findings

Finding 2020-001 - Segregation of Duties

Fiscal Year Initially Reported: September 30, 2007

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

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

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

Resolution: Not resolved - See finding 2021-001.

Finding 2020-002 - Cost Report and Provider Relief Fund Revenue

Fiscal Year Initially Reported: September 30, 2020

Finding: An estimate of the current year Medicare and Medicaid cost reports were not estimated and recorded. Additionally, this overstated the lost revenues for the Provider Relief Funds estimate. This resulted in revenues being understated by approximately \$550,000. Assets were understated by approximately \$2,250,000 and liabilities by approximately \$1,750,000.

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

Response: Management will implement a calculation and record an entry for Medicare and Medicaid cost report settlements for future periods. The results will be considered when recording revenue earned from the Provider Relief Funds.

Resolution: Not resolved - See finding 2021-002.

Finding 2020-003 - Allowances for Patient Receivables

Fiscal Year Initially Reported: September 30, 2020

Finding: An estimate of the allowances for accounts receivable related to the Family Healthcare Clinic was not estimated and recorded. Therefore, patient receivables and the net patient service revenue were overstated by approximately \$310,000.

Recommendation: We recommend calculating and recording an estimate for allowances on all patient accounts receivable.



RICHARDSON MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021

Response: An estimate for allowances on accounts receivable related to the Family Healthcare Clinic will be calculated and reported by the CFO starting in June 2021. The CFO will also review each allowance calculation to ensure all types of receivables are included.

Resolution: Not resolved - See finding 2021-003.

Finding 2020-004 - State Bid Law Compliance

Fiscal Year Initially Reported: September 30, 2020

Finding: The Hospital acquired 85 computers costing \$82,365 throughout the fiscal year. The computers were not bidded or purchased either under State contract or through a group purchasing organization. It appears the Hospital was not in compliance with Louisiana Revised Statute 38:2211.

Recommendation: We recommend that management review Louisiana Revised Statute 38:2211 to ensure all purchases subject to the statute are either purchased through the bid process, purchased under stated contract or purchased through the Hospital's group purchasing organization.

Response: The CEO will review the Louisiana Public Bid Law to ensure future purchases are made in accordance to LA Revised Statute 38:2211.

Resolution: Resolved.

Section II. Federal Awards Findings and Questioned Costs

Not Applicable

Section III. Management Letter

Not Applicable

