PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Plaquemines Parish Hospital Service District Number One
d/b/a Plaquemines Medical Center

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Plaquemines Parish Hosptial Service District Number One d/b/a Plaquemines Medical Center (the Center), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Center'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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the business-type activities of the Plaquemines Parish Hosptial Service District Number One d/b/a Plaquemines Medical Center as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, *Schedule of Employer's Proportionate Share of Net Pension Liability* and *Schedule of Employer's Contributions* on pages 4-9 and 37-38, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plaquemines Parish Hosptial Service District Number One d/b/a Plaquemines Medical Center's basic financial statements. The *Schedule of Compensation, Benefits and Other Payments to Agency Head* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *Schedule of Compensation, Benefits and Other Payments to Agency Head* is the responsibility of management and was derived from and relate 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 *Schedule of Compensation, Benefits and Other Payments to Agency Head* 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 June 28, 2019, on our consideration of the Plaquemines Parish Hosptial Service District Number One d/b/a Plaquemines Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Plaquemines Parish Hosptial Service District Number One d/b/a Plaquemines Medical Center's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 28, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Plaquemines Parish Hospital Service District Number One (d/b/a Plaquemines Medical Center) (the "Center") annual financial report presents the Center's financial performance during the fiscal year that ended on December 31, 2018. This should be read in conjunction with the financial statements and the accompanying notes to those financial statements in this report.

Financial Highlights

- The Center's total assets increased by $282,420, or approximately 0.52%.
- During the year, the Center's total operating revenue increased $114,331 or 13.07%, to $988,798 from the prior year while expenses increased $255,251 or 4.08% to $6,514,628. The Center had loss from operations of $5,525,830, which is approximately 559% of total operating revenue. This compares to the prior fiscal year's loss from operations of $5,384,910, or 616% of operating revenue.
- The Center received $1,822,706 and $2,661,127 in 2018 and 2017, respectively, in ad valorem tax revenue for the operations of the facility.
- The Center received $2,968,629 and $2,232,198 in 2018 and 2017, respectively in special millage ad valorem tax revenue for operations, construction and new programs for the facility.
- During the fiscal year, the Center made capital investments for a total of $14,490.

Required Financial Statements

The Consolidated Financial Statements of the Center report information about the Center and Plaquemines Primary Care, Inc. using Governmental Accounting Standards Board ("GASB") accounting principles. These Statements offer short-term and long-term financial information about their activities.

The Consolidated Statements of Net Position include all of the Center's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Center's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Center, and assessing the liquidity and financial flexibility of the Center.

All of the current year's revenues and expenses are accounted for in the Consolidated Statements of Revenues and Expenses. This statement measures changes in the Center's operations over the past year and can be used to determine whether the Center has been able to recover all of its costs through its patient service revenue and other revenue sources.

Required Financial Statements (Continued)

The primary purpose of the Consolidated Statement of Cash Flows is to provide information about the Center's cash from operations, investing, and financing and to provide answers to 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.

Plaquemines Primary Care, Inc. was established for the purpose of providing on-going and follow-up treatment for chronic illnesses on a schedule appointment basis during pre-determined scheduled hours. Plaquemines Primary Care, Inc. will allow the Center to better service the medical needs of its constituents.

Financial Analysis of the Center

The Consolidated Statements of Net Position and the Consolidated Statements of Revenue and Expenses report information about the Center's activities. These two statements report the net position of the Center and changes in them. Increases or decreases in the Center's net position are one indicator of whether its 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.

Net Position

The following table presents a summary of the Center's Statement of Net Position for each of the fiscal years ended December 31, 2018 and 2017:

TABLE 1
Condensed Consolidated Statements of Net Position

	2018	2017	Dollar Change	Percent Change
Assets				
Current assets	$ 30,069,130	$ 28,974,299	$ 1,094,831	3.78%
Capital assets - net	24,134,294	25,142,030	(1,007,736)	-4.01%
Non-current assets	195,325	-	195,325	0.00%
Total Assets	54,398,749	54,116,329	282,420	0.52%
Deferred Outflows of Resources				
Deferred outflows of related net pension liability	440,797	693,441	(252,644)	-36.43%
Total Assets and Deferred Outflows of Resources	$ 54,839,546	$ 54,809,770	$ 29,776	0.05%
Liabilities				
Current liabilities	$ 398,282	$ 385,170	$ 13,112	3.40%
Non-current liabilities	-	506,535	(506,535)	-100.00%
Total Liabilities	398,282	891,705	(493,423)	-55.33%
Deferred Inflows of Resources				
Deferred inflows of related net pension liability	581,518	95,996	485,522	505.77%
Net Position				
Net investment in capital assets	24,134,294	25,142,030	(1,007,736)	-4.01%
Unrestricted	29,725,452	28,680,039	1,045,413	3.65%
Total Net Position	53,859,746	53,822,069	37,677	0.07%
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 54,839,546	$ 54,809,770	$ 29,776	0.05%

As can be seen in Table 1, total assets increased by $282,420 to $54,398,749 in fiscal year 2018, from $54,116,329 in fiscal year 2017. The change in total net position is primarily due to the excess of revenues over expenses in fiscal year 2018.

Summary of Revenue and Expenses

The following table presents a summary of the Center's historical revenues and expenses for each of the fiscal years ended December 31, 2018 and 2017:

TABLE 2
Condensed Consolidated Statements of Revenue, Expenses, and Change in Net Position

	Year Ended December 31		Dollar	Percent
	2018	2017	Change	Change
Operating Revenue:				
Net patient service revenue	$ 788,600	$ 717,688	$ 70,912	9.88%
Cost sharing revenue	200,198	156,779	43,419	27.69%
Total operating revenue	988,798	874,467	114,331	13.07%
Operating Expenses:				
Salaries & employee benefits	2,384,901	2,437,167	(52,266)	-2.14%
Supplies, contract services, equipment, and fees	1,814,524	1,647,857	166,667	10.11%
Other operating expenses	1,292,737	1,143,988	148,749	13.00%
Depreciation	1,022,466	1,030,365	(7,899)	-0.77%
Total Operating Expenses	6,514,628	6,259,377	255,251	4.08%
Operating Loss	(5,525,830)	(5,384,910)	(140,920)	2.62%
Non-Operating Revenues:				
Ad valorem tax revenue, operating	1,822,706	2,661,127	(838,421)	-31.51%
Ad valorem tax revenue special millage	2,968,629	2,232,198	736,431	32.99%
Grant income	116,523	125,593	(9,070)	-7.22%
Settlements	6,725	4,540	2,185	48.13%
Loss on disposal of assets	(233)	-	(233)	0.00%
Miscellaneous	156,751	133,398	23,353	17.51%
Investment income	480,225	256,054	224,171	87.55%
Other	12,181	20,846	(8,665)	-41.57%
Total Non-Operating Revenue	5,563,507	5,433,756	129,751	2.39%
Change in Net Position	37,677	48,846	(11,169)	-22.87%
Net Position-Beginning	53,822,069	53,773,223	48,846	0.09%
Net Position-Ending	$ 53,859,746	$ 53,822,069	37,677	0.07%

Sources of Revenue

Operating Revenue

Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established rates and contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. The provision for bad debt increased approximately $158,055 or 4% to $3,694,951 in 2018 from $3,536,896 in 2017.

Investment Income

The Center holds funds that are invested primarily in Louisiana Asset Management Pool, a local government investment pool. Investments had a total return of $480,225 and $256,054 during fiscal years 2018 and 2017, respectively.

Operating and Financial Performance

The following summarizes the Center's statements of revenue and expenses as between 2018 and 2017:

Overall activity at the Center, as measured by patient-visits and procedures performed increased 6% to 9,583 visits and procedures in 2018 from 9,044 visits and procedures in 2017. Net patient service revenue per patient visit/procedure increased 4% to $ 82.29 per patient visit/procedure in 2018 from $79.36 per patient visit/procedure in 2017.

TABLE 3
Patient visits and Procedures Statistical Data

	Year ended December31	
Description	2018	2017
Clinic Visits	9,224	8,711
Primary Care	-	42
Workers Compensation Patients	359	291
Total	9,583	9,044

Operating and Financial Performance (continued)

Salaries and related benefits expense decreased $52,266 or 2.14%%, to $2,384,901 in 2018 from $2,437,167 in 2017. As a percentage of operating revenue, salary expense was approximately 241% and 279% for the fiscal years ended December 31, 2018 and 2017, respectively.

Supplies, contract services, equipment, and fees and other operating expenses increased $166,667 or 10.11% the year ended December 31, 2018.

Depreciation expense decreased $7,899 for the year ended December 31, 2018. For the fiscal years ended December 31, 2018 and 2017 depreciation expense was $ 1,022,466 and $1,030,365 respectively.

Total operating expenses increased by $ 255,251 for the year ended December 31, 2018, for the reasons discussed above.

Capital Assets

At the end of 2018, the Center had a decrease in net capital assets of $1,007,736. This amount represents a net decrease of 4% over last year.

Capital Assets, net of depreciation are shown below:

	Year Ended December 31		
Description	2018	2017	Change
Land	$ 127,597	$ 127,597	$ -
Construction in progress	-	-	-
Buildings	25,588,991	25,588,991	-
Equipment and Furniture	2,764,830	2,750,340	14,490
Less: Accumulated Depreciation	(4,347,124)	(3,324,898)	(1,022,226)
Net Capital Assets	$ 24,134,294	$ 25,142,030	$ (1,007,736)

Contacting the Plaquemines Medical Center

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Center's finances. If you have questions about this report or need additional financial information, please contact the administration for the Center as follows:

Mr. Dale Adams, Chairman
Plaquemines Medical Center
27136 Highway 23
Port Sulphur, LA 70083
Phone 504-564-3344
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FINANCIAL STATEMENTS

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
CONSOLIDATED STATEMENT OF NET POSITION
For The Year Ended December 31, 2018

Assets	
Current Assets:	
Cash and cash equivalents	$ 25,132,205
Ad valorem tax revenue receivable (net of estimated uncollectibles of $193,769)	4,661,774
Accounts receivable	20,364
Patient accounts receivable (net of estimated uncollectibles of $3,694,951)	124,467
Prepaid expenses	82,082
Inventories	48,238
Total Current Assets	30,069,130
Non-Current Assets:	
Capital assets (net of accumulated depreciation of $4,347,124)	24,134,294
Net pension asset	195,325
Total Non-Current Assets	24,329,619
Total Assets	54,398,749
Deferred Outflows of Resources	
Deferred outflows of related net pension liability	440,797
Liabilities	
Current Liabilities:	
Accounts payable	215,378
Accrued expenses	182,904
Total Current Liabilities	398,282
Deferred Inflows of Resources	
Deferred inflows of related net pension liability	581,518
Net Position	
Net investment in capital assets	24,134,294
Unrestricted	29,725,452
Total Net Position	$ 53,859,746

The accompanying notes are an integral part of these statements.

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES
For The Year Ended December 31, 2018

Operating Revenues		
Net patient service revenue	$	788,600
Cost sharing revenue		200,198
Total operating revenue		988,798
Operating Expenses		
Salaries and related expenses		2,384,901
Professional fees		427,801
Medical supplies		233,510
Repairs and maintenance		210,372
Purchased services		1,581,014
Depreciation		1,022,466
Utilities and telephone		221,009
Insurance		226,248
Administrative expense		202,367
Other expense		4,940
Total Operating Expenses		6,514,628
Operating Loss		(5,525,830)
Non-Operating Revenues (Expenses)		
Ad valorem tax revenue, operating		1,822,706
Ad valorem tax revenue, special millage		2,968,629
Grant income		116,523
Settlements		6,725
Loss on disposal of assets		(233)
Miscellaneous		156,751
Investment income		480,225
Other		12,181
Total Non-Operating Revenues (Expenses)		5,563,507
Excess of Revenues Over Expenses	$	37,677

The accompanying notes are an integral part of these statements.

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For The Year Ended December 31, 2018

	Unrestricted
Net Position at December 31, 2017	$ 53,822,069
Excess of revenues over expenses	37,677
Net Position at December 31, 2018	$ 53,859,746

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2018

Cash Flows from Operating Activities:	
Revenue collected	$ 1,003,283
Cash payments to employees and for employee-related costs	(2,376,402)
Cash payments for operating expenses	(3,112,087)
Net Cash Used in Operating Activities	(4,485,206)
Cash Flows from Non-Capital Financing Activities:	
Grant income	116,523
Settlements	6,725
Ad valorem taxes	2,720,114
Ad valorem taxes - special millage	2,335,770
Other	266,598
Net Cash Provided by Non-Capital Financing Activities	5,445,730
Cash Flows from Capital And Related Financing Activities:	
Purchase of capital assets (property, plant and equipment)	(14,963)
Net Cash Used in Capital and Related Financing Activities	(14,963)
Cash Flows from Investing Activities:	
Investment income	480,225
Net Cash Provided by Investing Activities	480,225
Net Increase in Cash and Cash Equivalents	1,425,786
Cash and Cash Equivalents, Beginning of Year	23,706,419
Cash and Cash Equivalents, End of Year	$ 25,132,205
Reconciliation of Loss from Operations to Net Cash Used in Operating Activities:	
Operating loss	$ (5,525,830)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization	1,022,466
Bad debt expense	158,055
Pension expense, net of employer contribututions	55,868
Changes in operating assets and liabilities:	
Accounts receivable	(71,300)
Prepaid Expenses	34
Inventories	483
Accounts payable and accrued expenses	(124,982)
Net Cash Used in Operating Activities	$ (4,485,206)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The financial statements include the accounts of the following entities:

Plaquemines Parish Hospital Service District Number One (d/b/a Plaquemines Medical Center) (the "Center") is organized under powers granted to parishes in the Louisiana Revised Statutes and is exempt from Federal and State income taxes. All corporate powers are vested in a Board of Commissioners appointed by the Plaquemines Parish Council. Prior to January 1, 1990, the Center operated as Plaquemines Parish General Hospital (the Hospital). Since January of 1990 the Center has operated as Plaquemines Comprehensive Care Center and more recently Plaquemines Medical Center. In the fall of 2014, the Center moved into its new permanent facility at 27136 Highway 23 in Port Sulphur, LA. The current facility was constructed primarily with funds provided by the Federal Emergency Management Agency (FEMA) as a result of damages sustained to its former facility due to Hurricane Katrina. The Center currently provides urgent, emergency, and primary medical care to residents of Plaquemines Parish.

Plaquemines Primary Care Inc. is a Louisiana non-profit corporation organized to assist the Hospital in providing primary care medical services to the community in a cost effective and efficient manner.

Reporting Entity

The Governmental Accounting Standards Board issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*, which established criteria for determining the reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criterion for including a potential component unit within the reporting is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- Appointing a voting majority of an organization's governing body, and the ability of the primary government to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
- Organization for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature or significance of the relationship.

Based upon the previous criteria, the Center has determined that Plaquemines Primary Care Inc. is a component unit of the reporting entity.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation – As mentioned above, the accompanying consolidated financial statements include the accounts and transactions of the Center and Plaquemines Primary Care Inc. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Measurement Focus, Basis of Accounting – Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The Center utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. The financial statements are reported using the economic resources measurement focus.

Accounting Standards – GASBS No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* incorporates the text of certain FASB, APB, and ARB pronouncements that were issued before November 30, 1989, that applied to governments. Those pronouncements had become non authoritative for governmental entities when the FASB established the FASB Accounting Standards Codification as the single source of authoritative, nongovernmental GAAP for nonpublic entities in September 2009. While GASBS No. 62 kept the substance of that guidance, it nevertheless modified the guidance to recognize the effects of the governmental environment and the needs of governmental financial statement users.

Income Taxes – The Center and Plaquemines Primary Care, Inc. are a governmental entity under Section 517 of the Internal Revenue Code and is therefore exempt from Federal income taxes.

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

Cash and Cash Equivalents – Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation.

Inventories – Inventories, which consist primarily of drugs and supplies, are valued at the lower of cost (first-in, first-out method) or market.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets – Capital assets purchased or acquired are reported at cost. Contributed assets are reported at fair market value at date received. Additions, improvements, and other capital outlays that extended the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Center has adopted a capitalization policy as it relates to reporting thresholds. Depreciation on all assets, other than land and construction in progress, is provided on the straight line basis over the following estimated useful lives:

Description	Years Depreciated	Capitalization Threshold
Land	N/A	$1
Machinery and Equipment	5-15	5,000
Buildings	25-40	50,000
Building Improvements	7-30	50,000
Land Improvements	20-30	25,000
Infrastructure	20-50	250,000

Assets Whose Use is Limited or Restricted - Assets whose use is limited or restricted consists of cash, investments, and ad valorem tax receivables reported at fair value with gains and losses included in the consolidated statements of revenues and expenses.

Charity Care – The Center does not have a formal charity care policy, nor does it maintain detailed records of the amount of charity care it provides.

Subsequent Event Review - Management of the Center has reviewed subsequent events through June 28, 2019, which is the date the financial statements were available to be issued and concluded no disclosure is required in accordance with accounting principles generally accepted in the United States of America.

Operating Revenues and Expenses - The Center's statement of revenues, expenses and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Center's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Net Position - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended*, net position is classified into three components - net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

> Net Investment in Capital Assets - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
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> Restricted - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
>
> Unrestricted - All other net position is reported in this category.

Ad valorem Revenue and Receivables - Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Ad valorem tax revenue receivables presented in the financial statements represents the estimated tax collectable assessed in the current fiscal year.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Patient Service Revenues and Related Receivables - Net patient service revenues and receivables are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

The Center provides care to patients even if they lack adequate insurance coverage or are covered by contractual payment arrangements that do not pay full charges.

The payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations are based on the prospective payment system, per diem rates, or discounts from established charges.

Patient accounts receivables are reduced by an allowance for doubtful accounts. In establishing its estimate of collectability of accounts receivable, each year the Center analyzes its past history and collection patterns of its major payor sources of revenue. These allowances are adjusted annually.

For receivables associated with self-pay patients (which includes patients without insurance and patients with deductible and copayment balances due for which third party coverage exists for part of the bill), the Center annually records a provision for bad debts on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

Compensated Absences

Accumulated vacation and sick leave is accrued as an expense of the period in which incurred. Employees of the Center earn vacation pay and sick pay based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued general leave earned.

At December 31, 2018 employees have accumulated and vested $87,144 of annual leave benefits, which is recorded as a current liability.

Property Tax Calendar

Property taxes are assessed and collected each fiscal year according to the following property tax calendar.

Lien Date	January 1
Levy Date	June 30
Due Date	December 31
Delinquent Date	January 1 of the following year

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

At December 31, 2018, the Center has cash equivalents (book balances) totaling $25,132,205 as follows:

Demand Deposits	$ 550
Money Market Accounts	247,502
Total Cash and Cash Equivalents Held at Fiscal Agent Bank	248,052
Investment in Louisiana Asset Management Pool (LAMP)	24,884,153
Total Cash & Cash Equivalents	$ 25,132,205

These deposits are stated at cost, which approximates market. Under state law, the deposits held at a fiscal agent bank (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must, at all times, equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk – Deposits Held at Fiscal Agent Bank - At December 31, 2018, the Center had $261,515 in deposits (collected bank balances). These deposits are secured from risk by $500,000 of federal deposit insurance and $515,227 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). At December 31, 2018 none of the Center's deposits with the financial institutions were under collateralized.

Custodial Credit Risk – Investment in Louisiana Asset Management Pool (LAMP)- At December 31, 2018, the Center had The Center's investments in the Louisiana Asset Management Pool (LAMP) total $24,884,152.79. LAMP is a local government investment pool established as a cooperative effort to enable public entities of the State of Louisiana to aggregate funds for investments. LAMP is rated AAAm by Standard & Poor's. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.165 because the Investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc.; a nonprofit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

90 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP issues a publicly available financial report that includes financial statements and required supplementary information. The financial report is designed to provide a general overview of LAMP's finances for those with an interest in LAMP's finances. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov, or by contacting LAMP at 228 St. Charles Ave., Suite 1123, New Orleans, LA, 70130.

For the year ended December 31, 2018, the Center had no noncash investing and financing transactions.

NOTE 3 –PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 4 – AD VALOREM TAX RECEIVABLES AND REVENUES

Current ad valorem taxes are received beginning in December of each year and become delinquent after January 31 of the following year. Taxes are reported as revenues in the period for which they are levied.

The Plaquemines Parish Hospital Service District Number One levies an annual ad valorem tax on all property subject to taxation in the District. The tax is collected to defray the cost of the Center's operations. For 2018, the millage was 1.93 mills, and is set to expire in 2024

The Plaquemines Parish Hospital Service District Number One levies an annual ad valorem tax on all property subject to taxation in the District. The tax is collected for the purpose of acquiring, constructing, improving, maintaining and/or operating hospital facilities and equipment of and for the District. For 2018, the millage was 3.13 mills, and is set to expire in 2021.

The Center calculates on allowance of uncollectible ad valorem tax revenues of the current year assessment that is does not expect to collect in the upcoming year. The percentage of allowance for uncollectible ad valorem receivable for 2018 is 4%.

NOTE 5 – GRANT RECEIVABLE AND GRANT INCOME

The Center also had a grant from FEMA related to the construction of the permanent facility. The total amount of the grant was $22,251,541; it was programmatically closed during 2016. Grant income recognized in the current year of $111,594 is for the construction and contents of the permanent facility. For the year ended December 31, 2018, the Center had no outstanding reimbursement requests which were submitted to FEMA for the construction of the facility.

The Center also had an outstanding grant from Louisiana Public Health Institute, a private, non-profit corporation. The grant was part of the Gulf Region Health Outreach Program that is established, under the Deepwater Horizon Medical Benefits class action settlement agreement. The purpose of the grant was to expand capacity for and access to high quality, sustainable, community-based healthcare services, including primary care, behavioral and mental healthcare, and environmental medicine, in the gulf coast. The total amount of the grant was $250,000. Grant income recognized in the current year was $2,029.

NOTE 6 – CAPITAL ASSETS

Capital assets and depreciation activities of and for the year ended December 31, 2018 is as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Depreciated				
Land	$ 127,597	$ -	$ -	$ 127,597
Capital Assets Depreciated				
Buildings	25,588,991	-	-	25,588,991
Equipment at cost	2,750,340	14,963	473	2,764,830
Less accumulated depreciation	(3,324,898)	(1,022,466)	(240)	(4,347,124)
Total	25,014,433	(1,007,503)	233	24,006,697
Capital Assets, Net	$ 25,142,030	$ (1,007,503)	$ 233	$ 24,134,294

During the year 2018, the Center recorded depreciation expense in the amount of $1,022,466.

NOTE 7 – MALPRACTICE INSURANCE

During 1976, the State of Louisiana enacted legislation that created a statutory limit of $500,000 for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers. The Center participates in the State Insurance Fund, which provides up to $400,000 coverage for settlement amounts in excess of $100,000 per claim, which is supplemented by an excess liability policy of $3,000,000.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Certain payments to vendors that relate to 2018 activity have been accrued. These payments will be made following the year end December 31, 2018.

NOTE 9 - THIRD-PARTY PAYOR ARRANGEMENTS

The Center participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

NOTE 10 – NET PATIENT SERVICE REVENUE

Net patient service revenue is patient revenue reported at the Center's established rates less contractual adjustment, policy discounts and bad debt expense.

Following is a summary of contractual and other adjustment to arrive at net patient service revenues for the year ended December 31, 2018:

Gross patient revenue	$ 1,528,767
Less: Bad debt	158,055
Contractual adjustments	582,112
Net patient revenue	$ 788,600

NOTE 11 – CONCENTRATIONS OF CREDIT RISK

Concentration of Credit Risk

The Center grants credit without collateral to its patients, most of who are residents of Plaquemines Parish and who are often insured under third-party payor agreements such as Medicare, Medicaid and Blue Cross. Any balances remaining after the third-party payors have completed their obligation are considered patient responsibility.

Economic Dependency

The Center is located in Port Sulphur, Louisiana and relies primarily on ad valorem taxes imposed by Plaquemines Parish Government.

NOTE 12 – PENSION PLAN

Plan Description

Employees of the Plaquemines Medical Center (the "Center") are provided with a pension through a cost-sharing, multiple-employer, defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana (PERS). PERS is a state-wide public retirement system for the benefit of all employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elect to become members of PERS. PERS was established and provided for within LSA-RS 11:1901 through 11:2025. The plan is a qualified plan as defined by the Internal Revenue Service Code Section 401 (a), effective January 1, 1993. Membership in PERS is a condition of employment for the full-time employees of the Center.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised PERS to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Employees of the Center are members of Plan A.

For the year ended December 31, 2017, there were 287 contributing employers in Plan A and 57 in Plan B. Statewide retirement membership consisted of:

	Plan A	Plan B	Total
Inactive plan members or beneficiaries receiving benefits	7,301	855	8,156
Inactive plan members entitled to but not yet receiving benefits	8,191	1,779	9,970
Active members	14,201	2,459	16,660
Total Participating as of the Valuation Date	29,693	5,093	34,786

NOTE 12 – PENSION PLAN (CONTINUED)

PERS administers a plan to provide retirement, disability, and survivor's benefits to eligible employees and their beneficiaries as defined in the plan. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by the plan and vary depending on the member's hire date.

PERS issues a publicly available financial report that includes financial statements and required supplementary information for the system for the fiscal year ended December 31, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov, or by contacting the Parochial Employees' Retirement System of Louisiana, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana. 70809.

Eligibility Requirements

All permanent Center employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

Retirement Benefits

A member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) years or more of creditable service
2. Age 55 with twenty five (25) years of creditable service
3. Age 60 with a minimum of ten (10) years of creditable service
4. Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of service
2. Age 62 with ten (10) years of service
3. Age 67 with seven (7) years of service

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statues, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

NOTE 12 – PENSION PLAN (CONTINUED)

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five (5) years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three (3) percent of the member's final average compensation multiplied by his/her years of service, not to be less than fifteen (15), or three (3) percent multiplied by years of service assuming continued service to age sixty.

Deferred Retirement Option Plan (DROP)

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Parochial Employees' Retirement System of Louisiana. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they are enrolled for three (3) years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his/her option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individuals subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return, or at the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the State or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

NOTE 12 – PENSION PLAN (CONTINUED)

Cost of Living Adjustments

The Board of Trustees (the "Board") is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are age sixty-five (65) equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older as provided in Louisiana Revised Statute 11:1937. Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

Contributions for all members are established by State statute at 9.5% of compensation for Plan A and 3.0% of compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer.

According to State statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 9.35% of member's compensation for Plan A and 6.75% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2017 was 12.5% for Plan A and 8.00% for Plan B.

According to State statute, PERS also receives ¼ of 1% of ad valorem taxes collected within the respective parishes except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Louisiana Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-contributing entities.

Administrative costs of PERS are financed through employer contributions.

The Center's employer and employee contributions to PERS for the measurement date fiscal year ended December 31, 2017 were as follows:

Source	Contribution Amount	Covered Payroll	Percent of Covered Payroll
Employee	$ 153,484	1,615,619	9.5%
Employer	201,952	1,615,619	12.5%
	$ 355,436		

NOTE 12 – PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the Center reported an asset of $195,325 for its proportionate share of the PERS Net Pension Liability/Asset (NPL/A). The NPL/A for PERS was measured as of December 31, 2017, and the total pension liability(asset) used to calculate the NPL/A was determined based on an actuarial valuation as of that date. The Center's proportion of the NPL/A was based on a projection of the Center's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined. As of December 31, 2017, the most recent measurement date, the Center's proportion was 0.2631549%, an increase 0.017205% from the December 31, 2016 proportion.

For the year ended December 31, 2018, the Center recognized a total pension expense of $243,530. This amount was made up of the following:

Components of Pension Expense		Amount
Center's pension expense per the PERS	$	245,008
Center's amortization of actual contributions over its propottionate share of contribution		(1,478)
Total Pension Expense Recognized by the Center	$	243,530

At year end, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-	$	126,439
Differences between projected and actual investment earnings		-		451,258
Change in assumptions		246,529		-
Change in proprotionate share of the NPL		6,606		2,295
Differences between the District's contributions and its proportionate share of contributions		-		1,526
Center's contributions subsequent to the December 31, 2016 measurement date		187,662		-
	$	440,797	$	581,518

NOTE 12 – PENSION PLAN (CONTINUED)

Deferred outflows of resources related to pensions resulting from the Center's contributions subsequent to the measurement date in the amount of $187,662 will be recognized as a reduction of the PERS NPL/A in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended December 31,	Amount of Amortization
2018	$ 29,487
2019	(27,426)
2020	(150,065)
2021	(178,852)

Actuarial Assumptions

The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2017 actuarial valuation, which (with the exception of mortality) were based on results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, unless otherwise specified.

A summary of the actuarial methods and assumptions used in determining the total pension liability/(asset) as of December 31, 2017, are as follows:

NOTE 12 – PENSION PLAN (CONTINUED)

Description	Assumptions / Methods
Valuation Date	December 31, 2017
Acturial Cost Method	Plan A & B - Entry Age Normal
Investment Rate of Return	6.75% (Net of investment expense), including inflation
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A & B - 5.25% (2.75% Merit / 2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits being paid by PERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Mortality Tables were selected for annuitants and and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of December 31, 2017 are summarized in the following table:

NOTE 12 – PENSION PLAN (CONTINUED)

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the PERS's liabilities.

Discount Rate

The discount rate used to measure the total pension liability/(asset) was 6.75% for Plan A and 7.00% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability(asset).

NOTE 12 – PENSION PLAN (CONTINUED)

Sensitivity of the Proportionate Share of the NPL/A to Changes in the Discount Rate

The following presents the Center's proportionate share of the NPL/A using the current discount rate of 6.75%, as well as what the Center's proportionate share of the NPL/A would be if it were calculated using a discount rate that is one percentage-point lower or one percentage higher than the current rate.

	Changes in Discount Rate 2017		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Center's Proportionate Share of the Net Pension Liability (Asset)	$ 963,024	$ (195,325)	$ (1,226,758)

Pension Plan Fiduciary Net Position

The components of the net position liability(asset) of PERS employers as of December 31, 2017, are as follows:

	Plan A	Plan B
Total Pension Liability	$ 3,754,795,626	$ 313,044,837
Plan Fiduciary Net Position	3,829,020,281	325,626,878
Net Pension Liability (Asset)	$ (74,224,655)	$ (12,582,041)

Detailed information about PERS's fiduciary net position is available in the separately issued December 31, 2017 financial report. This report can be found on the Louisiana Legislative Auditor's website (www.lla.la.gov) in the database of reports.

Payables to the Pension Plan

At December 31, 2018, the Center had $90,142 in payables to PERS for the fourth quarter 2018 employee ($40,778) and employer ($49,364) legally required contributions. The employer amount is accrued as a payable at year end and is also included in the deferred outflows figure since it is included as contributions made subsequent to the December 31, 2017 measurement date.

NOTE 13 –CONTINGENCIES

The Center's legal representatives have reviewed all litigation and claims in order to evaluate the likelihood of an unfavorable outcome to the Center and arrive at an estimate of the amount of potential loss to the Center. At December 31, 2018, as a result of this review, in the opinion of the Center's legal representatives, there are no claims with a probable unfavorable outcome that exceed limits of available coverage; therefore, no provisions have been made in the financial statements for loss contingencies.

NOTE 14 –POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Center provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the first day of the month for the actual month covered. This program is offered for duration of 18 months after the termination date. There is no associated cost to the Center under this program, and there are no participants in the program as of December 31, 2018.

NOTE 15 – AMOUNTS PAID TO GOVERNING BOARD MEMBERS

The Hospital Board of Commissioners received the following compensation from the Center for services as Commissioners during the year ended December 31, 2018:

Dale Adams	$440
Brigette Belair	400
Stanley Gaudet	440
Norma Lafrance	360
Mena Marinovich	400
Rechelle Ragas	80
Brandon Taylor	240
Bonnie Thomas	400
Daniel Trosclair	280
	$ 3,040

NOTE 16 – FINANCIAL DATA OF COMPONENT UNIT

The condensed financial statement data of Plaquemines Primary Care, Inc. for the year ended December 31, 2018 is shown below in the following statements: (1) condensed statement of net position; (2) condensed statement of revenues, expenses, and change in net position; (3) statement of cash flows.

PLAQUEMINES PRIMARY CARE, INC.
Condensed Statement of Net Position
For the Year Ended December 31, 2018

Assets		
Current assets	$	46,945
Capital assets-net		14,193
Total Assets	$	61,138
Liabilities		
Current liabilities	$	4,189
Due to Plaquemines Medical Center		292,011
Total Liabilities		296,200
Net Position		
Restricted (deficit)		(235,062)
Unrestricted		-
Total Net Position		(235,062)
Total Liabilities and Net Position	$	61,138

NOTE 16 – FINANCIAL DATA OF COMPONENT UNIT (CONTINUED)

PLAQUEMINES PRIMARY CARE, INC.
Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended December 31, 2018

Operating Revenue	
Net patient service revenue	$ 137
Cost sharing revenue	200,198
Total operating revenue	200,335
Operating Expenses	
Salaries & employee benefits	203,212
Other operating expenses	7,305
Depreciation	2,398
Total Operating Expenses	212,915
Operating Loss	(12,580)
Non-Operating Revenues	
Grant Income	2,029
Miscellaneous	53,184
Total Non-Operating Revenues	55,213
Change in Net Position	42,633
Net Position-Beginning	(277,695)
Net Position-Ending	$ (235,062)

NOTE 16 – FINANCIAL DATA OF COMPONENT UNIT (CONTINUED)

PLAQUEMINES PRIMARY CARE, INC.
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows from Operating Activities:		
Revenue collected	$	200,335
Cash payments to employees and for employee-related costs		(341,550)
Cash payments for operating expenses		64,751
Net Cash Used in Operating Activities		(76,464)
Cash Flows from Non-Capital Financing Activities:		
Grant Income		2,029
Other		32,370
Net Cash Provided by Non-Capital Financing Activities		34,399
Net Decrease in Cash and Cash Equivalents		(42,065)
Cash and Cash Equivalents, Beginning of Year		68,196
Cash and Cash Equivalents, End of Year	$	26,131
Reconciliation of Loss from Operations to Net Cash Used in Operating Activities:		
Operating loss	$	(12,580)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		2,398
Bad Debt Expense		(137)
Changes in operating assets and liabilities		
Accounts receivable		71,807
Accounts payable and accrued expenses		(137,952)
Net cash used in operating activities	$	(76,464)

NOTE 17 – MISAPPROPRIATION OF ASSETS

During June 2018, a misappropriation of assets was discovered. Forensic accountants were hired to investigate. The results of the investigation disclosed theft of cash totaling \$24,258 over a three year period, \$7,480 in 2018, \$11,960 in 2017 and \$4,818 in 2016. An insurance claim was made and the Medical Center was reimbursed in full. The Medical Center policies and procedures were updated to strengthen internal controls safeguarding the collection of cash. The Louisiana Legislative Auditor's Office, the Plaquemines Parish Sheriff's Office and Plaquemines Parish District Attorney's Office were notified. The case remains open.

REQUIRED SUPPLEMENTARY INFORMATION

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY/ASSET
For The Year Ended December 31, 2018*

Year ended December31	Plan	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position As a Percentage of the Total Pension Liability
2015	PERS Plan A	0.155025%	$ 42,385	$ 844,000	5.0%	99.1%
2016	PERS Plan A	0.208163%	$ 547,945	$ 1,191,203	46.0%	108.4%
2017	PERS Plan A	0.245949%	$ 506,535	$ 1,458,617	34.7%	94.1%
2018	PERS Plan A	0.263154%	$ (195,325)	$ 1,615,619	-12.1%	102.0%

*The amounts presented have a measurement date of December 31, 2017

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
For The Year Ended December 31, 2018

Year ended December31	Plan	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	PERS Plan A	$ 172,724	$ 172,724	$ -	$ 1,191,203	14.5%
2016	PERS Plan A	$ 189,179	$ 189,179	$ -	$ 1,458,617	13.0%
2017	PERS Plan A	$ 201,952	$ 201,952	$ -	$ 1,615,619	12.5%
2018	PERS Plan A	$ 187,662	$ 187,662	$ -	$ 1,631,843	11.5%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available

OTHER SUPPLEMENTAL INFORMATION

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For The Year Ended December 31, 2018

Agency Head: Leslie Prest

Purpose	Amount
Salary	$ 116,677
Benefits-Insurance	10,991
Benefits-Retirement	13,418
Benefits-Life Insurance	168
Travel & Other	3,197
	$ 144,451

COMPLIANCE AND INTERNAL CONTROL SECTION

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

To the Board of Commissioners
Plaquemines Parish Hospital Service District Number One
d/b/a Plaquemines Medical Center

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 the business type activities of the Plaquemines Parish Hospital Service District Number One d/b/a Plaquemines Medical Center (the Center) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated June 28, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 28, 2019

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2018

We have audited the financial statements of the Plaquemines Parish Hospital Service District Number One d/b/a Plaquemines Medical Center as of and for the year ended December 31, 2018, and have issued our report thereon dated June 28, 2019. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2018, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control
Material Weaknesses ☐ Yes ☒ No Significant Deficiencies ☐ Yes ☒ No

Compliance
Compliance Material to Financial Statements ☐ Yes ☒ No

Was a management letter issued? ☐ Yes ☒ No

b. Federal Awards

Plaquemines Parish Hospital Service District Number One d/b/a Plaquemines Medical Center did not expend federal awards exceeding $750,000 during the year ended December 31, 2018, and therefore is exempt from the audit requirements under the Uniform Guidance.

Section II Financial Statement Findings

A – Issues of Noncompliance

None

B – Significant Deficiencies

None

C – Material Weaknesses

None

Section III – Management Letter

None

PLAQUEMINES PARISH HOSPITAL SERVICE DISTRICT NUMBER ONE
d/b/a
PLAQUEMINES MEDICAL CENTER
SCHEDULE OF PRIOR YEAR FINDINGS
For The Year Ended December 31, 2018

Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II - Financial Statement Findings

A – Issues of Noncompliance

None

B – Significant Deficiencies

2017-1 Control Over Cash Collections

Criteria

Safeguarding of funds received by the Center.

Condition

Cash indicated as being received by the Center from daily patient visits was not deposited into the bank.

Cause

The Center's written procedures regarding collection and deposits of funds were not followed.

Effect

Cash indicated as being received by the Center was not deposited into the bank indicates a misappropriation of funds. Cash indicated as being received was not deposited in a timely manner. The approximate value of the misappropriated cash is $13,000 for the fiscal year 2017.

Records indicate a significant delay between indicated receipt date of funds and bank deposit date of those funds.

During the examination of bank deposits, it was discovered the bank deposit books containing the yellow carbon copy of the handwritten deposit slips were indicated as being destroyed.

The department(s) and employee(s) who may be believed to be involved in the misappropriation have not been determined as of June 29, 2018. The Center has notified in writing the Louisiana Legislative Auditor and the Plaquemines Parish District Attorney. In addition, the Center has reported the misappropriation to the Plaquemines Parish Sheriff's Office. The investigation of the persons involved is in progress and has not been completed as of June 29, 2018. As the investigation is in progress, no persons have been charged and no restitution has been made. The current investigation will determine if the misappropriation continued in the subsequent fiscal year 2018.

Section II - Financial Statement Findings (Continued)

B – Significant Deficiencies (Continued)

2017-1 Control Over Cash Collections (Continued)

Had the Center's written procedures regarding cash collections and deposits of patient visits been followed, the misappropriation would have been detected in a timely manner.

Recommendation

We recommend the Center examine the adopted procedures relating to the process of collection and depositing of funds and possibly modify the written procedures to ensure segregation of duties and safeguarding of funds.

We recommend the Center engage in remedial training of all personnel involved with handling funds received by the Center.

We recommend a regular periodic internal monitoring of the execution of procedures in place to determine they are functioning as designed.

(Resolved.)

C – Material Weaknesses

None

Section III – Management Letter

None

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the Plaquemines Parish Hospital Service District No. One d/b/a Plaquemines Medical Center and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of the Plaquemines Parish Hospital Service District No. One d/b/a Plaquemines Medical Center (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

   c) ***Disbursements***, including processing, reviewing, and approving

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

e) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

f) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

g) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

h) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

Board or Finance Committee

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

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

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. Obtain a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

- *Obtained a listing of cash collections and management's representation that the listing is complete.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

      - *No exceptions noted*

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

      - *No exceptions noted*

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

      - *No exceptions noted*

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

      - *No exceptions noted*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

   - *No exceptions noted*

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

   a) Observe that receipts are sequentially pre-numbered.

      - *The Center does not use sequentially pre-numbered receipts.*

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

      - *Other related collection documentation was traced to the deposit slip.*

        No exceptions noted.

c) Trace the deposit slip total to the actual deposit per the bank statement.

- *No exceptions noted*

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

- *The results of the 10 transactions that were examined are as follows:*

  3 of the 10 transactions received via mail were for ad valorem tax receivable from the Plaquemines Parish Sheriff and were not logged on a daily collection log, therefore the receipt date could not be determined. The date of the check was used as receipt date for these 3 transactions. These 3 transactions were deposited 7 days from check date.

  Compensating control by the entity included creating a receipt log as of January 2019 for non-patient payments/checks on which to enter date received. Receipt log is signed by two people for verification of receipt of check. Deposits are made within 1 day of receipt.

  Mangement's Response

  As of January 2019 the Center adopted and implemented a policy to create a receipt log for non-patient payments/checks on which to enter date received. Receipt log is signed by two people for verification of receipt of check. Deposits are made within 1 day of receipt.

e) Trace the actual deposit per the bank statement to the general ledger.

- *No exceptions noted*

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   - *Obtained a listing of locations that process payments and management's representation that the listing is complete.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

      - *No exceptions noted*

   b) At least two employees are involved in processing and approving payments to vendors.

      - *No exceptions noted*

   c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

      - *No exceptions noted*

   d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

      - *No exceptions noted*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe that the disbursement matched the related original invoice/billing statement.

       - *No exceptions noted*

    b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

       - *No exceptions noted*

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

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

    - *Listing of credit cards and the name of the person who maintained possession of the card and management's representation that the listing was complete was obtained.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    - *The Entity had 3 active credit cards during the fiscal year.*

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

    - *No exceptions noted.*

    b) Observe that finance charges and late fees were not assessed on the selected statements.

    - *No exceptions noted.*

13. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

    - *No exceptions noted.*

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

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

    a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

    b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

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

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- *Obtained a listing of all agreements/contracts initiated or renewed during the fiscal period and management's representation the listing is complete.*

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- *Contracts tested were not subject to the LA Public Bid Law.*

b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- *No exceptions noted*

c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

- *No exceptions noted*

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

- *No exceptions noted*

Payroll and Personnel

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

    b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

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

Debt Service

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    - *The Center discovered a misappropriation of cash during fiscal year 2018. The Center reported the misappropriation to the legislative auditor, district attorney, and sheriff. The Entity included this information in the footnotes to the financial statements.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    - *No exceptions noted.*

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

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

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 28, 2019