

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

FINANCIAL STATEMENTS

AUGUST 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
West Ascension Parish Hospital Service District
of Ascension Parish, Louisiana
Donaldsonville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana (the District), a component unit of the Ascension Parish Council, as of and for the years ended August 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana as of August 31, 2017 and 2016, and the respective changes in its financial position and its cash flows for the years 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 on pages 3 through 5 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana's basic financial statements. The schedules of net patient service revenues and schedule of compensation, benefits, and other payments to agency head or chief executive officer on pages 22 and 23, respectively, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedules of net patient service revenues and schedule of compensation, benefits, and other payments to agency head or chief executive officer are the responsibility of management and are 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of net patient service revenues and schedule of compensation, benefits, and other payments to agency head or chief executive officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018 on our consideration of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana'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 and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Ascension Parish Hospital Service District of Ascension Parish, Louisiana's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads 'Postlethwaite & Netterville' in a cursive script.

Donaldsonville, Louisiana
February 28, 2018

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2017

This section of the West Ascension Parish Hospital (the District) annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year that ended on August 31, 2017. Please read it and the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities by \$24,140,249 and \$23,810,346 (net position) as of August 31, 2017 and 2016, respectively.
- The District’s total assets increased by \$738,388 or 3.0 percent from August 31, 2016. Total assets as of August 31, 2016 increased by \$3,948,253 or 19.3 percent from August 31, 2015. The increase from 2015 is a result of excess sales tax revenues being invested in government securities.
- The District’s total liabilities increased \$408,485 or 69.5 percent from August 31, 2016. Total liabilities as of August 31, 2016 increased by \$133,772 or 29.5 percent from August 31, 2015.
- The District has net position of approximately \$24.1 million as of August 31, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management’s discussion and analysis (this section), the basic financial statements and other supplemental information. The basic financial statements include government-wide financial statements that provide both long-term and short-term information about the District’s overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by additional reports as required by *Governmental Auditing Standards*. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure of contents of each of the statements.

Figure A-1 Major Features of District’s Fund Financial Statements	
	Proprietary Fund Statements
Scope	Activities the District operates are similar to private business.
Required financial statements	<ul style="list-style-type: none"> • Statements of net position • Statements of revenues and expenses • Statements of changes in net position • Statements of cash flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during years, regardless of when cash is received or paid

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2017

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant fund. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The Hospital has one kind of fund:

- Proprietary funds—Services for which the District charges patients a fee are generally reported in proprietary funds. Proprietary funds provide both long-term and short-term financial information. In fact, the District's enterprise fund (one type of proprietary fund) is the same as its business-type activity, but provides more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's net position increased by \$329,903 from August 31, 2016 and increased by \$3,814,481 from August 31, 2015 (See Table A-1).

Table A-1
District's Net Position

	Business Type Activities		
	2017	2016	2015
Current and other assets	\$ 21,297,005	\$ 20,931,376	\$ 16,742,658
Capital assets	3,839,641	3,466,882	3,707,347
Total assets	25,136,646	24,398,258	20,450,005
Current liabilities	996,397	587,912	454,140
Total liabilities	996,397	587,912	454,140
Net position			
Investment in capital assets	3,839,641	3,466,882	3,707,347
Unrestricted	20,300,608	20,343,464	16,288,518
Total net position	\$ 24,140,249	\$ 23,810,346	\$ 19,995,865

Business Type Activities

Changes in net position. The District's total revenues decreased by \$3,291,896 or 31.2 percent from August 31, 2016. The decrease is due to a decrease in sales tax revenues resulting from parish expansion projects coming to a close in the previous year. Total revenues as of August 31, 2016 increased by \$2,079,337 or 24.5 percent from August 31, 2015 (See Table A-2). Approximately 79.2 percent of the District's revenue comes from net patient services for fiscal year 2017 as compared to 55.5 percent for the fiscal year 2016. Operating expenses for all services increased \$192,682 or 2.9 percent from August 31, 2016. Operating expenses as of August 31, 2016 increased \$128,282 or 1.9 percent from August 31, 2015.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2017

Table A-2
Changes in District's Net Position

	Business Type Activities		
	2017	2016	2015
Revenues			
Net patient services, net of bad debts	\$ 5,761,501	\$ 5,863,360	\$ 5,375,886
Non-operating	1,512,327	4,702,364	3,110,501
Total revenues	7,273,828	10,565,724	8,486,387
Expenses			
Operating expenses	6,943,925	6,751,243	6,622,961
Total expenses	6,943,925	6,751,243	6,622,961
Increase in net position	\$ 329,903	\$ 3,814,481	\$ 1,863,426

CAPITAL ASSETS

Capital Assets

At the end of 2017, the District had invested \$3,839,641 in net capital assets. (See Table A-3).

Table A-3
District's Capital Assets

	Business Type Activities		
	2017	2016	2015
Land	\$ 105,902	\$ 105,902	\$ 105,902
Buildings and improvements	3,614,872	3,614,872	3,614,872
Equipment	4,228,161	4,412,607	4,550,812
Construction in progress	613,830	-	-
Total capital assets	8,562,765	8,133,381	8,271,586
Accumulated depreciation	(4,723,124)	(4,666,499)	(4,564,239)
Net Capital Assets	\$ 3,839,641	\$ 3,466,882	\$ 3,707,347

- As of August 31, 2017, the District had approximately \$3,840,000 invested in capital assets. Capital expenditures in 2017 were approximately \$379,000 more than depreciation expense, which caused an increase in capital assets from 2016 to 2017.
- As of August 31, 2016, the District has approximately \$3,467,000 invested in capital assets. Capital expenditures in 2016 were approximately \$240,000 less than depreciation expense, which caused a decrease in capital assets from 2015 to 2016.
- Construction in progress consists of a project to remove and replace the existing hospital roof. Management expects the project to reach completion in fiscal year 2018.

CONTACTING THE DISTRICT HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Vince Cataldo, Donaldsonville, LA.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF NET POSITION
AUGUST 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,748,630	\$ 2,292,299
Patient accounts receivable, (net of estimated uncollectibles of \$1,688,726 in 2017 and \$1,424,829 in 2016)	562,908	376,928
Inventory	253,980	229,475
Sales tax receivable	179,545	482,314
Investments	18,289,029	17,304,024
Estimated third-party payor settlements	110,352	100,174
Other current assets	152,561	146,162
Total current assets	<u>21,297,005</u>	<u>20,931,376</u>
 <u>PROPERTY AND EQUIPMENT</u> - net	 <u>3,839,641</u>	 <u>3,466,882</u>
TOTAL ASSETS	 <u>\$ 25,136,646</u>	 <u>\$ 24,398,258</u>

LIABILITIES AND NET POSITION

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 570,402	\$ 269,183
Estimated third-party payor settlements	385,137	179,339
Accrued expenses	40,858	139,390
Total current liabilities	<u>996,397</u>	<u>587,912</u>
 <u>NET POSITION</u>		
Invested in capital assets	3,839,641	3,466,882
Unrestricted	20,300,608	20,343,464
Total net position	<u>24,140,249</u>	<u>23,810,346</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 25,136,646</u>	 <u>\$ 24,398,258</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>REVENUE</u>		
Net patient service revenues (net of provision for bad debts of \$1,491,412 in 2017 and \$1,776,266 in 2016)	\$ 5,761,501	\$ 5,863,360
<u>OPERATING EXPENSES</u>		
Salaries and benefits	3,206,824	3,131,790
Professional contracted services	1,510,412	1,577,078
Medical supplies and drugs	860,310	749,184
Other operating	980,516	891,214
Provision for depreciation	385,863	401,977
Total operating expenses	<u>6,943,925</u>	<u>6,751,243</u>
<u>LOSS FROM OPERATIONS</u>	<u>(1,182,424)</u>	<u>(887,883)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>		
Sales taxes	1,552,867	3,547,610
Investment earnings	(41,133)	1,007,398
Grant revenue	-	147,356
Other revenue	593	-
Total non operating revenues	<u>1,512,327</u>	<u>4,702,364</u>
<u>CHANGE IN NET POSITION</u>	<u>\$ 329,903</u>	<u>\$ 3,814,481</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CHANGES IN NET POSITION
YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Net position, beginning of year	\$ 23,810,346	\$ 19,995,865
Change in net position	<u>329,903</u>	<u>3,814,481</u>
Net position, end of year	<u><u>\$ 24,140,249</u></u>	<u><u>\$ 23,810,346</u></u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from patients and other third-party payors	\$ 5,771,141	\$ 6,183,553
Cash payments to suppliers for goods and services	(3,515,409)	(3,633,574)
Cash payments to employees for services	(2,862,917)	(2,685,694)
Net cash used in operating activities	<u>(607,185)</u>	<u>(135,715)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Sales taxes received	1,855,636	3,537,454
Grant revenue	-	147,356
Net cash provided by non-capital financing activities	<u>1,855,636</u>	<u>3,684,810</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisitions of capital assets	(764,733)	(161,512)
Proceeds from sale of capital assets	6,704	-
Net cash used in capital and related financing activities	<u>(758,029)</u>	<u>(161,512)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(1,296,377)	(6,837,250)
Proceeds from sale or maturity of investments	20,000	4,148,382
Interest on investments	242,286	450,020
Net cash used in investing activities	<u>(1,034,091)</u>	<u>(2,238,848)</u>
Net (decrease) increase in cash	(543,669)	1,148,735
Cash at beginning of year	<u>2,292,299</u>	<u>1,143,564</u>
Cash at end of year	<u>\$ 1,748,630</u>	<u>\$ 2,292,299</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES</u>		
Loss from operations	\$ (1,182,424)	\$ (887,883)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	385,863	401,977
Provision for uncollectible accounts	1,491,412	1,776,266
Changes in assets and liabilities:		
Increase in receivables	(1,677,392)	(1,618,631)
Increase in inventory	(24,505)	(23,006)
Decrease in estimated third-party payor settlements	195,620	162,385
Decrease in other current assets	1,554	2,200
Increase in accounts payable	301,219	32,252
Increase (decrease) in accrued expenses	(98,532)	18,725
Total adjustments	<u>575,239</u>	<u>752,168</u>
Net cash used in operating activities	<u>\$ (607,185)</u>	<u>\$ (135,715)</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, d/b/a Prevost Memorial Hospital (the District), was created by a resolution of the Ascension Parish Council on May 2, 1963 under provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950.

Basis of Presentation

The accompanying component unit financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the District is described below.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Ascension Parish Council is the financial reporting entity for Ascension Parish. The financial reporting entity consists of (a) the primary government (Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The criteria for determining which component units should be considered part of the Ascension Parish Council for financial reporting purposes is below. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Reporting Entity (continued)

Because the Council appoints all members to the District's Board of Commissioners, the District was determined to be a component unit of the Ascension Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Measurement Focus, Basis of Accounting

Proprietary Fund Financial Statements. The proprietary fund financial statements are reported using the economic resources measurement focus. The proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Patient Accounts Receivable

The District provides credit in the normal course of operations to patients located primarily in Ascension Parish and surrounding areas and to insurance companies conducting operations in this area.

The District maintains allowances for contractual adjustments, doubtful accounts, and charity care based on management's assessment of collectability, current economic conditions, and prior experience. The District determines if patient accounts receivable are past-due based on the discharge date; however, the District does not charge interest on past-due accounts. The District charges off patient accounts receivable if management considers the collection of the outstanding balances to be doubtful.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings. Losses are charged against the allowance when management believes the uncollectability of an account is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the accounts in light of historical experience, the nature and volume of the accounts, and the agreements with the respective third-party payers.

While management uses available information in estimating the District's allowance for doubtful accounts, changes in the reimbursable contract rates and the composition of the patient treatments could result in further reductions in the carrying amount of patient receivables. As such it is reasonably possible that the estimated net patient receivables may change materially in the near term. The amount of the change that is reasonably possible, however, cannot be estimated.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed cost, discounted charges, and per diem payments.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Operating Revenues and Expenses

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as non-operating revenues.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Property and equipment donated for District operations are recorded as additions at fair value at the date of receipt. Maintenance and repairs are charged to expense and betterments are capitalized.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. The buildings and improvements are being depreciated over 25 to 40 years, land improvements over 20 years, and equipment over 5 to 20 years. Gains and losses from sales or retirements are recognized in the period of disposition.

Inventory

Inventory is valued at the lower of cost (using the first-in, first-out method) or market.

Net position

The net position of the Hospital is classified in components. Net investment in capital assets net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings used to finance the purchase, improvements, or construction of those assets, if any. Restricted net position is when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets net of related debt or restricted.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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

Cash includes petty cash and demand deposit accounts. Under state law, the District may deposit funds and invest in certificates of deposit with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States.

Investments

The District may invest in bonds, debentures and other indebtedness which are fully guaranteed by the United States, issued or guaranteed by federal agencies backed by full faith and credit of the United States and issued or guaranteed by United States government instrumentalities which are federally sponsored and others allowable by state law. Investments are stated at fair value, which are the amounts on the statements of net position, and are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Investment income includes interest earned, realized gains and losses and unrealized gains and losses (changes in fair value).

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Records of charges foregone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self insurance for workers' compensation and liability insurance. The management of the trust funds has complete control over the rate setting process. The District is insured for all other risks of loss.

Current Year Adoption of New Accounting Standards

GASB 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements. The provisions of GASB 77 are effective for reporting periods beginning after December 15, 2015.

2. **Sales Tax**

In a general election held on November 5, 1980, the voters of the District approved a one-half percent sales tax. The net proceeds from this tax can be used for the expansion and/or operation of the District.

3. **Cash**

At August 31, the District had cash and demand deposit accounts totaling \$1,748,630 and \$2,292,299, respectively as follows:

	2017	2016
Petty cash	\$ 325	\$ 325
Demand deposit	1,748,305	2,291,974
Total cash	\$ 1,748,630	\$ 2,292,299

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of 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.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

4. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk at August 31, 2017. As of August 31, 2017, the District's bank balance was \$1,748,451. Of this amount, \$250,000 was insured by federal deposit insurance and \$1,498,451 was collateralized by pledged securities. The District's bank balances were not exposed to custodial credit risk at year end.

5. **Net Patient Service Revenues**

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Contractual adjustments represent the differences between the District's billings at established rates for services and amounts reimbursed by third-party payers and self-pay payers. Due to uncertainties in the settlement process with third-party payers, however, it is at least reasonably possible that management's estimate of the outcome will change during the next year. The amount cannot be reasonably estimated. A summary of the payment arrangements with major third-party payers follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are also paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been filed with the Medicare fiscal intermediary through August 31, 2017. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 2015.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been filed with the fiscal intermediary through August 31, 2017. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through August 31, 2012.

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

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. Investments

The District's investments generally are reported at fair value, as discussed in Note 1. At August 31, 2017 and 2016, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
August 31, 2017					
U.S. Agencies	\$ 17,854,526	\$ 410,592	\$ 8,412,808	\$ 5,306,406	\$ 3,724,720
U.S. Treasury bills	434,503	-	434,503	-	-
Total investments	\$ 18,289,029	\$ 410,592	\$ 8,847,311	\$ 5,306,406	\$ 3,724,720
August 31, 2016					
U.S. Agencies	\$ 16,859,446	\$ -	\$ 7,753,996	\$ 4,696,826	\$ 4,408,624
U.S. Treasury bills	444,578	-	444,578	-	-
Total investments	\$ 17,304,024	\$ -	\$ 8,198,574	\$ 4,696,826	\$ 4,408,624

The District categorizes its fair value measurements within the fair values hierarchy established by generally accepted accounting principles. The hierarchy is described in note 10.

Interest Rate Risk- The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk- Under Louisiana R.S. 33:2955, as amended, the District may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, and other investments as provided in the statute. The District's investment policy does not limit its investment choices. As of August 31, 2017, the District's investments in U.S. Agencies and U.S. Treasury bills were rated AAA by Moody's Investors Service and AAA by Standard & Poor's.

Concentration of Credit Risk- The District's investment policy does not limit the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in securities issued by Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae, Tennessee Valley Authority, and Federal Home Loan Mortgage Corp. These investments are 34%, 36%, 17%, 6%, and 5% respectively of total investments at August 31, 2017.

Custodial Credit Risk- For an investment, this is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy addresses custodial credit risk for investments by requiring that they must be held by the District's fiscal agent bank that is selected in accordance with Louisiana statutes.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

7. Capital Assets

Capital Assets and depreciation activity as of and for the year ended August 31, 2017, are as follows:

	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets, 8/31/16	\$105,902	\$ -	\$3,614,872	\$4,412,607	\$8,133,381
Additions	-	613,830	-	150,903	764,733
Deletions	-	-	-	(335,349)	(335,349)
Cost of Capital Assets, 8/31/17	<u>105,902</u>	<u>613,830</u>	<u>3,614,872</u>	<u>4,228,161</u>	<u>8,562,765</u>
Accumulated Depreciation, 8/31/16	-	-	1,957,519	2,708,980	4,666,499
Additions	-	-	69,861	316,002	385,863
Deletions	-	-	-	(329,238)	(329,238)
Accumulated Depreciation, 8/31/17	<u>-</u>	<u>-</u>	<u>2,027,380</u>	<u>2,695,744</u>	<u>4,723,124</u>
Capital Assets, net of accumulated depreciation at 8/31/17	<u>\$105,902</u>	<u>\$ 613,830</u>	<u>\$1,587,492</u>	<u>\$1,532,417</u>	<u>\$3,839,641</u>

Capital Assets and depreciation activity as of and for the year ended August 31, 2016, are as follows:

	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets, 8/31/15	\$105,902	\$ -	\$ 3,614,872	\$ 4,550,812	\$8,271,586
Additions	-	-	-	161,512	161,512
Deletions	-	-	-	(299,717)	(299,717)
Cost of Capital Assets, 8/31/16	<u>105,902</u>	<u>-</u>	<u>3,614,872</u>	<u>4,412,607</u>	<u>8,133,381</u>
Accumulated Depreciation, 8/31/15	-	-	1,886,176	2,678,063	4,564,239
Additions	-	-	71,343	330,634	401,977
Deletions	-	-	-	(299,717)	(299,717)
Accumulated Depreciation, 8/31/16	<u>-</u>	<u>-</u>	<u>1,957,519</u>	<u>2,708,980</u>	<u>4,666,499</u>
Capital Assets, net of accumulated depreciation at 8/31/16	<u>\$105,902</u>	<u>\$ -</u>	<u>\$ 1,657,353</u>	<u>\$ 1,703,627</u>	<u>\$3,466,882</u>

For the years ended August 31, 2017 and 2016, depreciation expense was \$385,863 and \$401,977, respectively.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

8. Concentrations of Credit Risk

The District is located in Donaldsonville, Louisiana. The District grants credit without collateral to its patients, most of whom are local residents. Revenue from patients and third party payers were as follows:

	<u>2017</u>	<u>2016</u>
Medicare and Medicaid	61.4%	54.5%
Blue Cross	12.1	12.5
Commercial	22.3	26.0
Private Pay	4.2	7.0
	<u>100.0%</u>	<u>100.0%</u>

Patient accounts receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Receivable from patients and their insurance carriers	\$ 1,510,593	\$ 1,440,703
Receivable from Medicare	312,846	199,593
Receivable from Medicaid	428,195	161,461
Total patient accounts receivable	<u>2,251,634</u>	<u>1,801,757</u>
Less allowance for doubtful accounts	<u>1,688,726</u>	<u>1,424,829</u>
Patient accounts receivable, net	<u>\$ 562,908</u>	<u>\$ 376,928</u>

The District provides for bad debts using formulas supporting collectability of related patient groupings. When accounts are charged off they are removed from the related asset account and the allowance for bad debt account.

9. Charity Care

The District is an active and caring member of the community. Its mission of providing and improving medical care in the area as well as its participation in community activities is a long standing tradition of service provided to benefit the community. Total charity care for the indigent during the years ended August 31, 2017 and 2016 were \$175,919 and \$530,090, respectively.

The amount reported as care for the indigent represents billings for services provided based on the District's charge rates to persons who cannot afford health care because of unavailable resources or who are uninsured. Total cost of charity care for the years ended August 31, 2017 and 2016 was \$130,868 and \$396,046, respectively.

10. Fair Value of Financial Instruments

Determination of Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

10. **Fair Value of Financial Instruments** (continued)

Fair Value Hierarchy

In accordance with this guidance, the District groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

The following methods and assumptions were used by the District in estimating fair value disclosures for financial instruments:

Securities: Where quoted prices are available in an active market, we classify the securities within level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, we estimate fair values using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include GSE (Government sponsored enterprises) obligations, such as Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Bank), corporate bonds, and other securities. Mortgage backed securities are included in level 2 if observable inputs are available. In certain cases, where there is limited activity or less transparency around inputs to the valuation, we classify those securities in level 3.

Fair Value of Assets Measured on a Recurring Basis

The District's securities are measured on a recurring basis through a model used by its investment custodian. Prices are derived from a model which uses actively quoted rates, prepayment models and other underlying credit and collateral data.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

10. **Fair Value of Financial Instruments** (continued)

Fair Value of Assets Measured on a Recurring Basis (continued)

The following table presents for each of the fair-value hierarchy level the District's financial assets and liabilities that are measured at fair value (in thousands) on a recurring basis at August 31, 2017:

<i>August 31, 2017</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
U.S. Treasury securities	\$ 434,503	\$ -	\$ -
U.S. Agency securities	-	17,854,526	-
Total	<u>\$ 434,503</u>	<u>\$ 17,854,526</u>	<u>\$ -</u>
<i>August 31, 2016</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
U.S. Treasury securities	\$ 444,578	\$ -	\$ -
U.S. Agency securities	-	16,859,446	-
Total	<u>\$ 444,578</u>	<u>\$ 16,859,446</u>	<u>\$ -</u>

11. **Tax Abatement**

The District is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the District may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending August 31, 2017, the District did not participate in any Tax Exemption Programs.

12. **Commitments and Contingencies**

None.

13. **Subsequent Events**

Management has evaluated subsequent events through February 28, 2018, the date that the financial statements were available to issued, and determined that there were no events that require additional disclosure.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
SUPPLEMENTAL INFORMATION
YEARS ENDED AUGUST 31, 2017 AND 2016

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

SCHEDULES OF NET PATIENT SERVICE REVENUES
YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Patient services:		
Routine service (daily service charges)	\$ 138,945	\$ 107,993
Emergency room	5,181,924	5,203,056
Therapy	32,810	34,562
Central services and supply	8,073	7,621
	<u>5,361,752</u>	<u>5,353,232</u>
Other services:		
Laboratory	1,897,949	1,872,702
Pharmacy	116,603	69,500
Radiology	288,582	326,710
Medical transcription fees	11,687	12,150
EKG	53,522	60,219
Physical therapy	628	437
Wound Care	864,925	903,150
Ultrasound	123,105	122,830
Mammography	105,150	89,815
Miscellaneous	168,074	69,428
	<u>3,630,225</u>	<u>3,526,941</u>
Total patient and other service revenues	<u>8,991,977</u>	<u>8,880,173</u>
Contractual adjustments	(1,739,064)	(1,240,547)
Provision for bad debts	(1,491,412)	(1,776,266)
	<u>(3,230,476)</u>	<u>(3,016,813)</u>
Net patient service revenue	<u>\$ 5,761,501</u>	<u>\$ 5,863,360</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED AUGUST 31, 2017

Agency Head Name/Title: Vince Cataldo, Administrator

Purpose	Amount
Salary	\$ 153,468
Benefits - Insurance	9,266
	<u>\$ 162,734</u>

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

Board of Commissioners
West Ascension Parish Hospital Service District
of Ascension Parish, Louisiana
Donaldsonville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, a component unit of the Ascension Parish Council, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana'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 West Ascension Parish Hospital Service District of Ascension Parish, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiency. [2017-001].

Compliance and Other Matters

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

Management's Response to Findings

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

Purpose of this Report

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



Donaldsonville, Louisiana
February 28, 2018

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2017

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ X Yes _____ None reported
- Noncompliance material to financial statements noted? _____ Yes X No

B. FINDINGS-FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2017-001 Internal Control – Bank Reconciliations

- Criteria:** Internal control procedures over the reconciliation of sales tax and payroll bank accounts should be adequately designed and implemented.
- Condition:** Management should improve the design of its procedures over reconciliation of sales tax and payroll bank accounts on a monthly basis.
- Cause:** The current procedures are inadequate to provide effective internal control.
- Effect:** Bank reconciliations were not properly reconciled with monthly bank statements.
- Recommendation:** Management should design and document procedures to ensure proper reconciliation of bank accounts on a monthly basis including proper review by management.
- View of Responsible Official:** The District will design and implement procedures over the bank reconciliation process.

C. COMPLIANCE WITH STATE LAWS AND REGULATIONS

None



Vince A. Cataldo
Administrator
Joint Commission Approved

Prevoist Memorial Hospital

301 Memorial Drive
Donaldsonville, LA 70346
Phone: (225) 473-7931

Board Of Commissioners:
Michel Hirsch, M.D., Chairman
Glenn Schexnayder, M.D., Vice-Chairman
Glenn Robert, Treasurer
A.J. Gomez, Recording Secretary
John Marchand, Commissioner

SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES YEAR ENDED AUGUST 31, 2017

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2016-001 Internal Control – Bank Reconciliations

Condition: Management should improve the design of its procedures over reconciliation of bank accounts on a monthly basis.

Current Status: Similar finding was noted in the current year and is listed as finding 2017-001.

B. COMPLIANCE WITH STATE LAWS AND REGULATIONS

None



Vince A. Cataldo
Administrator
Joint Commission Approved

Prevost Memorial Hospital

301 Memorial Drive
Donaldsonville, LA 70346
Phone: (225) 473-7931

Board Of Commissioners:
Michel Hirsch, M.D., Chairman
Glenn Schexnayder, M.D., Vice-Chairman
Glenn Robert, Treasurer
A.J. Gomez, Recording Secretary
John Marchand, Commissioner

CORRECTIVE ACTION PLAN

February 28, 2018

Louisiana Legislative Auditor

The West Ascension Parish Hospital Service District respectfully submits the following corrective action plan for the year ended August 31, 2017.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: September 1, 2016 – August 31, 2017

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2017-001 INTERNAL CONTROL – BANK RECONCILIATIONS

Recommendation: Management should document and design procedures to ensure timely and proper reconciliation of bank accounts on a monthly basis including proper review by management.

Action Taken: Procedures will be designed and implemented over the bank reconciliation process.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Vince Cataldo at (225) 473-7931.

Sincerely,

Vince Cataldo
Hospital Administrator

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT

**LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT**

AUGUST 31, 2017

Independent Accountants' Report
On Applying Agreed-Upon Procedures
For the Year Ended August 31, 2017

To Board of Commissioners, and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the West Ascension Parish Hospital Service District (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 01, 2016 through August 31, 2017. The District'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 performed and the results thereof are set forth below. The procedure is stated first followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:

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

The District is not subject to budgeting laws.

- 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 or state purchasing rules and regulations; and (5) documentation required to be maintained for all bids and price quotes.

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

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

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

- d) **Receipts**, including receiving, recording, and preparing deposits.

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

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

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

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

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

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

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

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

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exceptions noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and other major funds. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes did not include monthly budget-to-actual comparisons. Budget-to-actual results are reviewed quarterly.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

No exceptions noted.

4. Using the listing provided by management, select all of the District's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

There was no evidence of review by a member of management or a council member on any of the 36 reconciliations tested.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No exceptions noted.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

No exceptions noted.

- 6. Using the listing provided by management, select all of the District's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a. Obtain existing documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is 1) bonded, 2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by a board member or an outside party) and 3) not required to share the same cash register or drawer.

Two of the four people who collect cash may also record the related transactions.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the District has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash location selected.

No exceptions noted.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using District collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy. The individual responsible for determining completeness of collection is independent of the cash collection function.

Disbursements – Other General

8. Obtain a listing of District disbursements from management or, alternately, obtain the general ledger and sort/filter for District disbursements. Obtain management's representation that the listing or general ledger population is complete.

No exceptions noted.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the District had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Of the 25 disbursements selected, 11 required a requisition or purchase order. Of the 11 that required a requisition or purchase order, 8 were lacking evidence of who initiated the transaction.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Of the 25 disbursements selected, 11 required a requisition or purchase order. Of the 11 that required a requisition or purchase order, 8 were lacking approval of the requisition or purchase order.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order (P.O.), or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Of the 25 disbursements selected, 23 did not have evidence of approval on the invoice or receiving report.

10. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the District's purchasing/disbursement system.

The persons responsible for processing payments are not prohibited from adding vendors.

11. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review District documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The authorized signer does not maintain control of the checks until mailed.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

No exceptions noted.

15. Using the listing prepared by management, randomly select ten cards (or at least one-third if the District has less than ten cards that were used during the fiscal period. Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions noted.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

One monthly statement was tested. Late fees were assessed on the statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Although certain processes were provided to us and asserted to be policies and procedures, the description of processes provided had not undergone review by management and formalized into standard policy.

18. Obtain the District's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (GSA) and report any rates that exceed the GSA rates.

No exceptions noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the District does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Three travel and expense reimbursements were tested. There was no supporting documentation for one of the travel reimbursements that were tested.

- c) Compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Due to the lack of supporting documentation for one of the reimbursements, we were not able to perform this procedure. No other exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For the three reimbursements tested, two of the reimbursements did not have approval in writing by someone other than the person receiving reimbursement.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

No exceptions noted.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner or the Louisiana Legislative Auditor). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

- If no, obtain supporting contract documentation and report whether the District solicited quotes as a best practice.

None of the 5 contracts selected were subject to Louisiana Public Bid Law. In procurement of these contracts, the District did not solicit quotes.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The support for two of the five contracts selected were lacking detailed support to determine agreement with contract provisions.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

No exceptions noted.

Payroll and Personnel

- 22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees and:

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

Of the 25 employees tested, 21 time cards were not approved electronically or in writing by a supervisor.

- c) Report whether there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There was no written policy for termination pay to compare to perform this procedure.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics

26. Using the five selected employees from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the District maintained documentation to demonstrate that required annual ethics training was completed.

There was no evidence that the employees selected completed annual ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the District during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the District's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exceptions noted.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the District, and report whether State Bond Commission approval was obtained.

No debt issued during the fiscal period.

29. If the District had outstanding debt during the fiscal period, obtain supporting documentation from the District and report whether the District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

There was no outstanding debt during the fiscal year.

30. If the District had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No millages have been assessed by the District related to the repayment of debt.

Other

31. Inquire of management whether the District had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the District reported the misappropriation to the legislative auditor and the district attorney of the parish in which the District is domiciled.

No exceptions noted.

32. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required fraud notice not posted on premise or the District's website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

Corrective Action

34. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See attached Corrective Action Plan.

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.

Sincerely,

A handwritten signature in black ink that reads 'Postlethwaite & Netterville' in a cursive script.

Donaldsonville, Louisiana
February 28, 2018



Vince A. Cataldo
Administrator
Joint Commission Approved

Prevoist Memorial Hospital

301 Memorial Drive
Donaldsonville, LA 70346
Phone: (225) 473-7931

Board Of Commissioners:
Michel Hirsch, M.D., Chairman
Glenn Schexnayder, M.D., Vice-Chairman
Glenn Robert, Treasurer
A.J. Gomez, Recording Secretary
John Marchand, Commissioner

Management's Response to Agreed-Upon Procedures Report

Written Policies and Procedures

- 1-b) **Purchasing**
Management will review and revise the existing purchasing policy. Then management will formalize into standard policy.
- 1-c) **Disbursements**
Management will review and revise the existing disbursement policy. Then management will formalize into standard policy.
- 1-d) **Receipts**
Management will review and revise the existing receipt policy. Then management will formalize into standard policy.
- 1-e) **Payroll/Personnel**
Management will review and revise the existing payroll policy. There is a new electronic time keeping system in affect since February 26, 2018. All department heads are responsible for printing a time card report for each employee. The department head reviews and approves the report for attendance record, including leave and overtime worked. Then management will formalize into standard policy.
- 1-f) **Contracting**
Management will review and revise the existing contracting policy. Then management will formalize into standard policy.
- 1-g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**
Management will review and revise the existing credit card policy. Then management will formalize into standard policy.
- 1-h) **Travel and expense reimbursement**
Management will review and revise the existing travel and reimbursement policies. Then management will formalize into standard policy.
- 1-i) **Ethics**
Management will review and revise the existing policy. Then management will formalize into standard policy. Management has been handling annual ethics training as part of the corporate compliance program. This is reviewed annually and signed by employees.

1-j) **Debt Service**

Management will review and revise the existing debt service policy. Then management will formalize into standard policy.

Board (or Finance Committee, if applicable)

- 2-b) *Board by-laws require a quarterly budget adjustment (monthly budget to actual comparisons).*

Bank Reconciliations

- 4-b. *The administrator will review and sign all bank reconciliations.*

Collections

- 6-a) *Due to the size of the staff it is impossible to segregate responsibilities.*
7. *Management will review and revise the existing policy. Then management will formalize into standard policy.*

Disbursements—Other General

- 9-a) *Management will review and revise the existing purchase order policy. Then management will formalize into standard policy.*
- 9-b) *Management will review and revise the existing purchase order policy. Then management will formalize into standard policy. There is an existing policy that allows the purchasing agent and department heads to purchase up to \$500.00 without administrative approval.*
- 9-c) *Management will review and revise the existing purchase order policy. Then management will formalize into standard policy. The purchasing agent and all department heads will sign invoices before disbursement.*

Disbursements—Other General

10. *Management will review and revise the existing disbursement policy concerning adding vendors to the District's purchasing/disbursement system. CFO and purchasing agent will be prohibited from adding vendors without administrative approval. Then management will formalize into standard policy.*
13. *Once checks are signed they are placed in a sealed envelope. The checks are then placed in the mail basket located in a secure area to be posted for mailing.*

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

- 15-b) *Management will review and revise the existing credit card policy regarding finance and/or late fees. Accounts payable will be notified to cut checks prior to late fee assessments. Then management will formalize into standard policy.*

Travel and Expense Reimbursement

17. *Management will review and revise the existing travel and expense reimbursement policy. Then management will formalize into standard policy.*
- 19-b) *Management will review and revise the existing travel and expense reimbursement policy that will include an original itemized receipt that will identify precisely what was purchased, documentation of the business/public purpose and other documentation that may be required by written policy. Then management will formalize into standard policy.*
- 19-c) *Management will review and revise the existing travel and expense reimbursement policy. Management will assure the Entity's comparison of documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution. Then management will formalize into standard policy.*
- 19-d) *Management will review and revise the existing travel and expense reimbursement policy. Management will make sure that the travel expense report will have the signature of the person requesting and the person approving. Then management will formalize into standard policy.*

Contracts

- 21-b) *Management will review and revise the existing contracts policy to include the dollar amounts for Louisiana Public Bid Law and quotes. Then management will formalize into standard policy.*
- 21-d) *Management will review and revise the existing contracts policy. Management will review all terms and conditions of all existing contracts. Then management will formalize into standard policy.*

Payroll and Personnel

- 23-b) *Management will review and revise the existing payroll policy. There is a new electronic time keeping system in affect since February 26, 2018. All department heads are responsible for printing a time card report for each employee. The department head reviews and approves the report for attendance record, including leave and overtime worked. Then management will formalize into standard policy.*
24. *Management will review and revise the existing payroll and personnel policy regarding termination pay. Then management will formalize into standard policy.*

Ethics

26. *Management will review and revise the existing ethics policy. Management has been handling annual ethics training as part of the corporate compliance program. This is reviewed annually and signed by employees.*

Other

32. *Management will post a fraud notice in at least three locations in the facility and on the Districts web site.*

Vince Cataldo