

RICHARDSON MEDICAL CENTER  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2020, 2019 AND 2018



**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, 2020, 2019, AND 2018

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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, 2020. Please read it in conjunction with the financial statements beginning on page 4 and the notes to the financial statements beginning on page 8 in this report.

**Required Financial Statements**

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

**Financial Analysis of the Medical Center**

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



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

Management's Discussion and Analysis

**Net Assets**

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

TABLE 1  
Condensed Statements of Net Position  
(in thousands)

	September 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total current assets	\$ 15,503	\$ 8,101	\$ 7,702	\$ 7,335
Nondepreciable capital assets	512	19	24	16
Depreciable capital assets	3,951	4,039	4,355	4,542
Limited use assets	2,061	1,809	1,303	1,332
Other assets	<u>47</u>	<u>50</u>	<u>51</u>	<u>35</u>
<b>Total assets</b>	<b>\$ <u>22,074</u></b>	<b>\$ <u>14,018</u></b>	<b>\$ <u>13,435</u></b>	<b>\$ <u>13,260</u></b>
Current liabilities	\$ 6,671	\$ 1,992	\$ 1,925	\$ 1,820
Long-term liabilities	<u>4,599</u>	<u>2,382</u>	<u>2,602</u>	<u>2,883</u>
<b>Total liabilities</b>	<b><u>11,270</u></b>	<b><u>4,374</u></b>	<b><u>4,527</u></b>	<b><u>4,703</u></b>
Invested in capital assets, net of related debt	1,496	1,456	1,426	1,171
Restricted	182	3	217	432
Unrestricted	<u>9,126</u>	<u>8,185</u>	<u>7,265</u>	<u>6,954</u>
<b>Total net position</b>	<b><u>10,804</u></b>	<b><u>9,644</u></b>	<b><u>8,908</u></b>	<b><u>8,557</u></b>
<b>Total liabilities and net position</b>	<b>\$ <u>22,074</u></b>	<b>\$ <u>14,018</u></b>	<b>\$ <u>13,435</u></b>	<b>\$ <u>13,260</u></b>

As shown in Table 1, the Medical Center's total assets increased by approximately \$8 million or 57.5% during fiscal year 2020. Assets increased \$583,00, or 4.3%, during fiscal year 2019, compared to an increase of approximately \$175,000, or 1.3%, from fiscal year 2017 to 2018. The Medical Center's capital assets increased approximately \$405,000, or 10% from fiscal year 2019 to 2020, compared to a decrease of approximately \$321,000, or 7.3% from fiscal year 2018 to 2019, and a decrease of approximately \$179,000 or 3.9% from fiscal year 2017 to 2018. Limited use assets increased by approximately \$252,000 or 13.9% in fiscal year 2020, following an increase of \$506,000 or 38.8% in fiscal year 2019, and a decrease of approximately \$29,000, or 2.2% from fiscal year 2017 to 2018. Total liabilities increased by approximately \$7 million or 157.7%, compared to a decrease of \$153,000, or 3.4% during fiscal year 2019, and a decrease of approximately \$176,000, or 3.7% during fiscal year 2018. The increase in total current assets is due to increase 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenue:				
Net patient service revenue	\$ 19,194	\$ 22,045	\$ 19,676	\$ 18,065
Other revenue	<u>2,037</u>	<u>1,234</u>	<u>1,806</u>	<u>1,755</u>
Total operating revenue	<u>21,231</u>	<u>23,279</u>	<u>21,482</u>	<u>19,820</u>
Operating expenses:				
Salaries and employee benefits	13,594	13,517	12,049	11,641
Supplies, fees, and purchased services	4,599	4,535	4,808	4,177
Other expenses	4,667	4,829	4,423	4,018
Depreciation and amortization	<u>522</u>	<u>603</u>	<u>652</u>	<u>674</u>
Total operating expenses	<u>23,382</u>	<u>23,484</u>	<u>21,932</u>	<u>20,510</u>
Profit (loss) from operations	(2,151)	(205)	(450)	(690)
Provider relief funds	2,200	-0-	-0-	-0-
Interest income and expense, net	(64)	(70)	(138)	(138)
Gain on disposal of assets	-0-	-0-	(6)	(114)
Property taxes	<u>983</u>	<u>1,011</u>	<u>945</u>	<u>919</u>
Excess of revenue over expenses	968	736	351	(23)
Capital grants	<u>192</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Changes in net position	1,160	736	351	(23)
Beginning net position	<u>9,644</u>	<u>8,908</u>	<u>8,557</u>	<u>8,580</u>
Ending net position	\$ <u><u>10,804</u></u>	\$ <u><u>9,644</u></u>	\$ <u><u>8,908</u></u>	\$ <u><u>8,557</u></u>

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

Management's Discussion and Analysis

**Source of Revenue**

**Net Patient Revenue**

During fiscal year 2020, the Medical Center derived the majority, or approximately 78%, 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 decreased by \$2,851,000 in fiscal year 2020, compared to an increase of approximately \$2,369,000, or 12.0% in 2019, and an increase of \$1,611,000, or 8.9% from fiscal year 2017 to 2018.

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Medicare	39%	42%	40%	42%
Medicaid	38%	36%	38%	35%
Blue Cross Blue Shield	10%	10%	10%	11%
Commercial insurance	8%	9%	8%	8%
Self-pay	<u>5%</u>	<u>3%</u>	<u>4%</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  
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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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Other revenue:				
Cafeteria	\$ 37	\$ 21	\$ 63	\$ 64
Medical records	2	2	1	2
Vending machines	4	5	5	5
Rentals	31	16	21	19
Pharmacy sales to employees	23	22	25	25
340 B program	900	-0-	-0-	-0-
Grants	1,015	1,123	1,655	1,359
Joint venture income	-0-	-0-	-0-	47
Miscellaneous	<u>25</u>	<u>45</u>	<u>36</u>	<u>234</u>
 Total other revenue	 \$ <u>2,037</u>	 \$ <u>1,234</u>	 \$ <u>1,806</u>	 \$ <u>1,755</u>

Grant Income

Grant income decreased by approximately \$108,000, or 9.6%, during fiscal year 2020, compared to a decrease of \$532,000, or 32.1%, during fiscal year 2019, an increase of \$296,000, or 21.8%, from fiscal year 2017 to 2018. The Hospital received grants of \$904,722, \$1,010,000, \$1,521,171, and \$1,333,276 in fiscal years 2020, 2019, 2018, and 2017, respectively, to be used solely to provide adequate and essential medically necessary health care services to the citizens in its community who are low income and/or indigent patients.

Richland Parish Hospital Service District No. 1B  
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Management's Discussion and Analysis

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

TABLE 5  
Adjustment Summary  
(in thousands)

	September 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Adjustments:				
Commercial and other adjustments	\$ 5,869	\$ 4,535	\$ 4,329	\$ 4,705
Medicaid contractual adjustments	9,360	12,719	12,246	9,772
Medicare contractual adjustments	11,219	14,868	14,094	12,355
Physician fee revenue	(842)	(973)	(1,140)	(479)
Discounts	172	222	222	364
Provision for bad debts	<u>3,967</u>	<u>3,113</u>	<u>4,162</u>	<u>4,439</u>
 Total adjustments and allowances	 \$ <u>29,745</u>	 \$ <u>34,484</u>	 \$ <u>33,913</u>	 \$ <u>31,156</u>

Medicaid contractual adjustments decreased from fiscal year 2019 to 2020 by 26.4% or approximately \$3,359,000, compared to an increase of \$473,000 or 3.9% in 2019, and an increase of \$2,474,000 or 25.3% in 2018. 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 have decreased in fiscal year 2020.

### Operating Expenses

Salaries increased by \$113,247 or 1% from fiscal year 2019 to 2020, compared to an increase of \$1,196,426 or 11.3% in fiscal year 2019, and an increase of \$354,266 or 3.5% during fiscal year 2018. As a percentage of net patient service revenue, salary expense was approximately 61.9%, 53.4%, 53.7%, and 56.5%, for the fiscal years ended September 30, 2020, 2019, 2018, and 2017, respectively. The majority of the increase is related to hiring new physicians and related staff in the Family Clinic.

Employee benefits expense decreased \$36,520 or 2.1% during fiscal year 2020, compared to an increase of \$271,401 or 18.3% during fiscal year 2019, and an increase of \$54,328 or 3.8% during fiscal year 2018. Employee benefit expenses represented 14.4%, 14.9%, 14.0%, 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 \$407,605 or 21.4% during fiscal year 2020, compared to a decrease of \$75,345 or 3.8% during fiscal year 2019, and an increase of \$18,879 or 1.0% during fiscal year 2018.

Richland Parish Hospital Service District No. 1B  
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Management's Discussion and Analysis

Professional fees decreased during fiscal year 2020 by approximately \$342,871 or 13%, following a decrease of approximately \$198,000 or 7.0% in 2019, and an increase of approximately \$502,000 or 21.6% during the fiscal year 2018.

Total overall operating expenses for 2020 decreased approximately \$102,217 or 0.44%. In 2019, overall operating expenses increased approximately \$1,552,144 or 7.0%. In 2018, the overall operating expenses increased approximately \$1,422,000 or 6.9%.

**Operating and Financial Performance**

The following financial information summarizes the Medical Center's statements of revenue, expenses, and changes in net assets for 2020 through 2017:

Overall activity at the Medical Center, as measured by patient discharges, decreased by 187 during fiscal year 2020, following a decrease of 187 during fiscal year 2019, and an increase of 38 from fiscal year 2017 to 2018. Patient days decreased 30% in 2020, compared to a decrease of 14% in 2019, an increase of 10.3% in 2018, and a decrease of 12.3% in 2017.

TABLE 6  
Patient and Hospital Statistical Data

	<u>2020</u>	<u>2019</u>	Year Ended September 30, <u>2018</u>	<u>2017</u>
Discharges:				
Acute care	444	623	757	762
Swing bed	36	44	97	54
Patient days:				
Acute - Medicare	814	1,203	1,364	1,431
Acute - Medicaid	258	379	402	331
Acute - Commercial	573	870	997	737
Acute - Self pay	89	26	81	80
Swing bed	305	425	527	478
Operating room patients	978	1,434	1,472	1,631
Emergency room visits	6,911	8,225	8,465	8,916
Average daily census:				
Adult and pediatric	4.8	6.8	7.8	7.1
Swing bed	0.8	1.2	1.4	1.3

Richland Parish Hospital Service District No. 1B  
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Management's Discussion and Analysis

TABLE 6 (Continued)  
Patient and Hospital Statistical Data

	Year Ended September 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average length of stay:				
Acute care	3.9	4.0	3.8	3.4
Swing bed	8.5	9.7	5.4	8.9
Percentage of total acute patient days:				
Medicare	47%	49%	48%	55%
Medicaid	15%	15%	14%	13%
Rural health clinic visits	26,508	37,486	31,009	26,972
Full-time equivalents (FTEs)	208.6	213.8	208.9	194.9

**Capital Assets**

During the 2020 fiscal year, the Medical Center invested approximately \$451,600 in capital assets, included in Table 7 below:

TABLE 7  
Capital Assets  
(in thousands)

	Year Ended September 30,		Dollar Change	Percentage Change
	<u>2020</u>	<u>2019</u>		
Land and improvements	\$ 603	\$ 109	\$ 494	453.2%
Building and equipment	<u>20,185</u>	<u>19,757</u>	<u>428</u>	<u>2.2%</u>
Subtotal	20,788	19,866	922	4.6%
Less accumulated depreciation	<u>16,325</u>	<u>15,808</u>	<u>517</u>	<u>3.3%</u>
Net	\$ <u>4,463</u>	\$ <u>4,058</u>	\$ <u>405</u>	<u>10.0%</u>

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

At 2020 fiscal year end, the Medical Center had \$4,947,309 in short-term and long-term debt.

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

Management's Discussion and Analysis

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

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





## **LESTER, MILLER & WELLS**

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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, 2020, 2019, and 2018, 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  
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## **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, 2020, 2019, and 2018, 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, 2020, 2019, and 2018, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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



Board of Commissioners  
Hospital Service District No. 1B  
Parish of Richland, State of Louisiana  
Rayville, Louisiana  
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The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, 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, Milla & Wells*

Certified Public Accountants  
Alexandria, Louisiana

March 26, 2021



RICHARDSON MEDICAL CENTER  
STATEMENTS OF NET POSITION  
SEPTEMBER 30,

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current			
Cash and cash equivalents (Note 3)	\$ 8,329,989	\$ 2,112,919	\$ 2,310,829
Certificates of deposit	322,064	310,159	310,159
Accounts receivable, net (Note 4)	2,563,498	3,484,762	2,831,883
Estimated third-party payor settlements	3,417,876	1,528,869	1,639,831
Inventory	683,290	495,184	489,455
Prepaid expenses	186,404	169,234	119,854
Total Current Assets	<u>15,503,121</u>	<u>8,101,127</u>	<u>7,702,011</u>
Nondepreciable capital assets (Note 5)	512,265	18,500	24,200
Depreciable capital assets, net (Note 5)	3,951,123	4,039,418	4,354,938
Limited use assets (Note 6)	2,060,486	1,808,745	1,302,455
Other assets	46,740	49,874	50,885
Total Assets	<u>\$ 22,073,735</u>	<u>\$ 14,017,664</u>	<u>\$ 13,434,489</u>
<u>LIABILITIES AND NET POSITION</u>			
Current			
Accounts payable	\$ 919,163	\$ 792,666	\$ 526,165
Accrued expenses	1,059,372	973,936	852,393
Estimated third-party payor settlements	108,198	5,218	195,003
Deferred revenue	4,236,273	-0-	-0-
Current portion of long-term debt (Note 7)	348,552	220,504	350,958
Total Current Liabilities	<u>6,671,558</u>	<u>1,992,324</u>	<u>1,924,519</u>
Long-term debt, net of current maturities (Note 7)	4,598,757	2,381,708	2,602,212
Total Liabilities	<u>11,270,315</u>	<u>4,374,032</u>	<u>4,526,731</u>
Net Position			
Invested in capital assets, net of related debt	1,495,679	1,455,706	1,425,968
Restricted	181,609	2,866	216,887
Unrestricted	9,126,132	8,185,060	7,264,903
Total Net Position	<u>10,803,420</u>	<u>9,643,632</u>	<u>8,907,758</u>
Total Liabilities and Net Position	<u>\$ 22,073,735</u>	<u>\$ 14,017,664</u>	<u>\$ 13,434,489</u>

See accompanying notes to financial statements.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>			
Net patient service revenues	\$ 19,193,797	\$ 22,044,620	\$ 19,675,673
Grants	109,915	113,340	133,697
Intergovernmental transfer grants	904,722	1,010,000	1,521,171
Contributions	-0-	3,835	-0-
Other operating revenues	<u>1,022,521</u>	<u>107,078</u>	<u>151,329</u>
<b>Total Revenues</b>	<u>21,230,955</u>	<u>23,278,873</u>	<u>21,481,870</u>
<b>Expenses</b>			
Salaries	11,878,797	11,765,550	10,569,124
Benefits and payroll taxes	1,714,961	1,751,481	1,480,080
Supplies and drugs	2,310,304	1,902,699	1,978,044
Professional fees	2,288,746	2,631,617	2,830,011
Other expenses	4,120,202	4,295,483	3,963,973
Insurance	546,349	533,901	458,322
Depreciation and amortization	<u>522,361</u>	<u>603,206</u>	<u>652,239</u>
<b>Total Expenses</b>	<u>23,381,720</u>	<u>23,483,937</u>	<u>21,931,793</u>
<b>Operating Income (Loss)</b>	<u>(2,150,765)</u>	<u>(205,064)</u>	<u>(449,923)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Provider relief funds	2,200,000	-0-	-0-
Interest income	41,777	41,529	17,426
Interest expense	(105,723)	(111,628)	(155,425)
Gain (loss) on disposal of assets	(3)	(5)	(6,166)
Property taxes	<u>982,862</u>	<u>1,011,042</u>	<u>945,182</u>
<b>Excess of revenues (expenses) before capital grants</b>	968,148	735,874	351,094
<b>Capital grants</b>	<u>191,640</u>	<u>-0-</u>	<u>-0-</u>
<b>Changes in net position</b>	1,159,788	735,874	351,094
<b>Beginning net position</b>	<u>9,643,632</u>	<u>8,907,758</u>	<u>8,556,664</u>
<b>Ending net position</b>	\$ <u>10,803,420</u>	\$ <u>9,643,632</u>	\$ <u>8,907,758</u>

See accompanying notes to financial statements.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 20,857,955	\$ 21,312,918	\$ 19,367,884
Other receipts from operations	2,037,158	1,234,253	1,806,197
Cash payments to employees and for employee-related cost	(13,508,322)	(13,412,651)	(11,973,657)
Cash payments for other operating expenses	<u>(9,341,246)</u>	<u>(9,134,134)</u>	<u>(9,139,530)</u>
Net cash provided (used) by operating activities	<u>45,545</u>	<u>386</u>	<u>60,894</u>
Cash flows from investing activities:			
Cash proceeds (invested) from certificates of deposit	(11,905)	-0-	-0-
Cash proceeds (invested) from limited use assets	(251,741)	(506,295)	24,622
Interest income	<u>41,777</u>	<u>41,529</u>	<u>17,426</u>
Net cash provided (used) by investing activities	<u>(221,869)</u>	<u>(464,766)</u>	<u>42,048</u>
Cash flows from non-capital financing activities:			
Proceeds from provider relief funds	3,907,352	-0-	-0-
Proceeds from long-term debt	<u>1,979,600</u>	<u>-0-</u>	<u>-0-</u>
Net cash provided (used) by non-capital financing activities	<u>5,886,952</u>	<u>-0-</u>	<u>-0-</u>
Cash flows from capital and related financing activities:			
Acquisition of property, plant, and equipment	(787,834)	(281,986)	(406,460)
Principal payments on long-term debt	(220,503)	(350,958)	(516,952)
Property taxes utilized for capital acquisitions	982,862	1,011,042	945,182
Proceeds from sale of assets	-0-	-0-	9,690
Proceeds from long-term debt	446,000	-0-	-0-
Proceeds from capital grant	191,640	-0-	-0-
Interest expense	<u>(105,723)</u>	<u>(111,628)</u>	<u>(155,425)</u>
Net cash provided (used) by capital and related financing activities	<u>506,442</u>	<u>266,470</u>	<u>(123,965)</u>
Net increase (decrease) in cash and cash equivalents	6,217,070	(197,910)	(21,023)
Beginning cash and cash equivalents	<u>2,112,919</u>	<u>2,310,829</u>	<u>2,331,852</u>
Ending cash and cash equivalents	\$ <u>8,329,989</u>	\$ <u>2,112,919</u>	\$ <u>2,310,829</u>

See accompanying notes to financial statements.



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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ (2,150,765)	\$ (205,064)	\$ (449,923)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:			
Depreciation and amortization	522,361	603,206	652,239
Change in current assets (increase) decrease			
Patient accounts receivable, net	921,264	(652,879)	(186,079)
Estimated third-party payor settlements	(1,889,007)	110,962	(201,955)
Inventory	(188,106)	(5,729)	36,520
Prepaid expenses	(17,170)	(49,380)	(31,794)
Change in current liabilities increase (decrease)			
Accounts payable	126,497	266,501	101,485
Accrued expenses	85,436	121,543	75,547
Estimated third-party payor settlements	102,980	(189,785)	80,245
Deferred revenue	2,528,921	-0-	-0-
Change in other assets (increase) decrease	<u>3,134</u>	<u>1,011</u>	<u>(15,391)</u>
Net cash provided (used) by operating activities	\$ <u>45,545</u>	\$ <u>386</u>	\$ <u>60,894</u>
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	\$ <u>97,763</u>	\$ <u>106,042</u>	\$ <u>14,082</u>
Equipment acquired under capital lease	\$ <u>140,000</u>	\$ <u>-0-</u>	\$ <u>83,081</u>

See accompanying notes to financial statements.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

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, 2020, 2019, AND 2018

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, 2020, 2019, AND 2018

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, 2020, 2019, AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended September 30, 2020, 2019, and 2018 totaled \$3,451, \$11,758 and \$29,700, 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, 2020, 2019, and 2018, 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, 2020, 2019, AND 2018

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, 2020, 2019 and 2018.

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, 2020, 2019, AND 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Carrying amount			
Deposits	\$ 10,390,475	\$ 3,921,664	\$ 3,613,284
Certificates of deposit	<u>322,064</u>	<u>310,159</u>	<u>310,159</u>
	<u>\$ 10,712,539</u>	<u>\$ 4,231,823</u>	<u>\$ 3,923,443</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 8,329,989	\$ 2,112,919	\$ 2,310,829
Certificates of deposit	322,064	310,159	310,159
Limited use assets	<u>2,060,486</u>	<u>1,808,745</u>	<u>1,302,455</u>
	<u>\$ 10,712,539</u>	<u>\$ 4,231,823</u>	<u>\$ 3,923,443</u>

Account balances according to banks' records at September 30, 2020, for the Hospital are as follows:

	<u>Guaranty Bank &amp; Trust</u>	<u>CrossKeys Bank</u>	<u>Business First Bank</u>
Cash in bank	\$ <u>26,818</u>	\$ <u>9,642,765</u>	\$ <u>629,931</u>
Insured by FDIC	\$ <u>26,818</u>	\$ <u>106,311</u>	\$ <u>465,045</u>
Collateralization by fair market value	\$ <u>-0-</u>	\$ <u>9,536,454</u>	\$ <u>164,886</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Patient accounts receivable	\$ 5,983,674	\$ 7,804,598	\$ 7,119,953
Other accounts receivable	<u>80,872</u>	<u>36,487</u>	<u>32,601</u>
	6,064,546	7,841,085	7,152,554
Estimated uncollectibles	<u>(3,501,048)</u>	<u>(4,356,323)</u>	<u>(4,320,671)</u>
Net patient accounts receivable	\$ <u>2,563,498</u>	\$ <u>3,484,762</u>	\$ <u>2,831,883</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Medicare	26%	28%	24%
Medicaid	19%	22%	20%
Blue Cross Blue Shield	6%	6%	5%
Commercial and other third-party payors	12%	15%	12%
Patients	<u>37%</u>	<u>29%</u>	<u>39%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

NOTE 5 - CAPITAL ASSETS

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

	September 30, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2020</u>
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>
	September 30, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2019</u>
Nondepreciable capital assets					
Land	\$ 16,000	\$ 1,000	\$ -0-	\$ -0-	\$ 17,000
Construction in progress	<u>8,200</u>	<u>-0-</u>	<u>-0-</u>	<u>(6,700)</u>	<u>1,500</u>
Total nondepreciable capital assets	\$ <u>24,200</u>	\$ <u>1,000</u>	\$ <u>-0-</u>	\$ <u>(6,700)</u>	\$ <u>18,500</u>
Depreciable capital assets					
Land improvements	\$ 87,549	\$ 3,743	\$ -0-	\$ -0-	\$ 91,292
Buildings and improvements	7,016,329	62,008	-0-	6,700	7,085,037
Major movable equipment	<u>12,459,093</u>	<u>215,233</u>	<u>3,500</u>	<u>-0-</u>	<u>12,670,826</u>
Total depreciable capital assets	19,562,971	280,984	3,500	6,700	19,847,155
Accumulated depreciation	<u>15,208,033</u>	<u>603,204</u>	<u>3,500</u>	<u>-0-</u>	<u>15,807,737</u>
Total depreciable capital assets, net	\$ <u>4,354,938</u>	\$ <u>(322,220)</u>	\$ <u>-0-</u>	\$ <u>6,700</u>	\$ <u>4,039,418</u>



RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

NOTE 5 - CAPITAL ASSETS (Continued)

	September 30, <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	September 30, <u>2018</u>
Nondepreciable capital assets					
Land	\$ 16,000	\$ -0-	\$ -0-	\$ -0-	\$ 16,000
Construction in progress	<u>-0-</u>	<u>8,200</u>	<u>-0-</u>	<u>-0-</u>	<u>8,200</u>
Total nondepreciable capital assets	\$ <u>16,000</u>	\$ <u>8,200</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>24,200</u>
Depreciable capital assets					
Land improvements	\$ 63,840	\$ 23,709	\$ -0-	\$ -0-	\$ 87,549
Buildings and improvements	6,898,495	117,834	-0-	-0-	7,016,329
Major movable equipment	<u>12,177,534</u>	<u>339,798</u>	<u>58,239</u>	<u>-0-</u>	<u>12,459,093</u>
Total depreciable capital assets	19,139,869	481,341	58,239	-0-	19,562,971
Accumulated depreciation	<u>14,598,177</u>	<u>652,239</u>	<u>42,383</u>	<u>-0-</u>	<u>15,208,033</u>
Total depreciable capital assets, net	\$ <u>4,541,692</u>	\$ <u>(170,898)</u>	\$ <u>15,856</u>	\$ <u>-0-</u>	\$ <u>4,354,938</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Equipment under capital leases	\$ 83,082	\$ 2,636,244	\$ 2,636,244
Accumulated depreciation	<u>22,043</u>	<u>2,482,496</u>	<u>2,340,343</u>
Net	\$ <u>61,039</u>	\$ <u>153,748</u>	\$ <u>295,901</u>

NOTE 6 - ASSETS WHOSE USE IS LIMITED

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Restricted by Third Parties			
Series 2014 Revenue Bonds to be disbursed	\$ -0-	\$ 2,866	\$ 216,887
Series 2020 Revenue Bonds to be disbursed	181,609	-0-	-0-
Restricted by Hospital Board			
To be used for asset additions and replacements - Certificates of deposits	<u>1,878,877</u>	<u>1,805,879</u>	<u>1,085,568</u>
Non-current limited use assets	\$ <u>2,060,486</u>	\$ <u>1,808,745</u>	\$ <u>1,302,455</u>



RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

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

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

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. The Hospital has applied for loan forgiveness through the Small Business Administration. If the loan is not forgiven, then it will be repaid in 18 monthly installments including principal and interest at 1%.

Year Ending June 30,	<u>Long-Term Debt</u>		<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 191,063	\$ 95,194	\$ 157,489	\$ 1,877
2022	1,394,035	110,858	18,566	800
2023	985,922	84,800	3,204	24
2024	210,633	75,320	-0-	-0-
2025-2029	1,016,042	269,887	-0-	-0-
2030-2034	<u>970,355</u>	<u>105,745</u>	<u>-0-</u>	<u>-0-</u>
Totals	\$ <u>4,768,050</u>	\$ <u>741,804</u>	\$ <u>179,259</u>	\$ <u>2,701</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 \$686,334, \$658,743, and \$619,809 for the years ended September 30, 2020, 2019, and 2018, respectively. The employees contributed \$562,663, \$561,164 and \$530,709 for the years ended September 30, 2020, 2019 and 2018, respectively.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

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 \$457,872, \$422,187, and \$418,951 of paid time off at September 30, 2020, 2019, and 2018, 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 \$363,955, \$432,859 and \$394,676 for the years ended September 30, 2020, 2019 and 2018. 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, 2020, 2019 and 2018, respectively.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

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>2020</u>	<u>2019</u>	<u>2018</u>
Gross charges	\$ 49,163,458	\$ 56,642,407	\$ 53,602,982
Less charges associated with charity patients	<u>224,443</u>	<u>112,808</u>	<u>14,301</u>
Gross patient service revenue	48,939,015	56,529,599	53,588,681
Less deductions from revenue:			
Contractual adjustments	26,448,400	32,122,225	30,668,856
Discounts	171,537	222,447	221,731
Physician supplement revenue	<u>(841,917)</u>	<u>(972,782)</u>	<u>(1,139,686)</u>
Patient service revenue (net of contractual adjustments)	23,160,995	25,157,709	23,837,780
Less provision for bad debts	<u>3,967,198</u>	<u>3,113,089</u>	<u>4,162,107</u>
Net patient service revenue less provision for bad debts	\$ <u>19,193,797</u>	\$ <u>22,044,620</u>	\$ <u>19,675,673</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>2020</u>	<u>2019</u>	<u>2018</u>
Medicare and Medicaid charges	\$ 38,066,559	\$ 43,940,360	\$ 41,972,677
Contractual adjustments	<u>(20,578,570)</u>	<u>(27,587,775)</u>	<u>(26,339,716)</u>
Program patient service revenue	\$ <u>17,487,989</u>	\$ <u>16,352,585</u>	\$ <u>15,632,961</u>
Percent of total gross patient charges	<u>77%</u>	<u>78%</u>	<u>78%</u>
Percent of total net patient revenues	<u>91%</u>	<u>74%</u>	<u>79%</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 \$-0-, \$61,443 and \$20,827 in 2020, 2019 and 2018, respectively.

RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

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 \$904,722, \$1,010,000 and \$1,521,171 for the fiscal years 2020, 2019 and 2018, 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, 2020, 2019, AND 2018

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 \$3,907,352 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>2020</u>		<u>2019</u>		<u>2018</u>
Beginning of the year	\$ 129,719	\$	115,030	\$	98,133
Plus: Claims incurred and changes in estimate	864,903		930,713		678,885
Less: Claims paid	<u>924,919</u>		<u>916,024</u>		<u>661,988</u>
End of the year	\$ <u>69,703</u>	\$	<u>129,719</u>	\$	<u>115,030</u>

NOTE 15 - AD VALOREM TAXES

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



RICHARDSON MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020, 2019, AND 2018

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 \$323,190, \$404,874 and \$233,631 for the years ended September 30, 2020, 2019 and 2018, respectively. The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2020, that have initial or remaining lease terms in excess of one year.

<u>Year Ended September 30,</u>	<u>Amount</u>
2021	\$ 251,672
2022	154,839
2023	96,523
2024	45,417
2025	<u>26,400</u>
Total minimum lease payments	\$ <u>574,851</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 \$107,000, \$47,000, and \$6,000 for the years ended September 30, 2020, 2019 and 2018, respectively. Funds received through grants, which pay part of the cost of charity and uninsured care, were approximately \$37,000, \$5,000 and \$6,000 for the years ended September 30, 2020, 2019 and 2018, respectively.

NOTE 18 - PROVIDER RELIEF FUNDS

The Hospital received \$3,907,352 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 \$2,200,000 as non-operating grant revenue in the fiscal year ending September 30, 2020, based on the information available as of September 30, 2020. The unrecognized amount is reported in deferred revenue in the accompanying statement of net position. The hospital will submit an initial report of healthcare related expenses and lost revenues attributable to coronavirus from inception through December 31, 2020 and a final report from January 1, 2021 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, 2020, 2019, AND 2018

NOTE 19 - DEFERRED REVENUE

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. The advance payments will be collected through future Medicare claims.

NOTE 20 - COMMITMENT

The Hospital entered into a construction contract which totaled \$495,231 as of September 30, 2020. The Hospital paid \$324,350 towards this commitment as of September 30, 2020.

NOTE 21 - SUBSEQUENT EVENTS

Events have been evaluated through March 26, 2021, 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>2020</u>	<u>2019</u>	<u>2018</u>
Routine Services:			
Adult and pediatric	\$ 2,022,334	\$ 1,324,841	\$ 1,570,943
Intensive care unit	95,428	105,015	65,207
Swing bed	<u>157,788</u>	<u>233,550</u>	<u>238,156</u>
 Total Routine Services	 <u>2,275,550</u>	 <u>1,663,406</u>	 <u>1,874,306</u>
Other Professional Services:			
Operating and recovery room	2,939,077	4,302,967	4,827,913
Anesthesia	604,125	763,798	838,697
Radiology	12,812,999	15,224,974	14,513,588
Laboratory	6,063,716	6,521,554	6,354,040
Blood	252,517	249,136	311,508
Respiratory therapy	634,584	832,557	1,023,469
Occupational therapy	1,029,474	1,161,262	858,355
Electrocardiology	447,622	544,976	532,124
Central supply	173,700	165,914	259,207
Pharmacy	2,578,739	2,861,175	2,890,272
Provider-based clinic	15,418	156,769	323,293
Cardiac cath lab	127,016	371,772	576,842
Wound care	(61)	-0-	97,324
Emergency room	6,345,403	7,381,129	7,287,390
Intensive outpatient program	954,022	1,793,132	1,505,001
Observation	1,547,993	2,192,653	1,480,214
Rural health clinics	5,360,476	7,937,258	5,966,342
Hospitalist	474,542	333,455	359,750
Family health clinic	3,190,835	254,026	-0-
Surgery clinic	<u>1,335,711</u>	<u>1,930,494</u>	<u>1,723,347</u>
 Total Other Professional Services	 <u>46,887,908</u>	 <u>54,979,001</u>	 <u>51,728,676</u>
 Gross Charges	 49,163,458	 56,642,407	 53,602,982
Less charges associated with charity patients	<u>(224,443)</u>	<u>(112,808)</u>	<u>(14,301)</u>
Gross patient service revenue	48,939,015	56,529,599	53,588,681
Less deductions from revenue:			
Contractual adjustments	(26,448,400)	(32,122,225)	(30,668,856)
Discounts	(171,537)	(222,447)	(221,731)
Physician supplemental revenue	<u>841,917</u>	<u>972,782</u>	<u>1,139,686</u>
Patient service revenue	23,160,995	25,157,709	23,837,780
Less provision for bad debts	<u>(3,967,198)</u>	<u>(3,113,089)</u>	<u>(4,162,107)</u>
 Net Patient Service Revenue	 \$ <u>19,193,797</u>	 \$ <u>22,044,620</u>	 \$ <u>19,675,673</u>

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

	<u>2020</u>		<u>2019</u>		<u>2018</u>
Cafeteria	\$ 37,352	\$	20,993	\$	62,998
Medical records	2,195		1,943		1,226
Vending machines	4,172		4,787		5,206
Rentals	30,912		15,996		20,500
Pharmacy sales to employees	22,983		21,698		25,463
340B program	900,326		-0-		-0-
Miscellaneous	<u>24,581</u>		<u>41,661</u>		<u>35,936</u>
 Total Other Operating Revenue	 \$ <u>1,022,521</u>	\$	 <u>107,078</u>	\$	 <u>151,329</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Administrative and general	\$ 1,257,548	\$ 1,303,786	\$ 1,303,273
Plant operations and maintenance	147,389	135,657	133,523
Housekeeping	206,357	211,298	207,342
Dietary and cafeteria	-0-	44,626	143,737
Nursing administration	23,776	79,736	74,097
Central supply	77,715	68,101	66,411
Pharmacy	443,189	419,785	396,359
Medical records	328,281	311,789	298,952
Nursing services	1,508,146	1,546,757	1,476,737
Intensive care unit	67,016	76,441	74,424
Operating room	543,981	530,956	586,653
Radiology	520,180	503,531	479,869
Laboratory	590,390	599,529	545,315
Respiratory therapy	342,589	346,567	339,403
Physical therapy	22,295	-0-	-0-
EKG and EEG	28,020	26,683	23,856
Provider-based clinic	725	19,539	23,819
Wound care	-0-	-0-	13,645
Intensive outpatient program	241,938	257,863	226,789
Emergency room	829,957	864,989	836,461
Rural health clinics	2,799,515	3,364,674	2,406,940
Family health clinic	996,098	97,214	-0-
Surgery clinic	750,549	763,057	747,519
School based health clinic	<u>153,143</u>	<u>192,972</u>	<u>164,000</u>
 Total Salaries	 <u>11,878,797</u>	 <u>11,765,550</u>	 <u>10,569,124</u>
 Payroll taxes	 155,661	 148,956	 143,774
Hospitalization insurance	864,903	930,713	678,885
Retirement	686,334	658,743	619,809
Other	<u>8,063</u>	<u>13,069</u>	<u>37,612</u>
 Total Benefits	 <u>1,714,961</u>	 <u>1,751,481</u>	 <u>1,480,080</u>
 Total Salaries and Benefits	 <u>\$ 13,593,758</u>	 <u>\$ 13,517,031</u>	 <u>\$ 12,049,204</u>

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

	<u>2020</u>		<u>2019</u>		<u>2018</u>
Anesthesiology	\$ 159,627	\$	204,025	\$	237,550
Radiology	570,119		725,012		720,437
Laboratory	206,458		134,758		135,096
Respiratory therapy	2,295		6,396		5,730
EKG	20,750		22,225		23,600
Cardiac cath lab	29,000		59,025		23,130
Provider-based clinic	-0-		89,900		411,677
Wound care	1,325		2,255		12,168
Intensive outpatient program	-0-		10,000		100
Emergency room	1,284,086		1,356,701		1,217,089
Rural health clinics	9,732		15,150		33,594
School based health clinic	5,354		6,170		9,840
	<u>          </u>		<u>          </u>		<u>          </u>
 Total Professional Fees	 \$ 2,288,746	\$	 2,631,617	\$	 2,830,011
	<u>          </u>		<u>          </u>		<u>          </u>

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

	<u>2020</u>		<u>2019</u>		<u>2018</u>
Management fees	\$ 2,025	\$	-0-	\$	2,818
Contract services	1,984,145		1,956,897		1,439,943
Legal and accounting	107,784		100,508		154,310
Supplies	367,803		373,349		445,045
Repairs and maintenance	509,187		517,677		481,776
Utilities	258,189		233,244		244,607
Telephone	38,012		41,848		47,331
Travel	36,853		62,347		54,988
Rentals	221,924		345,503		325,344
Education	29,941		33,693		23,618
Recruitment and advertising	14,502		23,286		45,832
Dues and subscriptions	137,444		117,064		122,181
Inter-governmental transfer	400,577		474,733		562,178
Miscellaneous	<u>11,816</u>		<u>15,334</u>		<u>14,002</u>
 Total Other Expenses	 \$ <u>4,120,202</u>	\$	 <u>4,295,483</u>	\$	 <u>3,963,973</u>

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

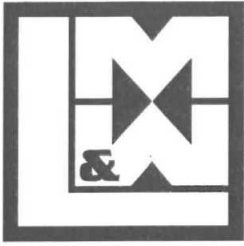
	-----TERM-----				
	<u>BEGAN</u>	<u>ENDING</u>			
Mrs. Beth Green	09/08/08	09/08/20	NONE	NONE	NONE
Mr. Bill Worsely	05/06/13	05/06/25	NONE	NONE	NONE
Mr. Moses Wilkins	12/21/93	12/03/23	NONE	NONE	NONE
Mr. Oliver Holland	04/18/89	02/01/22	NONE	NONE	NONE
Dr. Chris Morris	12/12/13	12/12/26	NONE	NONE	NONE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

RICHARDSON MEDICAL CENTER  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
 PAYMENTS TO CHIEF EXECUTIVE OFFICER  
 YEAR ENDED SEPTEMBER 30, 2020

Agency Head Name: James Barrett, Jr.  
 Position: CEO  
 Time Period: For the year ended September 30, 2020

<u>Purpose</u>	<u>Amount</u>
Salary	165,417
Health insurance	6,392
Retirement (FICA replacement plan)	-0-
Car allowance	4,800
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	821
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	711





## LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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Retired 2015

Bobby G. Lester, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Richland Parish Hospital Service District No. 1B, Parish of Richland (the District), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 2020, 2019, and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 26, 2021.

#### 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 did identify 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 2020-002 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 2020-001 and 2020-003 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-004.

### **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.



Certified Public Accountants  
Alexandria, Louisiana

March 26, 2021



RICHARDSON MEDICAL CENTER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2020

**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 – Yes

Management letter issued – No

*Federal Awards* – Not applicable

**Section II. Financial Statement Findings**

**FINDING 2020-001 - Segregation of Duties**

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

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

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

**FINDING 2020-002 - Cost Report and Provider Relief Fund Revenue**

**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.



RICHARDSON MEDICAL CENTER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2020

**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.

**FINDING 2020-003 - Allowances for Patient Receivables**

**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.

**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.

**FINDING 2020-004 - State Bid Law Compliance**

**Finding:** The Hospital acquired 85 computers costing \$82,365 throughout the fiscal year. The computers were not bid 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 state 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.

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

Not Applicable

**Section IV. Management Letter**

Not Applicable



RICHARDSON MEDICAL CENTER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2020

**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.

**FINDING 2020-003 - Allowances for Patient Receivables**

**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.

**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.

**FINDING 2020-004 - State Bid Law Compliance**

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**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 state 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.

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

Not Applicable

**Section IV. Management Letter**

Not Applicable



RICHARDSON MEDICAL CENTER  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2020

**Section I. Financial Statement Findings**

**Finding 2019-001 - 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 2020-001.

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

Not Applicable

**Section III. Management Letter**

Not Applicable



