

NATCHITOCHEs REGIONAL MEDICAL CENTER

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2019, 2018 AND 2017



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis

Our discussion and analysis of Natchitoches Parish Hospital Service District's (Hospital's) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Hospital's financial statements, which begin on page 4.

Financial Highlights

- The Hospital's total assets increased by approximately \$7,190,030 or roughly 8.9%. The Hospital's total liabilities increased by approximately \$6,977,000, or roughly 50.1%.
- During the year, the Hospital's net patient service revenue rose 10.97% due to the expansion of services, such as private physician offices. Expenses increased by approximately \$4,293,000, or 6.5%. The Hospital had income from operations of \$748,375, which is approximately 1.1% of total operating revenue.
- The voters renewed a 10-year Ambulance property tax in 2013, and the hospital received \$1,793,000 in taxes for this year. These taxes have been able to provide funds for modernization of Ambulance equipment and expansion of service to rural areas of the Parish that do not have the optimum of services.

Using This Annual Report

The Hospital's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by contributors, grantors, or enabling legislation.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

Our analysis of the Hospital finances begins on page iv. One of the most important questions asked about the Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received and paid.

These two statements report the Hospital's net position and changes in them. You can think of the Hospital's net position – the difference between assets and liabilities – as one way to measure the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Hospital's patient base and measure of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Hospital.

The Statement of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

The Hospital's Net Position

The Hospital's net position is the difference between its assets and liabilities reported in the statement of net position on page 4. The Hospital's net position increased in each of the past four years, by \$213,473 (0.3 percent) in 2019, \$1,692,213 (2.6 percent) in 2018, \$2,848,741 (4.6 percent) in 2017 and \$335,745 (0.5 percent) in 2016, as you can see from Table 1.

Table 1: Assets, Liabilities and Net Position

	June 30			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Current Assets	\$ 23,358,319	\$ 23,857,267	\$ 25,318,666	\$ 22,938,211
Land & Depreciable Assets – Net	40,117,436	40,108,285	37,039,752	37,990,637
Other Assets, Including Board - Designated Investments	<u>24,753,861</u>	<u>17,074,034</u>	<u>17,175,092</u>	<u>16,605,432</u>
Total Assets	<u>\$ 88,229,616</u>	<u>\$ 81,039,586</u>	<u>\$ 79,533,510</u>	<u>\$ 77,534,280</u>
Current Liabilities	\$ 8,702,024	\$ 8,985,467	\$ 7,866,604	\$ 7,481,115
Long-term Debt/Liabilities	<u>12,190,000</u>	<u>4,930,000</u>	<u>6,235,000</u>	<u>7,470,000</u>
Total Liabilities	<u>20,892,024</u>	<u>13,915,467</u>	<u>14,101,604</u>	<u>14,951,115</u>
Net Position				
Net Investment in Capital Assets	26,187,436	33,873,285	29,569,752	29,345,637
Restricted	8,055,202	1,376,558	1,005,527	985,064
Unrestricted	<u>31,503,869</u>	<u>30,345,829</u>	<u>33,115,529</u>	<u>30,764,734</u>
Total Controlling Net Position	<u>65,746,507</u>	<u>65,595,672</u>	<u>63,690,808</u>	<u>61,095,435</u>
Noncontrolling Interest in Subsidiary	<u>1,591,085</u>	<u>1,528,447</u>	<u>1,741,098</u>	<u>1,487,730</u>
Total Net Position	<u>67,337,592</u>	<u>67,124,119</u>	<u>65,431,906</u>	<u>62,583,165</u>
Total Liabilities and Net Position	<u>\$ 88,229,616</u>	<u>\$ 81,039,586</u>	<u>\$ 79,533,510</u>	<u>\$ 77,534,280</u>

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Operating Results and Changes in the Hospital's Net Position

The following table presents a summary of the Hospital's historical revenues and expenses for the fiscal years ended June 30, 2019, 2018, 2017 and 2016.

Table 2: Operating Results and Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenue:				
Net Patient Service Revenue	\$ 61,984,951	\$ 55,857,626	\$ 54,367,788	\$ 52,139,316
Other Revenue	<u>8,755,035</u>	<u>12,709,612</u>	<u>11,188,302</u>	<u>7,811,003</u>
Net Revenue	<u>70,739,986</u>	<u>68,567,238</u>	<u>65,556,090</u>	<u>59,950,319</u>
Expenses:				
Salaries & Benefits	36,421,768	33,024,661	29,366,513	28,290,659
Medical Supplies	7,346,630	6,773,250	6,301,571	5,750,273
Purchased Services	3,701,368	3,995,158	4,400,362	4,305,670
Other Operating Expense	18,618,351	18,050,319	18,325,697	16,494,088
Depreciation & Amortization	<u>3,903,494</u>	<u>3,854,734</u>	<u>3,827,909</u>	<u>4,423,304</u>
Total Operating Expense	<u>69,991,611</u>	<u>65,698,122</u>	<u>62,222,052</u>	<u>59,263,994</u>
Net Operating Income	<u>748,375</u>	<u>2,869,116</u>	<u>3,334,038</u>	<u>686,325</u>
Investment Income	392,407	278,769	203,037	184,374
Interest Expense	<u>(150,895)</u>	<u>(211,258)</u>	<u>(269,896)</u>	<u>(384,775)</u>
Excess of Revenues over Expense	989,887	2,936,627	3,267,179	485,924
Unrealized Holding Gains (Losses)	283,599	(188,032)	(145,126)	78,670
Consolidated Net Income - Non Controlling Interest	<u>(1,122,651)</u>	<u>(843,731)</u>	<u>(526,680)</u>	<u>(344,290)</u>
Changes in Net Position	150,835	1,904,864	2,595,373	220,304
Net Position – Beginning of Year	<u>65,595,672</u>	<u>63,690,808</u>	<u>61,095,435</u>	<u>60,875,131</u>
Net Position – End of Year	<u>\$ 65,746,507</u>	<u>\$ 65,595,672</u>	<u>\$ 63,690,808</u>	<u>\$ 61,095,435</u>

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Operating Income

The first component of the overall change in the Hospital's net position is its operating income (loss) – generally, the difference between net patient service revenue and other revenue, and the expenses incurred to perform those services. In each of the past four years, the Hospital has reported an operating income. This is consistent with the Hospital's operating history. In 2019 there was a decrease of \$2,120,741 (74%) in operating income. In 2018, there was a decrease of \$464,922 (14%) in operating income. In 2017, there was an increase of \$2,647,713 (386%) in operating income. In 2016, there was a decrease of \$2,622,400 (79%) in operating income.

Total salary and benefits expenses increased in 2019 by \$3,397,107 or 10.3%, 2018 by \$3,658,148 or 12.5%, 2017 by \$1,075,854 or 3.8%, and 2016 by \$1,536,694, or 5.7%. As a percentage of net patient service revenue, salary and benefit expenses were approximately 58.8%, 59.1%, 54.0%, and 54.3% for the fiscal years ended June 2019, 2018, 2017 and 2016, respectively.

Medical supplies increased by approximately \$573,000 and professional fees decreased by approximately \$294,000 in 2019. Other expenses increased by approximately \$523,000. The increase in other expenses were related mainly to additional rentals for physician office buildings and increases in physician recruitment efforts.

The rate of health care inflation has a direct effect on the cost of services provided by the Hospital. A component of the Hospital's costs is expenses for medical and professional services. In 2019, medical and professional services cost totaled \$3.7 million (5.3% of total expenses) and a decrease of 7.4% over 2018 costs of \$4.0 million (6.1% of total expenses).

Sources of Revenue

During fiscal year 2019, the Hospital derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Hospital's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes ambulance property tax, cafeteria sales, contract meals, rental income and other miscellaneous services.

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Sources of Revenue (continued)

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended June 30, 2019, 2018, 2017 and 2016.

Table 3: Payor Mix by Percentage

	Year-end June 30			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Medicare	32.9%	33.6%	33.7%	35.9%
Medicaid	30.5%	30.4%	29.5%	22.5%
Commercial Insurance	13.9%	18.9%	16.4%	18.0%
Blue Cross	20.1%	14.3%	15.7%	14.8%
Self-Pay and Other	<u>2.6%</u>	<u>2.8%</u>	<u>4.7%</u>	<u>8.8%</u>
Total Patient Revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Other Revenue

Other revenue includes Ambulance property tax, cafeteria sales, rental income, and other miscellaneous services. Other revenue decreased by \$3,954,577 or 31.1% for 2019.

Table 4: Other Revenue

	Year-end June 30			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Other Revenue:				
Rental Income	\$ 1,565,673	\$ 1,444,333	\$ 1,474,383	\$ 1,532,591
Medical Records Revenue	398	117	64	200
Dietary Sales	262,457	313,998	346,048	314,033
Drugs Sold to Employees	632,094	532,121	343,675	143,260
Vending Revenue	37,296	35,829	35,124	36,696
Ambulance Tax and Subsidy	1,792,917	1,730,881	1,733,459	1,650,000
Grants	3,359,675	6,573,508	6,451,420	3,742,063
340B Pharmaceutical Program	655,195	1,246,642	641,443	125,464
Other	<u>449,330</u>	<u>832,183</u>	<u>162,686</u>	<u>266,696</u>
Total Other Revenue	<u>\$ 8,755,035</u>	<u>\$ 12,709,612</u>	<u>\$ 11,188,302</u>	<u>\$ 7,811,003</u>

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of interest income and interest expense.

Operating and Financial Performance

The following summarizes the Hospital's statements of revenues, expenses, and changes in net position between 2019, 2018, 2017 and 2016.

Overall, activity at the Hospital, as measured by admissions of adults, pediatrics, and geriatric psych patients, has decreased over the past few years. Inpatient admissions decreased by 4.7% in 2019 to 2,307 from 2,420 in 2018. Inpatient admissions were 2,674 in 2017 and 2,737 in 2016. Patient days decreased 5.0% in 2019 to 10,042 from 10,566 in 2018. Previous years had patient days of 11,443 in 2017 and 12,974 in 2016. The average length of stay for acute care patients (excluding newborns) increased to 3.52 days in 2019 from 3.46 in 2018. The average length of stay was 3.47 and 3.82 in 2017 and 2016, respectively.

Outpatient registrations increased by 4.4% in 2019 to 73,641 from 60,505 in 2018. Previous years had outpatient registrations of 67,506 in 2017 and 59,836 in 2016.

Our Long-Term Care Unit's activity increased by 4.7% in 2019 to 36,852 from 35,202 in 2018 (an average of 101 patients per day), 37,543 in 2017, and 34,835 days in 2016, which represents 90% occupancy on the unit.

The Hospital operates the district ambulance service that traditionally has had operating losses. The ambulance operation was supported by a 5.53 mill property tax approved by the residents of Natchitoches Parish. The amount of tax revenue received during 2019 was \$1,792,917 and an increase from \$1,730,881 in 2018. That property tax was renewed in 2013 at 5.31 mill for 10 years.

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Operating and Financial Performance (continued)

Table 5: Patient and Hospital Statistical Data

	Year-end June 30			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Admissions:				
Adult and Pediatric	2,084	2,195	2,454	2,498
Newborn	495	510	596	595
Long-Term Care Unit	255	289	306	267
Geriatric Psych Unit	223	225	220	239
Patient Days:				
Adult and Pediatric	7,344	7,596	8,527	9,546
Medicare (Included in Adult & Pediatric)	2,858	3,186	3,611	4,351
Medicaid (Included in Adult & Pediatric)	2,722	2,643	2,877	2,295
Newborn	991	1,037	1,227	1,253
Long-Term Care Unit	36,852	35,202	37,543	34,835
Geriatric Psych Unit	2,698	2,970	2,916	3,428
Operating Room Patients	2,178	1,908	1,783	1,816
Outpatient Registrations	73,641	70,505	67,506	59,836
Emergency Room Visits	20,845	22,079	21,545	21,255
Ambulance Runs	4,400	4,457	4,418	4,626
Average Daily Census (Excluding Newborn):				
Adult and Pediatric	20.12	20.81	23.36	26.15
Long-Term Care Unit	100.96	96.44	102.86	95.44
Geriatric Psych Unit	7.39	8.14	7.99	9.39
Average Length of Stay (Excluding Newborn):				
All Acute Care Patients	3.52	3.46	3.47	3.82
Medicare Patients	3.88	3.75	3.99	4.52
Medicaid Patients	2.75	2.66	2.64	2.11
Long-Term Care Unit Patients	144.52	121.81	122.69	130.47
Geriatric Psych Unit Patients	12.10	13.20	13.25	14.34
Percentage of Acute-Care Patient Days:				
Medicare	38.92%	41.94%	42.35%	45.58%
Medicaid	37.06%	34.79%	33.74%	24.04%
Full-Time Equivalent (FTE's)	568	528	517	527

Natchitoches Parish Hospital Service District
 Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Operating and Financial Performance (continued)

Allowances increased over prior year as described in the table below:

Table 6: Allowance Summary

	Year-end June 30			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Allowances:				
Medicare Contractual Allowances	\$ 52,205,899	\$ 47,910,404	\$ 42,530,272	\$ 37,443,652
Medicaid Contractual Allowances	43,650,363	38,237,686	32,729,869	21,693,826
Blue Cross, Louisiana State Employees, and other Contractual Allowances	44,018,321	37,207,686	35,689,057	31,962,074
Provision for Bad Debt	5,705,368	6,664,348	7,579,888	12,706,307
Other Adjustments	536,780	330,941	128,167	234,068
Physician Fee Revenue	<u>(2,245,686)</u>	<u>(2,031,326)</u>	<u>(1,390,265)</u>	<u>(518,655)</u>
Total Allowances	<u>\$ 143,871,045</u>	<u>\$ 128,319,739</u>	<u>\$ 117,266,988</u>	<u>\$ 103,521,272</u>

Accounts receivable decreased from 73.1 days in 2016 to 62.9 days in 2017, and then decreased to 61.5 days in 2018 and increased to 62.9 days in 2019. Excluded from net patient service revenue are charges forgone for patient services falling under the Hospital's charity care policy. Based on established rates, gross charges of \$456,783 were foregone in 2019, compared to \$285,389 in 2018, \$65,013 in 2017, \$170,797 in 2016. The Hospital has instituted an automated charity care system to assure consistent application of Board policies. Hospital assumes compliance with our charity policy results in only patients meeting specific criteria being classified as a charity care.

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Land & Depreciable Assets

At the end of 2019, the Hospital had \$40.1 million invested in land and depreciable assets, net of accumulated depreciation, as detailed in note 5 to the financial statements. In 2019, the Hospital spent \$3,814,957 in depreciable assets and construction cost compared to \$6,832,153 in 2018. Of this, \$2,700,914 (70.8%) was the acquisition of new equipment and construction as can be seen in Table 8 below. Depreciation expense for 2019 was \$3,805,806.

Table 7: Land & Depreciable Assets

	Year-end June 30			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1,118,948	\$ 1,118,948	\$ 1,118,948	\$ 1,118,948
Construction in Progress	<u>1,970,241</u>	<u>3,958,062</u>	<u>312,946</u>	<u>6,612,554</u>
Nondepreciable Capital Assets	<u>\$ 3,089,189</u>	<u>\$ 5,077,010</u>	<u>\$ 1,431,894</u>	<u>\$ 7,731,502</u>
Building & Equipment	110,018,842	104,216,064	101,029,027	93,154,264
Less Accumulated Depr.	<u>72,990,595</u>	<u>69,184,789</u>	<u>65,421,169</u>	<u>62,895,129</u>
Depreciable Capital Assets, Net	<u>\$ 37,028,247</u>	<u>\$ 35,031,275</u>	<u>\$ 35,607,858</u>	<u>\$ 30,259,135</u>

Table 8: Major Additions over \$100,000

<u>Capital Investment</u>	<u>Department</u>	<u>2018 Cost</u>
Surgery equipment	Surgery	\$ 123,489
IT Network	IT	\$ 109,315
2018 Ford Ambulance	Ambulance	\$ 205,603
Construction projects	Building	\$ 762,575
Construction projects	Nursing	\$ 445,868
Construction projects	Wound Care	\$ 110,693
Construction projects	Dietary	\$ 943,371

Debt Administration

At year-end, the Hospital had \$13,930,000 in short-term and long-term debt. Long-term debt increased by \$7,695,000 in fiscal year 2019. More detailed information about the Hospital's long-term liabilities is presented in the Note 8 to basic financial statements. Total debt outstanding represents approximately 15.8% of the Hospital's total assets at June 30, 2019 versus prior years of 7.7%, 9.4% and 11.2% for 2018, 2017 and 2016, respectively.

Natchitoches Parish Hospital Service District
Natchitoches Parish, Natchitoches, Louisiana

Management's Discussion and Analysis (continued)

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hospital administration.



LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

To the Board of Commissioners
Natchitoches Parish Hospital Service District No. 1
Natchitoches, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Natchitoches Parish Hospital Service District No. 1 and its affiliates (the "Hospital"), a component unit of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the years ended June 30, 2019, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of June 30, 2019, 2018 and 2017, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Natchitoches Parish Hospital Service District No. 1 and its affiliates and do not purport to, and do not, present fairly the financial position of the Natchitoches Parish Police Jury as of June 30, 2019, 2018 and 2017, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the



Board of Commissioners
Natchitoches Parish Hospital Service District No. 1
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underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

November 13, 2019



NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF NET POSITION
JUNE 30,

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current			
Cash and cash equivalents	\$ 6,746,060	\$ 7,368,595	\$ 9,834,678
Limited use assets (Note 4)	637,555	946,261	575,230
Patient accounts receivable, net (Note 3)	10,712,124	9,413,521	9,370,580
Estimated third-party payor settlements	420,125	838,314	671,745
Other receivables	1,746,711	2,577,399	1,996,224
Inventory	1,927,414	1,931,665	2,042,721
Prepaid expenses	1,081,132	761,820	798,446
Notes receivable - current (Note 15)	87,198	19,692	29,042
Total Current Assets	<u>23,358,319</u>	<u>23,857,267</u>	<u>25,318,666</u>
Other			
Limited use assets (Note 4)	22,563,663	15,016,733	15,002,507
Nondepreciable capital assets (Note 5)	3,089,189	5,077,010	1,431,894
Depreciable capital assets, net (Note 5)	37,028,247	35,031,275	35,607,858
Bond issue cost, net (Note 6)	23,450	29,739	36,029
Capitalized construction interest, net (Note 6)	1,684,655	1,617,556	1,675,000
Notes receivable (Note 15)	109,028	6,042	30,208
Other	373,065	403,964	431,348
Total Assets	<u>\$ 88,229,616</u>	<u>\$ 81,039,586</u>	<u>\$ 79,533,510</u>
<u>LIABILITIES AND NET POSITION</u>			
Current			
Accounts payable	\$ 3,884,367	\$ 3,381,216	\$ 3,082,624
Accrued expenses	1,420,232	1,916,469	1,629,708
Estimated third-party payor settlements	1,609,825	2,335,182	1,894,264
Unearned revenue	47,600	47,600	25,008
Current portion of long-term debt (Note 8)	1,740,000	1,305,000	1,235,000
Total Current Liabilities	<u>8,702,024</u>	<u>8,985,467</u>	<u>7,866,604</u>
Long-term Liabilities			
Long-term debt (Note 8)	12,190,000	4,930,000	6,235,000
Total Liabilities	<u>20,892,024</u>	<u>13,915,467</u>	<u>14,101,604</u>
Net Position			
Invested in capital assets, net of related debt	26,187,436	33,873,285	29,569,752
Restricted	8,055,202	1,376,558	1,005,527
Unrestricted	31,503,869	30,345,829	33,115,529
Total Controlling Net Position	<u>65,746,507</u>	<u>65,595,672</u>	<u>63,690,808</u>
Noncontrolling interest in subsidiary	1,591,085	1,528,447	1,741,098
Total Net Position	<u>67,337,592</u>	<u>67,124,119</u>	<u>65,431,906</u>
Total Liabilities and Net Position	<u>\$ 88,229,616</u>	<u>\$ 81,039,586</u>	<u>\$ 79,533,510</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues			
Net patient service revenue	\$ 61,984,951	\$ 55,857,626	\$ 54,367,788
Other revenue	<u>8,755,035</u>	<u>12,709,612</u>	<u>11,188,302</u>
Total Revenues	<u>70,739,986</u>	<u>68,567,238</u>	<u>65,556,090</u>
Expenses			
Salaries and benefits	36,421,768	33,024,661	29,366,513
Medical supplies and drugs	7,346,630	6,773,250	6,301,571
Medical, professional and consulting	3,701,368	3,995,158	4,400,362
Other expenses	17,355,104	16,831,987	17,169,931
Insurance	1,263,247	1,218,332	1,155,766
Depreciation and amortization	<u>3,903,494</u>	<u>3,854,734</u>	<u>3,827,909</u>
Total Expenses	<u>69,991,611</u>	<u>65,698,122</u>	<u>62,222,052</u>
Operating Income (Loss)	<u>748,375</u>	<u>2,869,116</u>	<u>3,334,038</u>
Nonoperating Revenues (Expenses)			
Interest income	114,269	79,589	47,952
Interest income from limited use assets	278,138	199,180	155,085
Interest expense	<u>(150,895)</u>	<u>(211,258)</u>	<u>(269,896)</u>
Total Nonoperating Revenues (Expenses)	<u>241,512</u>	<u>67,511</u>	<u>(66,859)</u>
Excess of Revenue Over Expenses	989,887	2,936,627	3,267,179
Less: Consolidated net income attributable to noncontrolling interest	(1,122,651)	(843,731)	(526,680)
Other Comprehensive Income			
Unrealized holding gains (losses)	<u>283,599</u>	<u>(188,032)</u>	<u>(145,126)</u>
Changes in net position	150,835	1,904,864	2,595,373
Beginning net position	<u>65,595,672</u>	<u>63,690,808</u>	<u>61,095,435</u>
Ending net position	\$ <u>65,746,507</u>	\$ <u>65,595,672</u>	\$ <u>63,690,808</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 60,379,180	\$ 56,076,255	\$ 56,327,171
Other receipts from operations	9,585,723	11,893,808	9,869,389
Investment income received - nonrestricted	114,269	79,589	47,952
Cash payments to employees and for employee-related cost	(36,918,005)	(33,258,319)	(29,644,817)
Cash payments for other operating expenses	<u>(29,421,776)</u>	<u>(27,582,030)</u>	<u>(28,653,904)</u>
Net cash provided (used) by operating activities	<u>3,739,391</u>	<u>7,209,303</u>	<u>7,945,791</u>
Cash flows from investing activities:			
Cash invested in assets limited as to use - investment	(6,954,625)	(573,289)	(828,795)
Loans to physicians	(230,000)	-0-	(9,127)
Collection on physician loans	3,025	33,516	-0-
Cash invested in joint venture	-0-	-0-	(2,908)
Dividends paid to joint venture owners	(1,060,013)	(1,056,382)	(270,465)
Investment earnings	<u>278,138</u>	<u>199,180</u>	<u>155,085</u>
Net cash provided (used) by investing activities	<u>(7,963,475)</u>	<u>(1,396,975)</u>	<u>(956,210)</u>
Cash flows from capital and related financing activities:			
Interest expense	(150,895)	(211,258)	(269,896)
Capitalized construction interest	(124,542)	-0-	-0-
Principal payments on long-term debt	(1,305,000)	(1,235,000)	(1,175,000)
Cash received from long-term borrowings	9,000,000	-0-	-0-
Acquisition of capital assets	<u>(3,818,014)</u>	<u>(6,832,153)</u>	<u>(2,768,332)</u>
Net cash provided (used) by capital and related financing activities	\$ <u>3,601,549</u>	\$ <u>(8,278,411)</u>	\$ <u>(4,213,228)</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net increase (decrease) in cash and cash equivalents	\$ (622,535)	\$ (2,466,083)	\$ 2,776,353
Beginning cash and cash equivalents	<u>7,368,595</u>	<u>9,834,678</u>	<u>7,058,325</u>
Ending cash and cash equivalents	\$ <u>6,746,060</u>	\$ <u>7,368,595</u>	\$ <u>9,834,678</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	\$ <u>217,140</u>	\$ <u>218,378</u>	\$ <u>305,789</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 748,375	\$ 2,869,116	\$ 3,334,038
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:			
Depreciation and amortization	3,903,494	3,854,738	3,827,909
Physician loan amortization	56,483	-0-	16,097
Interest income	114,269	79,589	47,952
Changes in current assets (increase) decrease:			
Patient accounts receivable, net	(1,298,603)	(42,941)	1,043,441
Estimated third-party payor settlements	418,189	(166,569)	297,473
Other receivables	830,688	(581,175)	(1,343,921)
Inventory	4,251	111,056	21,278
Prepaid expenses	(319,312)	36,626	376,035
Changes in current liabilities (increase) decrease:			
Accounts payable	503,151	298,592	(39,684)
Accrued expenses	(496,237)	286,761	(278,304)
Unearned revenue	-0-	22,592	25,008
Estimated third-party payor settlements	<u>(725,357)</u>	<u>440,918</u>	<u>618,469</u>
Net cash provided by operating activities	\$ <u>3,739,391</u>	\$ <u>7,209,303</u>	\$ <u>7,945,791</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Legal Organizations

The Natchitoches Parish Hospital Service District (referred to as "the District" or "the Hospital") was created by an ordinance of the Natchitoches Parish Police Jury (the "Jury") on October 19, 1955. The governing board of the District consists of seven members appointed by the Jury. Because the Jury appoints all commissioners of the Natchitoches Parish Hospital Service District, the District is a component unit of the Natchitoches Parish Police Jury, which is 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 Jury, or the other governmental units that comprise the financial reporting entity.

An affiliate, Natchitoches Outpatient Services, LLC (referred to as "NOP, LLC"), was organized January 22, 2004, as a Louisiana limited liability company. NOP, LLC is a perpetual limited liability company. The District has 50.9% ownership in NOP, LLC.

An affiliate, Natchitoches Assisted Living, LLC (referred to as "NAL, LLC"), was organized July 16, 2007, as a Louisiana limited liability company. NAL, LLC is a perpetual limited liability company. The District has 100% ownership in NAL, LLC.

An affiliate, Regional Cardiology Clinic, LLC (referred to as "RCC, LLC"), was organized March 2, 2009, as a Louisiana limited liability company. RCC, LLC is a perpetual limited liability company. The District has 50.1% ownership in RCC, LLC.

An affiliate, Natchitoches Regional Medical Center Foundation (referred to as "NRMC Foundation"), was incorporated November 3, 2005, as a Louisiana nonprofit corporation. NRMC Foundation has one class of members, consisting of two members, the District and Christus Health Central Louisiana. The District appoints six of the ten-member Board for NRMC Foundation, however two-thirds (2/3) vote is needed for certain major decisions. Therefore, the financials of NRMC Foundation are not consolidated in the District's financials.

An affiliate, NRMC Comprehensive Wound Care, LLC (referred to as "Wound Care, LLC"), was organized November 11, 2013, as a Louisiana limited liability company. Wound Care, LLC is a perpetual limited liability company. The District has 56.0% ownership in Wound Care, LLC.

An affiliate, NRMC Walk-In Clinic Ventures, LLC (referred to as "Walk-In Clinic, LLC"), was organized March 19, 2015, as a Louisiana limited liability company. Walk-In Clinic, LLC is a perpetual limited liability company. The District has 63.04% ownership in Walk-In Clinic, LLC.

An affiliate, NRMC Pain Institute Ventures, LLC (referred to as "Pain Institute, LLC"), was organized February 12, 2016, as a Louisiana limited liability company. Pain Institute, LLC is a perpetual limited liability company. The District has 54.0% ownership in Pain Institute, LLC.

Nature of Business

The District provides outpatient, ambulance, emergency and inpatient acute services through its hospital unit. The District also provides inpatient intermediate and skilled nursing services through its long-term care unit and hospital "swing-beds". In June 1995, the District opened a unit to provide geriatric psychiatric services which was recognized as a "distinct part" unit effective July 1, 1995.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Nature of Business (Continued)

NOP, LLC provides outpatient therapy and MRI services.

NAL, LLC provides housing and limited care for elderly residents as an assisted living center.

RCC, LLC provides outpatient cardiology diagnostic and testing services.

Wound Care, LLC provides wound care and hyperbaric services.

Walk-In Clinic, LLC provides urgent care services.

Pain Institute, LLC provides pain management services.

Enterprise Fund

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

Basis of Accounting

The District and its affiliates use enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus.

Cash and Cash Equivalents

Cash represents coin, currency, bank demand deposits and other negotiable instruments that are readily acceptable in lieu of currency. Cash equivalents are time deposits, certificates of deposit, treasury bills and mortgage backed securities purchased with a maturity of three months or less. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Inventory

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

Investments

The Hospital classifies their investments as available-for-sale in response to changes in interest rates, liquidity needs and for other purposes. Available-for-sale securities are reported at fair value. Unrealized holding gains and losses are reported as other comprehensive income.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Capital Assets

Purchased fixed assets are recorded at cost and donated fixed assets, if received, at fair market value on the date of any donation. Depreciation is calculated over estimated useful lives, using the straight-line method. Land was initially donated for hospital use, and it is recorded at the fair market value at the time of donation. Additional land was purchased, and it is recorded at cost.

Net Position

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

Revenue and Expenses

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

Income Taxes

The District is a political subdivision of the State of Louisiana and exempt from taxation.

NOP, LLC; NAL, LLC; RCC, LLC; Wound Care, LLC; Walk-In Clinic, LLC; and Pain Institute, LLC do not pay federal corporate income taxes on their taxable income or are not allowed a net operating loss carryover or carryback as a deduction. Instead, the members are liable for individual federal income taxes on their respective shares of these companies' taxable income or include their respective shares of these companies' net operating loss in their individual income tax returns.

Credit Risk

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

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Grants and Contributions

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

Significant Concentration of Economic Dependence

The District has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 9. Changes in federal or state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenue

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

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

Patient Accounts Receivable

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

Restricted Revenues

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

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended June 30, 2019, 2018, and 2017 totaled \$466,963, \$438,954, and \$390,295, respectively.

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify, with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At June 30, 2019, 2018, and 2017, management is not aware of any liability resulting from environmental matters.

Reclassifications

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

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.

Risk Management

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

Use of Estimates

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

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of the District and its affiliates, after elimination of all significant intercompany balances and transactions. The District has recorded a minority interest for the portion of equity and income attributable to other investors in NOP, LLC; RCC, LLC; Wound Care, LLC; Walk-In Clinic, LLC; and Pain Institute, LLC.

Recently Issued Accounting Principles

In June 2018, the GASB issued Statement No. 87 (GASB 87). The objective of GASB Statement No. 87, Leases, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on the Hospital's financial statements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risks - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District had deposits of \$6,737,350 and \$39,183 which were unsecured as of June 30, 2019 and 2017, respectively. The District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at June 30, 2018.

Concentration of Credit Risks - The District has 15.4% in Federal Farm Credit Banks, 15.2% in Federal Home Loan Bank, 18.5% in Federal Home Loan Mortgage Corporation, 41.9% in Federal National Mortgage Association, and 6.0% in US Treasury Notes.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

The District's investments are reported at fair value. At June 30, 2019, 2018 and 2017, 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. The table below is with the assumption that the bonds are held until maturity.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 238,552	\$ 238,552	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	6,341,053	498,740	4,721,491	1,120,822	-0-
Federal Home Loan Bank	2,294,838	1,493,975	800,863	-0-	-0-
Federal Home Loan Mortgage	2,794,782	1,144,116	1,650,666	-0-	-0-
Federal Farm Credit Banks	2,325,026	498,610	1,826,416	-0-	-0-
US Treasury Notes	901,947	901,947	-0-	-0-	-0-
Municipal Bonds	<u>255,040</u>	<u>-0-</u>	<u>255,040</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>15,151,238</u>	\$ <u>4,775,940</u>	\$ <u>9,254,476</u>	\$ <u>1,120,822</u>	\$ <u>-0-</u>

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 842,375	\$ 842,375	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	5,795,380	1,105,768	4,689,612	-0-	-0-
Federal Home Loan Bank	1,196,450	119,375	1,077,075	-0-	-0-
Federal Home Loan Mortgage	4,296,641	1,547,015	2,749,626	-0-	-0-
Federal Farm Credit Banks	1,456,350	-0-	973,540	482,810	-0-
US Treasury Notes	<u>999,240</u>	<u>999,240</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>14,586,436</u>	\$ <u>4,613,773</u>	\$ <u>9,489,853</u>	\$ <u>482,810</u>	\$ <u>-0-</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

<u>June 30, 2017</u>	<u>Investment Maturities (In Years)</u>				
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 34,869	\$ 34,869	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	5,273,945	-0-	5,273,945	-0-	-0-
Federal Home Loan Bank	1,598,229	998,520	599,709	-0-	-0-
Federal Home Loan Mortgage	5,179,537	1,205,231	3,974,306	-0-	-0-
Federal Farm Credit Banks	989,535	-0-	989,535	-0-	-0-
US Treasury Bills	996,795	996,795	-0-	-0-	-0-
US Treasury Notes	<u>499,300</u>	<u>499,300</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Total	 \$ <u>14,572,210</u>	 \$ <u>3,734,715</u>	 \$ <u>10,837,495</u>	 \$ <u>-0-</u>	 \$ <u>-0-</u>

Credit Risks - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2019, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investor's Service</u>	<u>Standard & Poor's</u>
Federal National Mortgage Association	AAA	AA+
Federal Home Loan Bank	AAA	AA+
Federal Home Loan Mortgage Association	AAA	AA+
Federal Farm Credit Banks	AAA	AA+
US Treasury Notes	AAA	AA+
Municipal Bonds	A3	A-

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Account balances according to banks' records at June 30, 2019, for the District are as follows:

	City Bank & Trust	Hancock Whitney Bank	Exchange Bank
Cash in banks	\$ <u>45,520</u>	\$ <u>4,836,557</u>	\$ <u>6,987,350</u>
Insured by FDIC	\$ <u>45,520</u>	\$ <u>250,000</u>	\$ <u>250,000</u>
Collateralization by fair market value	\$ <u>-0-</u>	\$ <u>4,586,557</u>	\$ <u>-0-</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>6,737,350</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Carrying amount			
Deposits	\$ 7,383,615	\$ 8,314,856	\$ 10,409,908
Investments	<u>15,151,238</u>	<u>14,586,436</u>	<u>14,572,210</u>
	\$ <u>22,534,853</u>	\$ <u>22,901,292</u>	\$ <u>24,982,118</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 6,746,060	\$ 7,368,595	\$ 9,834,678
Current limited use assets	637,555	946,261	575,230
Other limited use assets	<u>15,151,238</u>	<u>14,586,436</u>	<u>14,572,210</u>
	\$ <u>22,534,853</u>	\$ <u>22,901,292</u>	\$ <u>24,982,118</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 3 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Patient accounts receivable	\$ 17,493,087	\$ 15,447,732	\$ 14,427,787
Less provision for uncollectibles	<u>(6,780,963)</u>	<u>(6,034,211)</u>	<u>(5,057,207)</u>
Net accounts receivable	\$ <u>10,712,124</u>	\$ <u>9,413,521</u>	\$ <u>9,370,580</u>

The following is a summary of the mix of receivables from patient and third-party payors at June 30:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Medicare	20%	29%	23%
Medicaid and Medicaid managed care plans	24%	18%	36%
Blue Cross Blue Shield	11%	14%	14%
Commercial and other third-party payors	20%	22%	8%
Patients	<u>25%</u>	<u>17%</u>	<u>19%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Medicare, Medicaid and third-party payors are shown net of contractual allowances.

NOTE 4 - LIMITED USE ASSETS

A summary of limited use assets is presented below:

<u>By Third Parties</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash with paying agent - interest and principal, due 10/01 (Series 2000 Bonds)	\$ 597,739	\$ 574,719	\$ 546,466
Series 2018 proceeds to be disbursed	6,987,350	-0-	-0-
Patient trust funds	39,816	33,705	28,764
Health insurance claims	-0-	337,837	-0-
LHA trust deposits	430,297	430,297	430,297

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 4 - LIMITED USE ASSETS (Continued)

<u>By Board</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Repair and replacement - cash and cash equivalents	\$ 7,712,508	\$ 7,434,067	\$ 7,438,556
Repair and replacement - investments	7,433,508	7,152,369	7,133,654
Less limited use assets required for current liabilities	<u>(637,555)</u>	<u>(946,261)</u>	<u>(575,230)</u>
Non-current limited use assets	\$ <u>22,563,663</u>	\$ <u>15,016,733</u>	\$ <u>15,002,507</u>

NOTE 5 - DEPRECIABLE CAPITAL ASSETS, NET

The following is a summary of capital assets and related accumulated depreciation for the year ended:

	<u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2019</u>
Nondepreciable capital assets					
Land	\$ 1,118,948	\$ -0-	\$ -0-	\$ -0-	\$ 1,118,948
Construction in progress	<u>3,958,062</u>	<u>2,434,789</u>	<u>-0-</u>	<u>(4,422,610)</u>	<u>1,970,241</u>
Total nondepreciable capital assets	\$ <u>5,077,010</u>	\$ <u>2,434,789</u>	\$ <u>-0-</u>	\$ <u>(4,422,610)</u>	\$ <u>3,089,189</u>
Depreciable capital assets					
Land improvements	\$ 766,886	\$ -0-	\$ -0-	\$ -0-	\$ 766,886
Buildings	64,350,917	-0-	-0-	4,325,306	68,676,223
Fixed equipment	<u>39,098,261</u>	<u>1,380,168</u>	<u>-0-</u>	<u>97,304</u>	<u>40,575,733</u>
Total depreciable capital assets	104,216,064	1,380,168	-0-	4,422,610	110,018,842
Accumulated depreciation and amortization	<u>69,184,789</u>	<u>3,805,806</u>	<u>-0-</u>	<u>-0-</u>	<u>72,990,595</u>
Total depreciable capital assets, net	\$ <u>35,031,275</u>	\$ <u>(2,425,638)</u>	\$ <u>-0-</u>	\$ <u>4,422,610</u>	\$ <u>37,028,247</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 5 - DEPRECIABLE CAPITAL ASSETS, NET (Continued)

	<u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2018</u>
Nondepreciable capital assets					
Land	\$ 1,118,948	\$ -0-	\$ -0-	\$ -0-	\$ 1,118,948
Construction in progress	<u>312,946</u>	<u>3,715,927</u>	<u>-0-</u>	<u>(70,811)</u>	<u>3,958,062</u>
Total nondepreciable capital assets	\$ <u>1,431,894</u>	\$ <u>3,715,927</u>	\$ <u>-0-</u>	\$ <u>(70,811)</u>	\$ <u>5,077,010</u>
Depreciable capital assets					
Land improvements	\$ 766,886	\$ -0-	\$ -0-	\$ -0-	\$ 766,886
Buildings	62,706,481	1,573,625	-0-	70,811	64,350,917
Fixed equipment	<u>37,555,660</u>	<u>1,542,601</u>	<u>-0-</u>	<u>-0-</u>	<u>39,098,261</u>
Total depreciable capital assets	101,029,027	3,116,226	-0-	70,811	104,216,064
Accumulated depreciation and amortization	<u>65,421,169</u>	<u>3,763,620</u>	<u>-0-</u>	<u>-0-</u>	<u>69,184,789</u>
Total depreciable capital assets, net	\$ <u>35,607,858</u>	\$ <u>(647,394)</u>	\$ <u>-0-</u>	\$ <u>70,811</u>	\$ <u>35,031,275</u>
	<u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2017</u>
Nondepreciable capital assets					
Land	\$ 1,118,948	\$ -0-	\$ -0-	\$ -0-	\$ 1,118,948
Construction in progress	<u>6,612,554</u>	<u>295,658</u>	<u>-0-</u>	<u>(6,595,266)</u>	<u>312,946</u>
Total nondepreciable capital assets	\$ <u>7,731,502</u>	\$ <u>295,658</u>	\$ <u>-0-</u>	\$ <u>(6,595,266)</u>	\$ <u>1,431,894</u>
Depreciable capital assets					
Land improvements	\$ 766,886	\$ -0-	\$ -0-	\$ -0-	\$ 766,886
Buildings	56,695,793	-0-	-0-	6,010,688	62,706,481
Fixed equipment	<u>35,691,585</u>	<u>2,472,674</u>	<u>1,193,177</u>	<u>584,578</u>	<u>37,555,660</u>
Total depreciable capital assets	93,154,264	2,472,674	1,193,177	6,595,266	101,029,027
Accumulated depreciation and amortization	<u>62,895,129</u>	<u>3,719,217</u>	<u>1,193,177</u>	<u>-0-</u>	<u>65,421,169</u>
Total depreciable capital assets, net	\$ <u>30,259,135</u>	\$ <u>(1,246,543)</u>	\$ <u>-0-</u>	\$ <u>6,595,266</u>	\$ <u>35,607,858</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 5 - DEPRECIABLE CAPITAL ASSETS, NET (Continued)

Depreciation was calculated using the straight-line method. Useful lives for the purpose of calculating depreciation by class are:

Buildings	10 - 40 years
Furniture, fixtures and equipment	3 - 15 years

NOTE 6 - OTHER ASSETS

Bond issue costs of \$46,609 were incurred for the 2000 Revenue Bonds and is being amortized using the straight-line method over the remaining life of the bonds (20 years) beginning in the fiscal year 2006.

Capitalized interest of \$1,814,579 was accumulated as of June 30, 2006 for the 2000 Revenue Bonds and is being amortized using the straight-line method over the life of the building beginning in the fiscal year 2006.

Bond issue costs of \$47,730 were incurred for the 2008 Revenue Bonds and is being amortized over the remaining life of the bonds (20 years) beginning in 2010.

Capitalized interest of \$428,142 was accumulated as of June 30, 2010 for the 2008 Revenue Bonds and is being amortized using the straight-line method over the life of the building beginning in the fiscal year 2010.

Capitalized interest of \$124,542 was accumulated as of June 30, 2019 for the 2018 Revenue Bonds and will be amortized using the straight-line method over the life of the underlying capital assets as construction projects are completed.

NOTE 7 - PAID TIME OFF

Employees of the District are entitled to paid days off depending on length of service. The District accrued \$535,092, \$626,205, and \$576,445 of paid time off at June 30, 2019, 2018, and 2017.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 8 - LONG-TERM DEBT

A summary of long-term debt, including capital lease obligations follows:

	June 30, <u>2018</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2019</u>	<u>Due Within One Year</u>
Series 2000 Bonds Payable	\$ 2,315,000	\$ -0-	\$ 730,000	\$ 1,585,000	\$ 770,000
Series 2008 Bonds Payable	3,920,000	-0-	575,000	3,345,000	605,000
Series 2018 Bonds Payable	<u>-0-</u>	<u>9,000,000</u>	<u>-0-</u>	<u>9,000,000</u>	<u>365,000</u>
Total	\$ <u>6,235,000</u>	\$ <u>9,000,000</u>	\$ <u>1,305,000</u>	\$ <u>13,930,000</u>	\$ <u>1,740,000</u>
	June 30, <u>2017</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2018</u>	<u>Due Within One Year</u>
Series 2000 Bonds Payable	\$ 3,000,000	\$ -0-	\$ 685,000	\$ 2,315,000	\$ 730,000
Series 2008 Bonds Payable	<u>4,470,000</u>	<u>-0-</u>	<u>550,000</u>	<u>3,920,000</u>	<u>575,000</u>
Total	\$ <u>7,470,000</u>	\$ <u>-0-</u>	\$ <u>1,235,000</u>	\$ <u>6,235,000</u>	\$ <u>1,305,000</u>
	June 30, <u>2016</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2017</u>	<u>Due Within One Year</u>
Series 2000 Bonds Payable	\$ 3,650,000	\$ -0-	\$ 650,000	\$ 3,000,000	\$ 685,000
Series 2008 Bonds Payable	<u>4,995,000</u>	<u>-0-</u>	<u>525,000</u>	<u>4,470,000</u>	<u>550,000</u>
Total	\$ <u>8,645,000</u>	\$ <u>-0-</u>	\$ <u>1,175,000</u>	\$ <u>7,470,000</u>	\$ <u>1,235,000</u>

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

- Series 2000 Hospital Revenue Bonds at 6% collateralized by a pledge and dedication of hospital revenue. Effective April 27, 2010, the rate has been changed to 4.35%.
- Series 2008 Hospital Revenue Bonds at 4.26% collateralized by a pledge and dedication of hospital revenue. Effective October 1, 2016, the rate has been changed to 2.45%.
- Series 2018 Hospital Revenue Bonds at a fluctuating interest rate increasing from 2.75% to 4.20% over the life of the bonds, collateralized by a pledge and dedication of hospital revenue.

On June 14, 2000, the Series 2000 Hospital Revenue Bonds were issued. The bonds are secured by the full faith and credit of the Hospital as well as a lien and privilege on its revenues.

On July 29, 2008, the Series 2008 Hospital Revenue Bonds were issued. The bonds are secured by the full faith and credit of the Hospital.

On February 13, 2019, the Series 2018 Hospital Revenue Bonds were issued. The bonds are secured by the full faith and credit of the Hospital.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 8 - LONG-TERM DEBT (Continued)

The Hospital has covenanted to set rates so that revenues are sufficient to pay all reasonable and necessary expenses of operating and maintaining the Hospital, certain multiples of the largest amount of principal and interest maturing on the Bonds in any future fiscal year and on any pari passu additional bonds hereafter issued. Those multiples range from 120% to 200%.

Other requirements under the terms of indebtedness are as follows:

- * Sale or disposition of Hospital property, plant and equipment is limited. Future debt agreements may not take priority over this series of debt.
- * Make monthly deposits equal to the pro-rata portion of the next principal and/or interest payment, which are to be maintained in fully backed or government securities investments, with market values greater than invested dollars.
- * Collect payment on all services rendered, except for an undisclosed, reasonable amount of charity care.
- * Maintain all assets in good working order.
- * Carry full insurance coverage with a responsible licensed Louisiana company.
- * Maintain complete and accurate records and have an annual audit.
- * Maintain cash on hand of not less than 60 days of operating expenses net of depreciation and amortization.
- * Provide quarterly statements to the purchaser.
- * Protect tax exempt status and refrain from activities that would require payment of arbitrage to the IRS.

Scheduled principal and interest repayments on the long-term debt follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 1,740,000	\$ 446,615	\$ 2,186,615
2021	1,820,000	386,660	2,206,660
2022	1,145,000	340,622	1,485,622
2023	1,195,000	309,237	1,504,237
2024	1,255,000	275,790	1,530,790
2025 - 2029	2,995,000	1,043,001	4,038,001
2030 - 2034	<u>3,780,000</u>	<u>403,266</u>	<u>4,183,266</u>
Totals	\$ <u>13,930,000</u>	\$ <u>3,205,191</u>	\$ <u>17,135,191</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 9 - NET PATIENT SERVICE REVENUE

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010 until September 30, 2022, if not extended by Congress. The additional payment received under the Medicare low volume add-on was \$648,178, \$761,492 and \$690,229 for the years ended June 30, 2019, 2018 and 2017, respectively. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed and skilled nursing facility routine services are reimbursed based on a prospectively determined rate per patient day. Geriatric psychiatry services are reimbursed based on a prospective method based on length of stay, diagnosis, and other factors. 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 Medicare fiscal intermediary. The District's Medicare cost reports have been examined by the Medicare fiscal intermediary through June 30, 2016.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. Geriatric psychiatry services are reimbursed on a prospectively determined per diem rate. In fiscal years 2019, 2018 and 2017, Medicaid supplemental physician payments of \$2,245,686, \$2,031,326 and \$1,390,265 were received, respectively. 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 examined by the Medicaid fiscal intermediary through June 30, 2014.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 14%, 14% and 16% of the total gross charges for the years ended June 30, 2019, 2018 and 2017, respectively.

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. The adjustments resulted in a decrease of \$86,996 in FY 2019 and \$18,964 in FY 2018.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 9 - NET PATIENT SERVICE REVENUE (Continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Gross charges	\$ 205,855,996	\$ 184,177,365	\$ 171,634,776
Less charges associated with charity care	<u>456,783</u>	<u>285,389</u>	<u>65,013</u>
Gross patient service revenues	205,399,213	183,891,976	171,569,763
Less deductions from revenue:			
Medicare and Medicaid contractual adjustments	95,856,262	86,148,090	75,260,141
Commercial insurance contractual adjustments	44,018,321	37,207,686	35,689,057
Policy and other discounts	79,997	45,552	63,154
Physician supplemental revenue	<u>(2,245,686)</u>	<u>(2,031,326)</u>	<u>(1,390,265)</u>
Patient service revenue (net of contractual adjustments and discounts)	67,690,319	62,521,974	61,947,676
Less provision for bad debts	<u>5,705,368</u>	<u>6,664,348</u>	<u>7,579,888</u>
 Net patient service revenue	 \$ <u>61,984,951</u>	 \$ <u>55,857,626</u>	 \$ <u>54,367,788</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Medicare and Medicaid gross patient charges	\$ 130,535,149	\$ 117,703,752	\$ 108,470,588
Contractual adjustments	<u>(95,856,262)</u>	<u>(86,148,090)</u>	<u>(75,260,141)</u>
 Program patient service revenue	 \$ <u>34,678,887</u>	 \$ <u>31,555,662</u>	 \$ <u>33,210,447</u>
 Percent of gross patient charges	 63%	 64%	 63%
Percent of total net patient revenue	56%	56%	61%

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 10 - RETIREMENT PROGRAM

Employees may participate in a qualified defined contribution retirement plan, which is exempt under Section 401(a) of the Internal Revenue Code. The plan is administered by VALIC who holds all plan assets. Each employee is eligible to join the plan upon completion of 90 days of employment. Employees become vested in the employer's contribution 25% per year until 100% vested at 4 years of employment. The District must make contributions equal to 25% of the employee's required contribution and can elect to contribute up to 100% of the employee's required contribution.

Total payroll	\$	31,051,678
Total covered payroll		16,136,250
Employee contributions		645,450
Employer contributions	\$	159,008
Less forfeitures		-0-
Net employer contributions	\$	<u>159,008</u>

NOTE 11 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$500,000 per occurrence. Legal action in an attempt to overturn this legislation on constitutional grounds is in process.

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

NOTE 12 - WORKMEN'S COMPENSATION RISK

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

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 13 - CHARITY CARE

The Hospital provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of the charity care or owe a reduced “sliding scale” amount based on the patient’s level of income in comparison to the Federal Poverty Guidelines based on a 150% scale. Accordingly, the Hospital does not report the amount it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. Amounts identified as charity care charges are \$456,783, \$285,389 and \$65,013 for the years ended June 30, 2019, 2018 and 2017, respectively. The related cost of care was approximately \$163,000, \$107,000 and \$25,000, for the fiscal years ended in 2019, 2018 and 2017, respectively. Funds received through grants, which pay part of the cost of charity and uninsured care, were approximately \$87,000, \$21,000 and \$57,000 for the years ended June 30, 2019, 2018 and 2017, respectively.

NOTE 14 - EMPLOYEE MEDICAL BENEFIT PLAN

The District is self-insured to provide group medical/dental coverage for its employees. A third-party, IMA of Louisiana, administers the group medical coverage for the District. The District funds its losses based on actual claims. A stop-loss insurance contract was executed with an insurance carrier that provides for payment of 100% of claims in excess of \$110,000 per year up to specific individual maximums of \$1,000,000. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims’ experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital’s estimate will change by a material amount in the near term. The following is a summary of changes in the Hospital’s claims liability for the year ended June 30:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning of the year	\$ 91,885	\$ 72,076	\$ 165,301
Plus: Claims incurred and changes in estimate	2,891,744	2,035,944	2,227,653
Less: Claims paid	<u>2,773,495</u>	<u>2,016,135</u>	<u>2,320,878</u>
End of the year	\$ <u>210,134</u>	\$ <u>91,885</u>	\$ <u>72,076</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 15 - NOTES RECEIVABLE AND PHYSICIAN CONTRACT GUARANTEES

The following is a summary of notes receivable and physician contract guarantees at June 30. Management asserts no allowances for uncollectible accounts are needed.

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Physician notes	\$ 121,528	\$	-0-	\$	-0-
Physician contract guarantees	<u>74,698</u>		<u>25,734</u>		<u>59,250</u>
	196,226		25,734		59,250
Less current maturities	<u>(87,198)</u>		<u>(19,692)</u>		<u>(29,042)</u>
Long-term notes receivable	<u>\$ 109,028</u>	\$	<u>6,042</u>	\$	<u>30,208</u>

NOTE 16 - CONTINGENCIES

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

The principal contingencies are described below:

Third-Party Government-Based Revenues (Note 1) - Cost reimbursements are subject to examination by agencies administering the programs. Effective October 1, 1983, the Medicare program discontinued its cost-based reimbursement system for inpatient services. Under the program, the District receives a fixed fee for each patient, which is determined by the government. The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

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

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 16 - CONTINGENCIES (Continued)

Professional Liability Risk (Note 11) - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Workmen's Compensation Risk (Note 12) - The District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

Hill-Burton Uncompensated Service and Community Service Obligations - As a result of the District receiving a Federal Hill-Burton program grant, the District is required to provide a reasonable volume of uncompensated services to patients who are unable to pay for their medical care. The District's obligation for uncompensated services was fulfilled on July 17, 1998. Additionally, the District is obligated to provide community service.

NOTE 17 - AD VALOREM TAXES

The District levies a property tax on all property subject to taxation in the service district. A 5.53 mill tax was approved for a period of ten years, beginning with the year 2003 and ending with the year 2012, to be dedicated and used for operating, maintaining, renovating, and improving emergency medical services. Beginning in year 2013, a 5.31 mill tax was approved for a period of ten years for the same purposes. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District. Property tax notices are mailed by November 15 each year, are due by December 31, and become delinquent on January 31.

NOTE 18 - COMMITMENTS

The District entered into various construction contracts, which totaled \$4,657,442, including change orders as of June 30, 2019. The Hospital paid \$1,788,187 towards these commitments as of June 30, 2019.

NOTE 19 - GRANTS

In 2019, 2018 and 2017, the Hospital (Grantee) entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to Grantee's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$2,341,324, \$5,365,335 and \$4,928,287 for fiscal year 2019, 2018 and 2017, respectively.

Effective March 2016, the Hospital entered into a Participation Agreement in order to receive Medicaid supplemental payments for qualifying nursing facilities owned or operated by non-state governmental organizations that have entered into an agreement with the Louisiana Department of Health and Hospitals (LDH). The Hospital made payments to LDH in conjunction with the agreement totaling \$417,163, \$495,721 and \$614,484 which were reported as other expenses in 2019, 2018 and 2017, respectively. The Hospital received \$963,952, \$1,103,768 and \$1,329,856 which were reported as other revenue in 2019, 2018 and 2017, respectively.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019, 2018 AND 2017

NOTE 19 - GRANTS (Continued)

The District recognized operating grant income of approximately \$155,000 for Medicare during the year ended June 30, 2017 as an incentive for implementing electronic health records (EHR). The key component of receiving the EHR incentive payment is “demonstrating meaningful use”, which is meeting a series of objectives that make use of an EHR’s potential related to the improvement of quality, efficiency and patient safety. The Centers for Medicare and Medicaid has indicated that demonstrating meaningful use will be phased in during the next few years in three stages, with each progressive stage incorporating more stringent measures. The District’s policy is to record the incentive payments once various stages have been met rather than recognizing ratably throughout the attestation period. In order to receive the incentive payments under each stage, a hospital must attest through a secure mechanism that they have met the meaningful use criteria. The EHR payments each year are based on management’s best estimate. The payments can be retained and additional payments can be earned for each stage if the District meets certain criteria in future implementation. The EHR incentive payments are reimbursed at a tentative rate with final settlement determined after submittal of the annual cost reports and audits thereof by the fiscal intermediaries.

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

NOTE 20 - OPERATING LEASES

The Hospital is committed under various noncancelable operating leases, all of which are for equipment or buildings. These expire in various years through 2023. Future minimum operating lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	\$ 332,200
2021	202,942
2022	42,012
2023	17,505
2024	<u>-0-</u>
Total minimum lease payments	\$ <u>594,659</u>

Total lease expense under noncancelable operating leases for the years ended June 30, 2019 and 2018 were \$366,590 and \$532,732, respectively.

NOTE 21 - SUBSEQUENT EVENTS

Events have been evaluated through November 13, 2019, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	Consolidated
Current									
Cash and cash equivalents	\$ 3,807,505	\$ 597,328	\$ 108,560	\$ 614,805	\$ 929,009	\$ 171,310	\$ 517,543	\$ -0-	\$ 6,746,060
Limited use assets	637,555	-0-	-0-	-0-	-0-	-0-	-0-	-0-	637,555
Patient accounts receivable, net	10,225,817	112,937	200	-0-	-0-	373,170	-0-	-0-	10,712,124
Estimated third-party payor settlements	420,125	-0-	-0-	-0-	-0-	-0-	-0-	-0-	420,125
Other receivables	2,878,299	(6,741)	210	146,620	246,813	-0-	92,303	(1,610,793)	1,746,711
Inventory	1,927,414	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,927,414
Prepaid expenses	1,067,283	3,243	-0-	10,606	-0-	-0-	-0-	-0-	1,081,132
Notes receivable - current	87,198	-0-	-0-	-0-	-0-	-0-	-0-	-0-	87,198
Total Current Assets	<u>21,051,196</u>	<u>706,767</u>	<u>108,970</u>	<u>772,031</u>	<u>1,175,822</u>	<u>544,480</u>	<u>609,846</u>	<u>(1,610,793)</u>	<u>23,358,319</u>
Other									
Limited use assets	22,563,663	-0-	-0-	-0-	-0-	-0-	-0-	-0-	22,563,663
Nondepreciable capital assets	3,043,290	-0-	45,899	-0-	-0-	-0-	-0-	-0-	3,089,189
Depreciable capital assets, net	35,196,598	7,578	1,426,739	1,394	303,975	30,614	61,349	-0-	37,028,247
Bond issue cost, net	23,450	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,450
Capitalized construction interest	1,684,655	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,684,655
Notes receivable	109,028	-0-	-0-	-0-	-0-	-0-	-0-	-0-	109,028
Other	3,313,212	233,200	-0-	15,912	-0-	47,513	-0-	(3,236,772)	373,065
Total Assets	<u>\$ 86,985,092</u>	<u>\$ 947,545</u>	<u>\$ 1,581,608</u>	<u>\$ 789,337</u>	<u>\$ 1,479,797</u>	<u>\$ 622,607</u>	<u>\$ 671,195</u>	<u>\$ (4,847,565)</u>	<u>\$ 88,229,616</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2019

<u>LIABILITIES AND NET POSITION</u>	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Current									
Accounts payable	\$ 4,270,851	\$ (3,080)	\$ 36,079	\$ 27,585	\$ 160,133	\$ 965,525	\$ 38,067	\$ (1,610,793)	\$ 3,884,367
Accrued expenses	1,414,577	0-	2,190	3,465	0-	0-	0-	0-	1,420,232
Unearned revenue	0-	0-	47,600	0-	0-	0-	0-	0-	47,600
Estimated third-party payor settlements	1,609,825	0-	0-	0-	0-	0-	0-	0-	1,609,825
Current portion of long-term debt	1,740,000	0-	0-	0-	0-	0-	0-	0-	1,740,000
Total Current Liabilities	<u>9,035,253</u>	<u>(3,080)</u>	<u>85,869</u>	<u>31,050</u>	<u>160,133</u>	<u>965,525</u>	<u>38,067</u>	<u>(1,610,793)</u>	<u>8,702,024</u>
Long-term Liabilities									
Long-term debt	12,190,000	0-	0-	0-	0-	0-	0-	0-	12,190,000
Total Liabilities	<u>21,225,253</u>	<u>(3,080)</u>	<u>85,869</u>	<u>31,050</u>	<u>160,133</u>	<u>965,525</u>	<u>38,067</u>	<u>(1,610,793)</u>	<u>20,892,024</u>
Net Position									
Invested in capital assets, net of related debt	24,309,888	0-	0-	0-	0-	0-	0-	1,877,548	26,187,436
Restricted	8,055,202	0-	0-	0-	0-	0-	0-	0-	8,055,202
Unrestricted	33,394,749	0-	0-	0-	0-	0-	0-	(1,890,880)	31,503,869
Total Controlling Net Position	65,759,839	0-	0-	0-	0-	0-	0-	(13,332)	65,746,507
Noncontrolling interest in subsidiary	0-	0-	0-	0-	0-	0-	0-	1,591,085	1,591,085
Total Net Position	<u>65,759,839</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>1,577,753</u>	<u>67,337,592</u>
Members' Equity	0-	950,625	1,495,739	758,287	1,319,664	(342,918)	633,128	(4,814,525)	0-
Total Liabilities and Net Position	<u>\$ 86,985,092</u>	<u>\$ 947,545</u>	<u>\$ 1,581,608</u>	<u>\$ 789,337</u>	<u>\$ 1,479,797</u>	<u>\$ 622,607</u>	<u>\$ 671,195</u>	<u>\$ (4,847,565)</u>	<u>\$ 88,229,616</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	Consolidated
Revenues									
Net patient service revenue	\$ 59,745,624	\$ 408,393	\$ -0-	\$ -0-	\$ -0-	\$ 1,830,934	\$ -0-	\$ -0-	\$ 61,984,951
Other revenue	<u>9,627,170</u>	<u>628</u>	<u>524,186</u>	<u>1,655,813</u>	<u>2,579,358</u>	<u>-0-</u>	<u>1,178,860</u>	<u>(6,810,980)</u>	<u>8,755,035</u>
Total Revenues	<u>69,372,794</u>	<u>409,021</u>	<u>524,186</u>	<u>1,655,813</u>	<u>2,579,358</u>	<u>1,830,934</u>	<u>1,178,860</u>	<u>(6,810,980)</u>	<u>70,739,986</u>
Expenses									
Salaries and benefits	33,211,574	(955)	277,382	528,412	694,334	1,407,892	303,129	-0-	36,421,768
Medical supplies and drugs	6,927,507	2,170	-0-	132,970	164,185	88,601	31,197	-0-	7,346,630
Medical, professional and consulting	2,794,086	86,019	-0-	-0-	689,785	56,678	74,800	-0-	3,701,368
Other expenses	21,897,656	148,038	151,156	227,490	132,564	322,781	25,490	(5,550,071)	17,355,104
Insurance	1,192,233	2,185	21,798	7,576	18,497	14,862	6,096	-0-	1,263,247
Depreciation and amortization	<u>3,721,856</u>	<u>892</u>	<u>97,432</u>	<u>26,033</u>	<u>28,950</u>	<u>14,473</u>	<u>13,858</u>	<u>-0-</u>	<u>3,903,494</u>
Total Expenses	<u>69,744,912</u>	<u>238,349</u>	<u>547,768</u>	<u>922,481</u>	<u>1,728,315</u>	<u>1,905,287</u>	<u>454,570</u>	<u>(5,550,071)</u>	<u>69,991,611</u>
Operating Income (Loss)	<u>(372,118)</u>	<u>170,672</u>	<u>(23,582)</u>	<u>733,332</u>	<u>851,043</u>	<u>(74,353)</u>	<u>724,290</u>	<u>(1,260,909)</u>	<u>748,375</u>
Nonoperating Revenues (Expenses)									
Interest income	112,111	20	2,138	-0-	-0-	-0-	-0-	-0-	114,269
Interest income from limited use assets	278,138	-0-	-0-	-0-	-0-	-0-	-0-	-0-	278,138
Gain on sale of equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest expense	<u>(150,895)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(150,895)</u>
Total Nonoperating Rev (Exp)	<u>239,354</u>	<u>20</u>	<u>2,138</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>241,512</u>
Excess of Revenue over Expenses	\$ (132,764)	\$ 170,692	\$ (21,444)	\$ 733,332	\$ 851,043	\$ (74,353)	\$ 724,290	\$ (1,260,909)	\$ 989,887

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
YEAR ENDED JUNE 30, 2019

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	Consolidated
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(1,122,651)	\$ (1,122,651)
Other comprehensive income									
Unrealized holding gains (losses)	<u>283,599</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>283,599</u>
Changes in net position	150,835	170,692	(21,444)	733,332	851,043	(74,353)	724,290	(2,383,560)	150,835
Beginning net position	65,609,004	879,933	1,517,183	836,184	1,192,621	(268,565)	547,838	(4,718,526)	65,595,672
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Distribution paid	<u>-0-</u>	<u>(100,000)</u>	<u>-0-</u>	<u>(811,229)</u>	<u>(724,000)</u>	<u>-0-</u>	<u>(639,000)</u>	<u>2,274,229</u>	<u>-0-</u>
Ending net position	\$ <u>65,759,839</u>	\$ <u>950,625</u>	\$ <u>1,495,739</u>	\$ <u>758,287</u>	\$ <u>1,319,664</u>	\$ <u>(342,918)</u>	\$ <u>633,128</u>	\$ <u>(4,827,857)</u>	\$ <u>65,746,507</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION
JUNE 30, 2018

	Natchitoches			NRMC			NRMC		Eliminating	Consolidated
<u>ASSETS</u>	Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Entries		
Current										
Cash and cash equivalents	\$ 4,786,292	\$ 549,176	\$ 163,634	\$ 689,195	\$ 678,557	\$ 79,126	\$ 422,615	\$ -0-	\$ 7,368,595	
Limited use assets	946,261	-0-	-0-	-0-	-0-	-0-	-0-	-0-	946,261	
Patient accounts receivable, net	9,218,988	106,018	200	-0-	-0-	88,315	-0-	-0-	9,413,521	
Estimated third-party payor settlements	838,314	-0-	-0-	-0-	-0-	-0-	-0-	-0-	838,314	
Other receivables	3,325,532	(6,572)	210	106,475	453,629	17,820	86,524	(1,406,219)	2,577,399	
Inventory	1,931,665	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,931,665	
Prepaid expenses	729,480	4,939	-0-	23,338	-0-	4,063	-0-	-0-	761,820	
Notes receivable - current	19,692	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,692	
Total Current Assets	<u>21,796,224</u>	<u>653,561</u>	<u>164,044</u>	<u>819,008</u>	<u>1,132,186</u>	<u>189,324</u>	<u>509,139</u>	<u>(1,406,219)</u>	<u>23,857,267</u>	
Other										
Limited use assets	15,016,733	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,016,733	
Nondepreciable capital assets	5,031,111	-0-	45,899	-0-	-0-	-0-	-0-	-0-	5,077,010	
Depreciable capital assets, net	33,143,543	8,469	1,453,260	3,558	332,925	14,313	75,207	-0-	35,031,275	
Bond issue cost, net	29,739	-0-	-0-	-0-	-0-	-0-	-0-	-0-	29,739	
Capitalized construction interest	1,617,556	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,617,556	
Notes receivable	6,042	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,042	
Other	3,266,519	233,200	-0-	39,781	-0-	54,543	-0-	(3,190,079)	403,964	
Total Assets	<u>\$ 79,907,467</u>	<u>\$ 895,230</u>	<u>\$ 1,663,203</u>	<u>\$ 862,347</u>	<u>\$ 1,465,111</u>	<u>\$ 258,180</u>	<u>\$ 584,346</u>	<u>\$ (4,596,298)</u>	<u>\$ 81,039,586</u>	

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2018

<u>LIABILITIES AND NET POSITION</u>	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Current									
Accounts payable	\$ 3,818,303	\$ 15,297	\$ 96,389	\$ 21,703	\$ 272,490	\$ 526,745	\$ 36,508	\$ (1,406,219)	\$ 3,381,216
Accrued expenses	1,909,978	0-	2,031	4,460	0-	0-	0-	0-	1,916,469
Unearned revenue	0-	0-	47,600	0-	0-	0-	0-	0-	47,600
Estimated third-party payor settlements	2,335,182	0-	0-	0-	0-	0-	0-	0-	2,335,182
Current portion of long-term debt	<u>1,305,000</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>1,305,000</u>
Total Current Liabilities	<u>9,368,463</u>	<u>15,297</u>	<u>146,020</u>	<u>26,163</u>	<u>272,490</u>	<u>526,745</u>	<u>36,508</u>	<u>(1,406,219)</u>	<u>8,985,467</u>
Long-term Liabilities									
Long-term debt	<u>4,930,000</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>4,930,000</u>
Total Liabilities	<u>14,298,463</u>	<u>15,297</u>	<u>146,020</u>	<u>26,163</u>	<u>272,490</u>	<u>526,745</u>	<u>36,508</u>	<u>(1,406,219)</u>	<u>13,915,467</u>
Net Position									
Invested in capital assets, net of related debt	31,939,654	0-	0-	0-	0-	0-	0-	1,933,631	33,873,285
Restricted	1,376,558	0-	0-	0-	0-	0-	0-	0-	1,376,558
Unrestricted	<u>32,292,792</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>(1,946,963)</u>	<u>30,345,829</u>
Total Controlling Net Position	65,609,004	0-	0-	0-	0-	0-	0-	(13,332)	65,595,672
Noncontrolling interest in subsidiary	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>1,528,447</u>	<u>1,528,447</u>
Total Net Position	<u>65,609,004</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>1,515,115</u>	<u>67,124,119</u>
Members' Equity	<u>0-</u>	<u>879,933</u>	<u>1,517,183</u>	<u>836,184</u>	<u>1,192,621</u>	<u>(268,565)</u>	<u>547,838</u>	<u>(4,705,194)</u>	<u>0-</u>
Total Liabilities and Net Position	<u>\$ 79,907,467</u>	<u>\$ 895,230</u>	<u>\$ 1,663,203</u>	<u>\$ 862,347</u>	<u>\$ 1,465,111</u>	<u>\$ 258,180</u>	<u>\$ 584,346</u>	<u>\$ (4,596,298)</u>	<u>\$ 81,039,586</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018

	Natchitoches		Natchitoches		NRMC		NRMC		NRMC			
	Regional	Natchitoches	Natchitoches	Regional	Comprehensive	NRMC	NRMC	NRMC	Eliminating			
	Medical	Outpatient	Assisted	Cardiology	Wound	Walk-In Clinic	Pain Institute		Entries			Consolidated
	Center	Services, LLC	Living, LLC	Clinic, LLC	Care, LLC	Ventures, LLC	Ventures, LLC					
Revenues												
Net patient service revenue	\$ 54,010,764	\$ 307,233	\$ -0-	\$ -0-	\$ -0-	\$ 1,539,629	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 55,857,626
Other revenue	13,282,343	715	423,019	1,547,308	2,248,236	-0-	907,306	(5,699,315)				12,709,612
Total Revenues	67,293,107	307,948	423,019	1,547,308	2,248,236	1,539,629	907,306	(5,699,315)				68,567,238
Expenses												
Salaries and benefits	30,213,442	1,962	270,256	515,337	658,037	1,116,977	248,650	-0-	-0-			33,024,661
Medical supplies and drugs	6,447,471	10,628	-0-	101,389	95,836	84,024	33,902	-0-	-0-			6,773,250
Medical, professional and consulting	3,112,719	75,484	-0-	-0-	691,260	37,147	78,548	-0-	-0-			3,995,158
Other expenses	20,669,717	152,919	146,437	230,507	162,020	271,308	45,842	(4,846,763)				16,831,987
Insurance	1,139,404	-0-	20,781	8,228	19,734	28,056	2,129	-0-	-0-			1,218,332
Depreciation and amortization	3,682,739	1,644	88,453	26,033	28,950	13,057	13,858	-0-	-0-			3,854,734
Total Expenses	65,265,492	242,637	525,927	881,494	1,655,837	1,550,569	422,929	(4,846,763)				65,698,122
Operating Income (Loss)	2,027,615	65,311	(102,908)	665,814	592,399	(10,940)	484,377	(852,552)				2,869,116
Nonoperating Revenues (Expenses)												
Interest income	77,359	2	2,228	-0-	-0-	-0-	-0-	-0-	-0-			79,589
Interest income from limited use assets	199,180	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-			199,180
Gain on sale of equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-			-0-
Interest expense	(211,258)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-			(211,258)
Total Nonoperating Rev (Exp)	65,281	2	2,228	-0-	-0-	-0-	-0-	-0-	-0-			67,511
Excess of Revenue over Expenses	\$ 2,092,896	\$ 65,313	\$ (100,680)	\$ 665,814	\$ 592,399	\$ (10,940)	\$ 484,377	\$ (852,552)				\$ 2,936,627

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
YEAR ENDED JUNE 30, 2018

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	Consolidated
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(843,731)	\$ (843,731)
Other comprehensive income									
Unrealized holding gains (losses)	<u>(174,716)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(5,479)</u>	<u>-0-</u>	<u>(7,837)</u>	<u>(188,032)</u>
Changes in net position	1,918,180	65,313	(100,680)	665,814	592,399	(16,419)	484,377	(1,704,120)	1,904,864
Beginning net position	63,690,824	926,620	1,617,863	890,370	1,240,222	(252,146)	847,161	(5,270,106)	63,690,808
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Distribution paid	<u>-0-</u>	<u>(112,000)</u>	<u>-0-</u>	<u>(720,000)</u>	<u>(640,000)</u>	<u>-0-</u>	<u>(783,700)</u>	<u>2,255,700</u>	<u>-0-</u>
Ending net position	\$ <u>65,609,004</u>	\$ <u>879,933</u>	\$ <u>1,517,183</u>	\$ <u>836,184</u>	\$ <u>1,192,621</u>	\$ <u>(268,565)</u>	\$ <u>547,838</u>	\$ <u>(4,718,526)</u>	\$ <u>65,595,672</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	Consolidated
Current									
Cash and cash equivalents	\$ 6,590,292	\$ 521,699	\$ 181,135	\$ 734,477	\$ 921,497	\$ 180,406	\$ 705,172	\$ -0-	\$ 9,834,678
Limited use assets	575,230	-0-	-0-	-0-	-0-	-0-	-0-	-0-	575,230
Patient accounts receivable, net	8,958,165	186,419	-0-	-0-	-0-	225,996	-0-	-0-	9,370,580
Estimated third-party payor settlements	671,745	-0-	-0-	-0-	-0-	-0-	-0-	-0-	671,745
Other receivables	2,973,089	(7,882)	210	102,411	195,940	18,164	86,919	(1,372,627)	1,996,224
Inventory	2,042,721	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,042,721
Prepaid expenses	781,854	6,907	-0-	9,685	-0-	-0-	-0-	-0-	798,446
Notes receivable - current	29,042	-0-	-0-	-0-	-0-	-0-	-0-	-0-	29,042
Total Current Assets	22,622,138	707,143	181,345	846,573	1,117,437	424,566	792,091	(1,372,627)	25,318,666
Other									
Limited use assets	15,002,507	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,002,507
Nondepreciable capital assets	1,385,995	-0-	45,899	-0-	-0-	-0-	-0-	-0-	1,431,894
Depreciable capital assets, net	33,679,380	1,198	1,446,763	5,722	361,875	23,855	89,065	-0-	35,607,858
Bond issue cost, net	36,029	-0-	-0-	-0-	-0-	-0-	-0-	-0-	36,029
Capitalized construction interest	1,675,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,675,000
Notes receivable	30,208	-0-	-0-	-0-	-0-	-0-	-0-	-0-	30,208
Other	3,605,448	233,200	-0-	63,650	-0-	58,058	-0-	(3,529,008)	431,348
Total Assets	\$ 78,036,705	\$ 941,541	\$ 1,674,007	\$ 915,945	\$ 1,479,312	\$ 506,479	\$ 881,156	\$ (4,901,635)	\$ 79,533,510

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2017

<u>LIABILITIES AND NET POSITION</u>	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Current									
Accounts payable	\$ 3,358,337	\$ 14,921	\$ 29,540	\$ 20,743	\$ 239,090	\$ 758,625	\$ 33,995	\$ (1,372,627)	\$ 3,082,624
Accrued expenses	1,623,280	0-	1,596	4,832	0-	0-	0-	0-	1,629,708
Unearned revenue	0-	0-	25,008	0-	0-	0-	0-	0-	25,008
Estimated third-party payor settlements	1,894,264	0-	0-	0-	0-	0-	0-	0-	1,894,264
Current portion of long-term debt	1,235,000	0-	0-	0-	0-	0-	0-	0-	1,235,000
<u>Total Current Liabilities</u>	<u>8,110,881</u>	<u>14,921</u>	<u>56,144</u>	<u>25,575</u>	<u>239,090</u>	<u>758,625</u>	<u>33,995</u>	<u>(1,372,627)</u>	<u>7,866,604</u>
Long-term Liabilities									
Long-term debt	6,235,000	0-	0-	0-	0-	0-	0-	0-	6,235,000
<u>Total Liabilities</u>	<u>14,345,881</u>	<u>14,921</u>	<u>56,144</u>	<u>25,575</u>	<u>239,090</u>	<u>758,625</u>	<u>33,995</u>	<u>(1,372,627)</u>	<u>14,101,604</u>
Net Position									
Invested in capital assets, net of related debt	27,595,375	0-	0-	0-	0-	0-	0-	1,974,377	29,569,752
Restricted	1,005,527	0-	0-	0-	0-	0-	0-	0-	1,005,527
Unrestricted	35,089,922	0-	0-	0-	0-	0-	0-	(1,974,393)	33,115,529
<u>Total Controlling Net Position</u>	<u>63,690,824</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>(16)</u>	<u>63,690,808</u>
Noncontrolling interest in subsidiary	0-	0-	0-	0-	0-	0-	0-	1,741,098	1,741,098
<u>Total Net Position</u>	<u>63,690,824</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>0-</u>	<u>1,741,082</u>	<u>65,431,906</u>
Members' Equity	0-	926,620	1,617,863	890,370	1,240,222	(252,146)	847,161	(5,270,090)	0-
<u>Total Liabilities and Net Position</u>	<u>\$ 78,036,705</u>	<u>\$ 941,541</u>	<u>\$ 1,674,007</u>	<u>\$ 915,945</u>	<u>\$ 1,479,312</u>	<u>\$ 506,479</u>	<u>\$ 881,156</u>	<u>\$ (4,901,635)</u>	<u>\$ 79,533,510</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	Consolidated
Revenues									
Net patient service revenue	\$ 52,619,638	\$ 437,107	\$ -0-	\$ -0-	\$ -0-	\$ 1,311,043	\$ -0-	\$ -0-	\$ 54,367,788
Other revenue	11,399,043	-0-	411,096	1,263,911	2,077,380	-0-	725,446	(4,688,574)	11,188,302
Total Revenues	64,018,681	437,107	411,096	1,263,911	2,077,380	1,311,043	725,446	(4,688,574)	65,556,090
Expenses									
Salaries and benefits	26,831,488	384	217,954	460,292	519,177	1,134,500	202,718	-0-	29,366,513
Medical supplies and drugs	5,910,729	13,552	-0-	99,034	123,558	102,960	51,738	-0-	6,301,571
Medical, professional and consulting	3,536,283	75,730	-0-	-0-	636,500	41,653	110,196	-0-	4,400,362
Other expenses	20,321,749	184,277	131,241	219,443	161,841	306,620	49,777	(4,205,017)	17,169,931
Insurance	1,087,219	-0-	21,323	9,220	11,772	24,897	1,335	-0-	1,155,766
Depreciation and amortization	3,523,018	4,792	85,543	28,603	21,713	47,457	116,783	-0-	3,827,909
Total Expenses	61,210,486	278,735	456,061	816,592	1,474,561	1,658,087	532,547	(4,205,017)	62,222,052
Operating Income (Loss)	2,808,195	158,372	(44,965)	447,319	602,819	(347,044)	192,899	(483,557)	3,334,038
Nonoperating Revenues (Expenses)									
Interest income	47,115	-0-	837	-0-	-0-	-0-	-0-	-0-	47,952
Interest income from limited use assets	155,085	-0-	-0-	-0-	-0-	-0-	-0-	-0-	155,085
Gain on sale of equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest expense	(269,896)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(269,896)
Total Nonoperating Rev (Exp)	(67,696)	-0-	837	-0-	-0-	-0-	-0-	-0-	(66,859)
Excess of Revenue over Expenses	\$ 2,740,499	\$ 158,372	\$ (44,128)	\$ 447,319	\$ 602,819	\$ (347,044)	\$ 192,899	\$ (483,557)	\$ 3,267,179

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
YEAR ENDED JUNE 30, 2017

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	NRMC Pain Institute Ventures, LLC	Eliminating Entries	Consolidated
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(526,680)	(526,680)
Other comprehensive income									
Unrealized holding gains (losses)	<u>(145,126)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(145,126)</u>
Changes in net position	2,595,373	158,372	(44,128)	447,319	602,819	(347,044)	192,899	(1,010,237)	2,595,373
Beginning net position	61,095,451	843,248	1,661,991	443,051	1,168,403	94,898	654,262	(4,865,869)	61,095,435
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Distribution paid	<u>-0-</u>	<u>(75,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>(531,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>606,000</u>	<u>-0-</u>
Ending net position	\$ <u>63,690,824</u>	\$ <u>926,620</u>	\$ <u>1,617,863</u>	\$ <u>890,370</u>	\$ <u>1,240,222</u>	\$ <u>(252,146)</u>	\$ <u>847,161</u>	\$ <u>(5,270,106)</u>	\$ <u>63,690,808</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Daily patient services:			
Routine services	\$ 5,277,907	\$ 5,232,803	\$ 5,290,760
Intensive care	3,122,296	2,988,002	3,048,166
Nursery	612,154	536,450	449,655
Long-term care	6,526,221	6,234,804	6,034,617
Swing bed	79,076	67,900	65,786
Geriatric psych	4,820,560	3,248,300	2,896,696
Total daily patient services	<u>20,438,214</u>	<u>18,308,259</u>	<u>17,785,680</u>
Other professional services:			
Operating and recovery room			
Inpatient	5,541,159	6,188,796	6,890,137
Outpatient	<u>16,059,178</u>	<u>12,616,972</u>	<u>10,319,181</u>
Total	<u>21,600,337</u>	<u>18,805,768</u>	<u>17,209,318</u>
Labor and delivery			
Inpatient	837,765	907,794	986,708
Outpatient	<u>174,611</u>	<u>181,374</u>	<u>211,813</u>
Total	<u>1,012,376</u>	<u>1,089,168</u>	<u>1,198,521</u>
Anesthesia			
Inpatient	1,081,965	1,006,855	857,439
Outpatient	<u>2,039,971</u>	<u>1,495,798</u>	<u>1,154,913</u>
Total	<u>3,121,936</u>	<u>2,502,653</u>	<u>2,012,352</u>
Radiology, ultrasound, MRI & CT scan			
Inpatient	3,236,926	3,548,065	3,185,863
Outpatient	<u>27,153,852</u>	<u>26,046,812</u>	<u>23,722,609</u>
Total	<u>30,390,778</u>	<u>29,594,877</u>	<u>26,908,472</u>
Laboratory			
Inpatient	5,723,091	5,760,929	5,328,061
Outpatient	<u>18,788,413</u>	<u>15,531,532</u>	<u>14,835,944</u>
Total	\$ <u>24,511,504</u>	\$ <u>21,292,461</u>	\$ <u>20,164,005</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Blood			
Inpatient	\$ 1,323,491	\$ 1,360,423	\$ 1,506,439
Outpatient	<u>1,206,179</u>	<u>1,010,085</u>	<u>1,010,320</u>
Total	<u>2,529,670</u>	<u>2,370,508</u>	<u>2,516,759</u>
Inhalation therapy			
Inpatient	5,537,894	5,876,694	6,454,858
Outpatient	<u>3,362,253</u>	<u>3,129,204</u>	<u>2,670,151</u>
Total	<u>8,900,147</u>	<u>9,005,898</u>	<u>9,125,009</u>
Physical therapy			
Inpatient	369,509	440,112	361,546
Outpatient	<u>93,556</u>	<u>75,489</u>	<u>59,761</u>
Total	<u>463,065</u>	<u>515,601</u>	<u>421,307</u>
Occupational therapy			
Inpatient	236,902	259,801	259,468
Outpatient	<u>42,657</u>	<u>46,697</u>	<u>45,121</u>
Total	<u>279,559</u>	<u>306,498</u>	<u>304,589</u>
Speech therapy			
Inpatient	67,566	50,055	80,425
Outpatient	<u>265,919</u>	<u>281,316</u>	<u>182,899</u>
Total	<u>333,485</u>	<u>331,371</u>	<u>263,324</u>
Electrocardiology			
Inpatient	546,952	442,308	434,444
Outpatient	<u>3,467,396</u>	<u>2,112,255</u>	<u>1,595,066</u>
Total	<u>4,014,348</u>	<u>2,554,563</u>	<u>2,029,510</u>
Central services			
Inpatient	439,594	576,208	1,028,291
Outpatient	<u>373,510</u>	<u>429,552</u>	<u>382,776</u>
Total	<u>\$ 813,104</u>	<u>\$ 1,005,760</u>	<u>\$ 1,411,067</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Pharmacy			
Inpatient	\$ 10,482,519	\$ 9,844,893	\$ 9,960,451
Outpatient	<u>8,634,490</u>	<u>7,606,989</u>	<u>6,242,158</u>
 Total	 <u>19,117,009</u>	 <u>17,451,882</u>	 <u>16,202,609</u>
 Emergency room			
Inpatient	1,788,859	1,763,102	1,529,634
Outpatient	<u>14,128,153</u>	<u>12,907,938</u>	<u>13,895,425</u>
 Total	 <u>15,917,012</u>	 <u>14,671,040</u>	 <u>15,425,059</u>
 Observation			
Outpatient	<u>11,643,520</u>	<u>9,518,383</u>	<u>7,807,618</u>
 Ambulance			
Outpatient	<u>6,830,326</u>	<u>6,105,816</u>	<u>5,398,773</u>
 Physician clinic			
Outpatient	<u>5,652,580</u>	<u>4,812,354</u>	<u>4,513,399</u>
 Campti clinic			
Outpatient	<u>657,177</u>	<u>788,972</u>	<u>739,883</u>
 Intensive outpatient psychiatric services			
Outpatient	<u>2,268,931</u>	<u>1,856,637</u>	<u>1,759,627</u>
 Hospitalist program			
Inpatient	1,113,364	1,695,862	1,974,901
Outpatient	<u>208</u>	<u>99</u>	<u>-0-</u>
 Total	 <u>1,113,572</u>	 <u>1,695,961</u>	 <u>1,974,901</u>
 Women's health clinic			
Outpatient	<u>253,310</u>	<u>272,045</u>	<u>180,838</u>
 Walk-in clinic			
Outpatient	\$ <u>4,699,000</u>	\$ <u>4,937,748</u>	\$ <u>6,609,771</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Wound care Outpatient	\$ <u>5,630,054</u>	\$ <u>4,966,462</u>	\$ <u>4,711,072</u>
Hyperbarics Outpatient	<u>3,152,004</u>	<u>2,888,277</u>	<u>2,543,158</u>
Pain management Outpatient	<u>4,372,474</u>	<u>3,375,651</u>	<u>2,418,155</u>
Surgical clinic Outpatient	<u>2,396,372</u>	<u>2,445,611</u>	<u>-0-</u>
Pulmonary clinic Outpatient	<u>1,478,623</u>	<u>-0-</u>	<u>-0-</u>
Orthopedic clinic Outpatient	<u>820,487</u>	<u>-0-</u>	<u>-0-</u>
ENT clinic Outpatient	<u>1,445,022</u>	<u>707,141</u>	<u>-0-</u>
Total other professional services	<u>185,417,782</u>	<u>165,869,106</u>	<u>153,849,096</u>
Gross charges	<u>205,855,996</u>	<u>184,177,365</u>	<u>171,634,776</u>
Less charges associated with charity patients	<u>456,783</u>	<u>285,389</u>	<u>65,013</u>
Gross patient service revenue	205,399,213	183,891,976	171,569,763
Less deductions from revenue:			
Medicare and Medicaid contractual adjustments	95,856,262	86,148,090	75,260,141
Commercial contractual adjustments	44,018,321	37,207,686	35,689,057
Other deductions	79,997	45,552	63,154
Physician supplemental revenue	<u>(2,245,686)</u>	<u>(2,031,326)</u>	<u>(1,390,265)</u>
Patient service revenue (net of contractual adjustments and discounts)	67,690,319	62,521,974	61,947,676
Less provision for bad debts	<u>5,705,368</u>	<u>6,664,348</u>	<u>7,579,888</u>
Net patient service revenue	\$ <u>61,984,951</u>	\$ <u>55,857,626</u>	\$ <u>54,367,788</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF OTHER REVENUE
YEARS ENDED JUNE 30,

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Other revenue:					
Rental income	\$ 1,041,487	\$	1,021,314	\$	1,063,287
Assisted living housing & care income	524,186		423,019		411,096
Medical records	398		117		64
Dietary sales	262,457		313,998		346,048
Drugs sold to employees	632,094		532,121		343,675
Vending revenue	37,296		35,829		35,124
Ambulance tax	1,792,917		1,730,881		1,733,459
Grants	54,399		104,405		193,277
Intergovernmental transfer grant	3,305,276		6,469,103		6,258,143
340B pharmaceutical program	655,195		1,246,642		641,443
Other	<u>449,330</u>		<u>832,183</u>		<u>162,686</u>
 Total other operating revenue	 \$ <u>8,755,035</u>	\$	 <u>12,709,612</u>	\$	 <u>11,188,302</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – SALARIES AND BENEFITS
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Salaries:			
Human resources	\$ 382,134	\$ 207,478	\$ 191,988
Administration	1,148,351	1,069,758	818,388
Information systems	579,128	659,958	610,943
Accounting	250,695	245,854	202,787
Admitting	636,402	553,570	525,091
Business office	367,386	356,074	339,772
Housekeeping	563,016	496,429	435,284
Dietary and cafeteria	519,734	673,223	629,465
Laundry	42,457	57,678	40,570
Plant operations and maintenance	454,502	441,055	410,548
Security	187,215	186,815	186,042
Nursing administration	1,082,284	1,131,338	1,109,060
Medical records	414,240	457,846	370,760
Nursing services	2,102,828	2,247,796	2,088,672
ICU	1,058,198	995,947	944,935
Geriatric psych	797,625	776,019	764,237
Nursery	184,773	272,636	297,559
Long-term care	3,171,543	3,135,587	2,769,017
Operating room	1,347,446	1,252,225	1,042,410
Labor and delivery	481,039	377,017	377,528
Radiology	1,173,351	1,047,347	968,609
Laboratory	877,998	935,519	927,564
Respiratory therapy	683,321	644,307	637,921
Physical therapy	267,248	280,127	271,172
Occupational therapy	208,905	205,876	204,710
Speech therapy	97,514	122,896	133,544
Purchasing	191,097	182,186	165,350
Pharmacy	614,371	519,457	408,920
Intensive outpatient psychiatric services	428,483	382,200	343,380
Emergency room	1,586,410	1,679,455	1,694,679
Ambulance	1,472,947	1,352,567	1,243,526
Physician clinic	540,646	541,533	477,816
Campti clinic	265,076	266,568	258,546
Assisted living	253,493	246,833	199,094
Hospitalist program	539,257	532,573	529,988
Women's health clinic	240,929	235,113	181,131
Walk-in clinic	1,281,149	1,007,637	1,025,861
Wound care	614,018	592,683	471,467

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – SALARIES AND BENEFITS (Continued)
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Pain management	\$ 274,679	\$ 227,385	\$ 185,497
Sleep center	292,239	243,523	23,031
Sports medicine	213,514	215,367	200,873
Surgery clinic	1,425,585	1,246,772	-0-
ENT clinic	548,732	281,065	-0-
Pulmonary clinic	446,738	1,028	-0-
Orthopedic clinic	617,673	-0-	-0-
Ob/gyn clinic	30,026	-0-	-0-
Discovery house	<u>95,283</u>	<u>96,487</u>	<u>73,741</u>
 Total salaries	 <u>31,051,678</u>	 <u>28,680,807</u>	 <u>24,781,476</u>
 Benefits:			
FICA and Medicare tax	2,188,617	2,054,910	1,812,592
Hospital insurance	2,983,230	2,115,297	2,291,427
Retirement	159,008	145,448	126,587
Other	<u>39,235</u>	<u>28,199</u>	<u>354,431</u>
 Total benefits (excluding retirement)	 <u>5,370,090</u>	 <u>4,343,854</u>	 <u>4,585,037</u>
 Total salaries and benefits	 \$ <u>36,421,768</u>	 \$ <u>33,024,661</u>	 \$ <u>29,366,513</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – MEDICAL SUPPLIES AND DRUGS
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Nursing service	\$ 257,875	\$ 152,165	\$ 126,513
ICU	89,687	33,026	57,839
Geriatric psych	12,640	7,948	6,841
Nursery	26,019	5,558	28,424
Long-term care	243,287	229,019	263,855
Operating room	2,656,187	1,997,919	2,025,742
Labor and delivery	24,659	43,745	108,434
Anesthesiology	53,631	128,576	104,878
Radiology, nuclear medicine, CT scan	194,763	241,553	200,862
Laboratory and blood	627,296	578,056	554,897
Respiratory therapy	133,900	115,989	102,240
Physical therapy	305	144	1,254
EKG	24,961	12,434	2,993
Central supply	32,586	346,682	162,452
Pharmacy	2,249,932	2,254,881	1,895,504
Emergency room	188,127	205,438	206,149
Ambulance	44,861	55,567	57,917
Physician clinic	132,970	101,389	104,232
Campti clinic	2,818	2,342	4,872
Women's health clinic	3,620	17,290	6,970
Walk-in clinic	88,601	84,024	102,960
Wound care	164,185	95,836	123,558
Pain clinic	31,197	33,902	51,738
Surgery clinic	2,444	3,941	-0-
ENT clinic	34,000	25,344	-0-
Pulmonary clinic	180	-0-	-0-
Orthopedic clinic	25,566	-0-	-0-
Ob/gyn clinic	44	-0-	-0-
Intensive outpatient psychiatric services	<u>289</u>	<u>482</u>	<u>447</u>
 Total medical supplies and drugs	 \$ <u>7,346,630</u>	 \$ <u>6,773,250</u>	 \$ <u>6,301,571</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – MEDICAL, PROFESSIONAL AND
CONSULTING SERVICES
YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Routine nursing	\$ 54,060	\$ 161,739	\$ 40,086
ICU	6,397	25,473	31,600
Geriatric psych	206,394	219,389	154,432
Nursery	1,050	-0-	1,775
LTCU	105,624	100,202	100,219
Operating room	25,695	20,229	195,997
Labor and delivery	750	900	525
Radiology, ultrasound, CT scan	155,113	145,658	153,086
Laboratory	346,691	310,556	284,323
Respiratory therapy	40,174	52,475	73,902
Physical therapy	8,629	6,718	4,658
Pharmacy	246,469	311,687	280,491
Emergency room	812,445	989,142	1,302,435
Other	44,650	11,117	7,043
Sleep study	105,828	70,259	319,018
Intensive outpatient psychiatric services	96,772	157,501	157,234
Hospitalist program	467,808	553,083	473,044
Women's health clinic	5,017	1,946	-0-
Walk-in clinic	56,678	37,147	41,653
Pain management	77,592	113,579	142,341
Wound care	689,785	691,260	636,500
ENT clinic	52,500	-0-	-0-
Pulmonary clinic	15,777	338	-0-
Orthopedic clinic	68,422	-0-	-0-
Surgery clinic	11,048	14,760	-0-
	<u> </u>	<u> </u>	<u> </u>
Total medical, professional and consulting	\$ <u>3,701,368</u>	\$ <u>3,995,158</u>	\$ <u>4,400,362</u>

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – OTHER
YEARS ENDED JUNE 30,

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Service fees	\$ 4,311,956	\$	4,360,814	\$	4,160,890
Legal and accounting	368,089		316,453		345,440
Non-medical supplies	3,391,766		3,503,488		3,582,175
Repairs and maintenance	788,300		771,783		891,441
Utilities	1,636,252		1,628,139		1,672,049
Telephone	117,189		118,613		112,084
Travel and fuel - ambulance	84,694		82,134		73,082
Travel and fuel - other	200,963		126,344		135,011
Rental expense	1,136,446		967,192		741,972
Education expense	61,740		34,734		97,860
Licenses, dues and subscriptions	1,650,181		1,659,489		1,464,580
Patient days tax	452,305		434,258		447,355
Advertising	466,963		438,954		390,295
Recruitment	343,865		149,574		122,930
Inter-governmental transfer expense	2,172,568		2,151,904		2,611,313
Other	<u>171,827</u>		<u>88,114</u>		<u>321,454</u>
 Total other expenses	 \$ <u>17,355,104</u>	 \$	 <u>16,831,987</u>	 \$	 <u>17,169,931</u>

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY

The Natchitoches Parish Hospital was built by the people of the Parish of Natchitoches, Louisiana, in cooperation with the United States Government, and is operated by the Natchitoches Parish Hospital Service District as created by the Police Jury of Natchitoches Parish, Louisiana.

In consideration of an agreement between the Police Jury of Natchitoches Parish, Louisiana, and the Natchitoches Parish Hospital Service District whereby the Police Jury agreed to construct, complete and equip a hospital in Natchitoches Parish, the Hospital Service District agrees to do and perform the following:

1. To operate the District for the duration of this twenty-year agreement as a non-profit institution in accordance with an agreement entered into by and between the Parish and the United States.
2. To maintain and operate the District and assume and pay the expenses of operations and maintenance to the extent of the income and revenues derived therefrom.
3. To have full and complete charge of the management and operation of the District and conduct and operate said District at all times in accordance with acceptable standards of hospital practice.

The Parish covenants to do and perform, as consideration for this agreement, the following:

1. To equip the hospital building for hospital purposes with modern equipment sufficient to meet the needs of present day hospital practice. If, however, the District desires to replace said equipment with new equipment, it may do so, and said new equipment shall be and remains the property of the Parish if paid for out of the income resulting from the operation of the District. It is understood and agreed, however, that the Parish shall not be responsible for the securing of additional equipment other than that already purchased or installed when the District takes possession of the premises.
2. To levy the special tax of one mill on the dollar of all property subject to state taxation in the Parish for a period of three years beginning with the year 1956, as authorized by the special election held in the Parish on November 15, 1955, and the Parish shall pay to the District the net proceeds of said tax, as when collected. Said net proceeds shall be used by the District solely to defray the costs of operating and maintaining the District described herein, and proceeds at such intervals as the Parish may require.

During the year ended September 30, 1965, the Natchitoches Parish Hospital was enlarged by the addition of a nursing home, an autopsy room, new patient rooms and additional administrative and storage space. The new construction was financed by: (1) a grant from the United States Government under the Hill-Burton Act in the amount of \$307,000; (2) proceeds of a \$400,000 bond issue; and, (3) revenues of the Natchitoches Parish Hospital. The \$400,000 of Natchitoches Parish, Louisiana, Hospital Improvement Revenue Bonds, 3 1/2%, Series 1963, were purchased by the United States of America, Housing and Home Finance Agency. These bonds were retired in 1979.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

On June 14, 1977, a seven million dollar (\$7,000,000) bond issue was passed by the people of Natchitoches Parish. The seven million dollars (\$7,000,000) consisted of four million five hundred thousand dollars (\$4,500,000) of Public Improvement Bonds to be paid by ad valorem taxes. Two million five hundred thousand dollars (\$2,500,000) were to be Revenue Bonds and were to be paid off out of the general operating revenue of the District. Pursuant to a public hearing held on March 6, 1979, the District was authorized to issue \$4,500,000 of Hospital Revenue Bonds in lieu of the \$2,500,000 of Hospital Revenue Bonds.

On May 22, 1978, the Public Improvement Bonds were sold. The Public Improvement Hospital Bonds are dated April 1, 1978, and are in denominations of five thousand dollars (\$5,000) each, and bear interest at a rate or rates not exceeding six and one-half percent (6 1/2%) per annum on any bond in any interest payment period. Said interest to be payable April 1, 1979, and semi-annually thereafter on April 1st and October 1st of each year. Bonds numbered 204 to 900, inclusive, are callable for redemption by the District in the inverse order of their maturities, and if less than a full maturity, then by lot within such maturity, on any interest payment date on or after April 1, 1988, at the principal amount thereof and accrued interest to the date fixed for redemption, provided that official notice be given of such call of any of the bonds for redemption date by means of publication of an appropriate notice one time in a financial newspaper or journal published in the City of New York, or in the City of New Orleans, Louisiana, and sent by registered mail to the place of payment of the bonds. Bonds of this issue numbered 1 to 203, inclusive, are not callable for redemption prior to their stated dates of maturity. The bonds are secured by a special tax to be imposed and collected annually in excess of all other taxes on all the property subject to taxation within the territorial limits of the District. On October 1, 1985, funds were deposited in an irrevocable trust and zero coupon United States of America Trust securities were purchased. The securities began maturing in February 1995, and will be used to pay payments on the bonds until payment in full. No collections of taxes were required after that time.

In May 1979, the Hospital Revenue Bonds were sold. These bonds are dated April 1, 1979, and are in denominations of five thousand dollars (\$5,000) each, and bear interest at a rate or rates not exceeding seven and seven-eighths percent (7 7/8%) per annum on any bond in any interest period. Said interest to be payable October 1, 1979, and semi-annually thereafter on April 1st and October 1st of each year.

The Series 1979 Revenue Bonds are also subject to redemption in whole, at any time, or in part, at any interest payment date, at the option of the District upon the occurrence of any of the following conditions or events: (1) if title to, or the permanent use of, or use for a limited period of, substantially all of the District is condemned; or (2) if the title to substantially all of the District is found to be deficient to the extent that the Hospital is untenable or the efficient utilization of the District by the District is substantially impaired; or (3) if substantially all of the District is damaged or destroyed by fire or other casualty; or (4) if as a result of any changes in the Constitution of the United States of America or of the State of Louisiana or of legislative or administrative action, or failure of administrative action, by the United States or the State of Louisiana, or any agency or political subdivision thereof, or by reason of any judicial decision, (i) the Resolution becomes void or unenforceable or impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities are imposed on the District, including without limitation Federal, state or other ad valorem property, income or other taxes being imposed on the property of the District. In the event of such redemption, the Bonds shall be subject to redemption at the principal amount thereof plus accrued interest to the date of redemption, but without premium.

The Series 1979 Bonds are issued pursuant to a Resolution, under which payment of the principal of, redemption premium, if any, and interest on the Series 1979 Bonds is secured by a pledge of the income, revenues, receipts and accounts receivable derived by, payable or accruing to the District by reason of its operation of the District, subject to payment of the operating expenses of the District.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The Series 1979 Bonds are limited obligations of the District which are payable solely from revenues derived by the District from its operation of the Hospital. The Series 1979 Bonds are not an indebtedness or pledge of the general credit of the State of Louisiana, the Parish or City of Natchitoches or the District. Neither the District nor any of the assets of the District are pledged or mortgaged as security for the Series 1979 Revenue Bonds.

On February 26, 1980, the Louisiana State Bond Commission approved a notice of intention to issue not exceeding \$750,000 of Hospital Revenue Bonds to bear interest at rates not exceeding 9 1/4% per annum, the proceeds of which will be used for the purpose of constructing improvements to the existing facilities or to provide additional facilities, said bonds are to be secured by and payable solely from the District from operations, to mature at such time not exceeding 30 years from date of issuance, and subject further to the approval of the Natchitoches Parish Police Jury. In lieu of issuing these bonds the District made an application for the approval to the State Bond Commission to issue \$500,000 of Certificates of Indebtedness at an interest rate not to exceed eleven and one-half percent per annum. This application was approved on September 1, 1981. The \$500,000 in Certificates of Indebtedness were issued on April 6, 1982. Certificates totaling \$150,000 were issued to each of three banks in Natchitoches. These Certificates of Indebtedness were paid in full on September 28, 1984.

On November 20, 1985, the District's Commissioners resolved to donate a portion of land to the Natchitoches Parish Police Jury so they could construct a parish health clinic. The act of donation was made by resolution of the Board of Commissioners on October 23, 1987. The District's basis in the donated land was \$8,200.

An ambulance service tax is collected by the Natchitoches Parish Police Jury. The tax money is forwarded to the District upon submitting ambulance cost for the year. A ten-year renewal was passed in 1986. The voters of Natchitoches Parish voted not to renew this tax in July 1996.

Effective January 30, 1987, the Long-Term Care Unit qualified as a Medicare participating skilled nursing facility. As of September 25, 1987, a home health program was begun.

On December 1, 1988, the District began renting office space for four physicians in a newly constructed physician office building.

During the year ended June 30, 1990, the District purchased approximately ten acres of land on Keyser Avenue. The State of Louisiana expropriated one quarter acre for road right-of-way.

During the year ended June 30, 1991, the District began an \$845,000 renovation of the fourth and fifth floors of the Hospital which include two additional elevators and a rehabilitation fitness center. The Hospital began redecorating and refurbishing 84 patient rooms. These renovations were completed in fiscal year 1992.

During the year ended June 30, 1992, the District began replacing the chillers and completed replacement of the chillers in fiscal year 1993. The Hospital began and nearly completed a building to be rented as a dialysis center.

During the year ended June 30, 1994, the District completed construction of the dialysis center and began construction of rental facilities for a mental health unit and an obstetrics/gynecology doctors' office. The District also refinanced \$3,600,000 of Revenue bonds. As with the 1979 series, the \$3,560,000 of Series 1994 Bonds, dated May 19, 1994, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital. The interest rates vary from 3.95% to 5.5%.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The District completed construction of the mental health unit, the obstetrics/gynecology doctors' office, senior care center and remodeling of the labor and delivery rooms during the fiscal year ended June 30, 1995. A cooperative endeavor with Northwest Psychiatry, Inc. resulted in the establishment of an adolescent psychiatric program in Natchitoches Parish. Additionally, the Hospital began its own geriatric psychiatric program on the hospital campus just prior to year end.

Effective July 1, 1995, the Hospital's geriatric psychiatric unit received "Distinct Part" status which provides for reasonable cost reimbursement of necessary services to Medicare patients. In February 1996 the cooperative endeavor with Northwest Psychiatry, Inc. ended as Medicaid, the primary payor source for the adolescent facility, tightened its admission and length of stay criteria. The result was an inadequate census and the unit was closed.

The District began leasing twenty-one beds and selling ancillary services to Satellite Rehab, Inc., a separately licensed hospital and unrelated party, on December 1, 1997. Satellite Rehab, Inc. offers inpatient rehabilitative services.

Also, on December 1, 1997, the District entered into a management agreement with Christus Health (the "Manager"). The Manager is responsible for providing an administrator for routine administrative services, making recommendations for the overall rate structure, preparing monthly reports to the Board, managing cash and investments, preparing annual budgets and reviewing the insurance program. The Board of Commissioners retained all authority and control over the District.

During the year ended June 30, 2000, the District financed \$10,000,000 of 6% Series 2000 Revenue Bonds. The \$10,000,000 of Series 2000 bonds, dated June 14, 2000, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

The District received escrow funds in the amount of \$5,000,000 from Christus Health on March 3, 2000, as a part of an agreement with the District to be used for expansion of outpatient facilities. As certain conditions were met, the \$5,000,000 was earned during 1999, 2000, 2001 and 2002.

The District ceased operations of the home health and partial day psychiatric services in June 2000.

During the year ended June 30, 2002, the Hospital renovated the second and third floor of the tower as part of the beginning of a three-phase construction project, which will include a new outpatient service center. This project is being financed by the issuance of the Series 2000 Revenue Bonds of \$10,000,000 and from the \$5,000,000 contribution received by Christus Health.

The Hospital continued its three-phase construction project during 2004 with the completion of the renovation of the second and third floors and expected completion of the new outpatient service center by September of 2005. The final phase of the project, renovation of the first floor, will start after the completion of the outpatient service center.

The Hospital entered into a joint venture with local physicians and created Natchitoches Outpatient Services, LLC. NOP, LLC offers outpatient therapy services and MRI services. NOP, LLC began operations in June of 2005.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The Hospital has changed its d/b/a name to Natchitoches Regional Medical Center to reflect its regional healthcare status.

The Hospital purchased a minority interest in Northwestern Louisiana Cancer Center, LLC, which provides outpatient cancer treatment, in March 2006.

Christus Health conveyed a medical office building to the Hospital in July 2006. The conveyance contains an act of re-conveyance which is subject to the term of the management agreement with Christus Health. At the end of the agreement, the Hospital will recognize the building as an asset and the income based at fair market value.

In September of 2006, the Hospital opened the new outpatient center and started renovation of the first and fourth floor. The fourth floor will be leased to a rehab hospital.

The Hospital completed the renovation of the first and fourth floors in January 2007. The fourth floor is leased to a physical rehabilitation hospital.

The Hospital created a new entity called Natchitoches Assisted Living, LLC. NAL, LLC purchased an assisted living facility for \$1,200,000 on July 12, 2007, through a cash investment by the Hospital. NAL, LLC offers housing and limited care for elderly residents.

During the year ended June 30, 2009, the District financed \$8,000,000 of 4.26% Series 2008 Revenue Bonds. The \$8,000,000 of Series 2008 bonds, dated August 26, 2008, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

Construction of the new nursing home facility began in September of 2008. The facility was completed in November 2009 and the patients were transferred. During FY 2012, the old nursing home was demolished.

The Hospital created a new entity called Regional Cardiology Clinic, LLC on March 2, 2009. RCC, LLC provides cardiology diagnostics and testing services.

The Natchitoches Hospital Foundation merged on November 3, 2010, with the Natchitoches Regional Medical Center Foundation.

The Hospital acquired a medical office building valued at \$4,550,000 by act of donation from Christus Health on December 31, 2010.

On February 3, 2014, the Hospital entered into a joint venture, NRMCC Comprehensive Wound Care, LLC, to offer wound care and hyperbaric services.

On April 1, 2015, the Hospital entered into a joint venture with local physicians, NRMCC Walk-In Clinic Ventures, LLC, to establish an after-hours care clinic.

On April 7, 2016, the Hospital entered into a joint venture, NRMCC Pain Institute Ventures, LLC, to offer pain management services.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

During the year ended June 30, 2019, the District financed \$9,000,000 of 2.75% to 4.20% Series 2018 Revenue Bonds. The \$9,000,000 of Series 2018 bonds, dated February 13, 2019, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
SCHEDULE OF PER DIEM
OR OTHER AMOUNTS PAID TO OR ON BEHALF OF COMMISSIONERS
YEAR ENDED JUNE 30, 2019

<u>Board Member</u>	<u>Paid on Behalf of Commissioners</u>
Roger Williams	\$ -0-
Ronald Corkern	480
Dr. Chris Ingram	240
Samuel Jackson	240
John Luster	600
Arthur Welch	240
Russel Leo Rachal	<u>240</u>
	\$ <u><u>2,040</u></u>

**NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULE OF BONDS PAYABLE
YEAR ENDED JUNE 30, 2019**

NATCHITOCHE PARISH HOSPITAL	RATES	PAYMENT DATES	ISSUE DATES	FINAL MATURITY DATE	ANNUAL SERIAL PAMENTS	BONDS			
						AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
Revenue bonds - 2000	4.350%	4/1; 10/1	6/14/2000	10/1/2020	770,000 (2020) 815,000 (2021)	\$ <u>10,000,000</u>	\$ <u>10,000,000</u>	\$ <u>8,415,000</u>	\$ <u>1,585,000</u>
Revenue bonds - 2008	2.450%	4/1; 10/1	8/26/2008	10/1/2023	605,000 (2020) 635,000 (2021) 670,000 (2022) 700,000 (2023) 735,000 (2024)	\$ <u>10,000,000</u>	\$ <u>8,000,000</u>	\$ <u>4,655,000</u>	\$ <u>3,345,000</u>
Revenue bonds - 2018	2.750% to 4.200%	4/1; 10/1	2/13/2019	10/1/2033	365,000 (2020) 370,000 (2021) 475,000 (2022) 495,000 (2023) 520,000 (2024) 545,000 (2025) 570,000 (2026) 600,000 (2027) 625,000 (2028) 655,000 (2029) 685,000 (2030) 720,000 (2031) 755,000 (2032) 790,000 (2033) 830,000 (2034)	\$ <u>9,000,000</u>	\$ <u>9,000,000</u>	\$ <u>-0-</u>	\$ <u>9,000,000</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
 PAYMENTS TO CHIEF EXECUTIVE OFFICER
 YEAR ENDED JUNE 30, 2019

Agency Head Name: Kirk Soileau
 Position: CEO

Purpose	Amount
Salary	305,586
Health insurance	10,073
Retirement	34,697
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	4,425
Travel	2,507
Registration fees	9,480
Conference travel	18,772
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	19,111
Professional dues	-0-
Cell phone	-0-



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

Board of Commissioners
Natchitoches Parish Hospital Service District
Natchitoches, Louisiana

We have audited, 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, the consolidated financial statements of the Natchitoches Parish Hospital Service District and its affiliates (the "District" or the "Hospital"), a component unit of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the years ended June 30, 2019, 2018, and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's consolidated 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-001.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subject 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Luter, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

November 13, 2019



Natchitoches Parish Hospital Service District
Schedule of Findings
Year Ended June 30, 2019

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified - No
- Significant deficiencies identified - No

Compliance

- Noncompliance issue noted - Yes

Management letter issued - No

Federal Awards - Not applicable

Section II. Financial Statement Findings

2019-001 – Uninsured Bank Balances

Finding: The Hospital had deposits with a financial institution of \$6,737,350 that were neither insured by the FDIC or the assigned pledged securities in their name at year end.

Recommendation: We recommend closer monitoring of the bank balances, FDIC coverage and pledged securities' market value by management to insure all deposits are in compliance with state law.

Response: The Hospital has acquired pledged securities and is now in compliance. The controller will monitor bank balances regularly starting immediately to ensure that the Hospital's deposits are fully secured by FDIC insurance or pledged securities.

Section III. Federal Awards Findings and Questioned Costs

Not applicable

Section IV. Management Letter

Not applicable



Natchitoches Parish Hospital Service District
Schedule of Prior Year Findings
Year Ended June 30, 2019

Section I. Financial Statement Findings

2018-001 – Medicare and Medicaid Cost Report Settlements

Fiscal Year Initially Reported: June 30, 2018

Finding: Management's estimate for the current Medicare and Medicaid cost report settlements were calculated with five (5) months of data. The estimate overstated the liability and understated net patient service revenue by approximately \$560,000.

Recommendation: We recommend continuing the estimates for the Medicare and Medicaid cost report settlements and recording the results based on the calculations. However, the estimate should be updated closer to year end to improve the accuracy of the amounts.

Response: Management agrees the estimate should be updated closer to year end to provide more accurate results and will implement a process to include a calculation and entries at year end.

Resolution: This matter has been resolved.

2018-002 – Grant Revenue

Fiscal Year Initially Reported: June 30, 2018

Finding: Management's estimate for grant revenue was not reconciled to actual receipts and grant documentation to record an accurate receivable. Grant receivable and revenue was understated by approximately \$565,000.

Recommendation: We recommend adjusting the estimate for grant revenue to actual receipts when the information becomes available.

Response: Management identified the increase in revenue subsequent to closing the general ledger for year end and provided the necessary entry to the auditors. Management agrees with the finding and will implement a process to update the estimate for inclusion in the interim financial statements before year end.

Resolution: This matter has been resolved.

Section II. Federal Award Findings and Questioned Costs

Not applicable

Section III. Management Letter

Not applicable



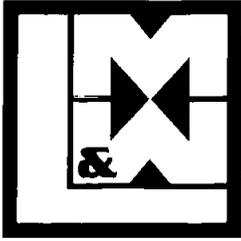
NATCHITOCHEs REGIONAL MEDICAL CENTER

INDEPENDENT AUDITORS' REPORT
ON APPLYING AGREED UPON
PROCEDURES

FOR THE YEAR ENDED
JUNE 30, 2019



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
of Natchitoches Parish Hospital Service District No. 1
d/b/a Natchitoches Regional Medical Center
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Natchitoches Parish Hospital Service District No. 1 d/b/a Natchitoches Regional Medical Center (Hospital) 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 July 1, 2018 through June 30, 2019. The Hospital's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

To the Board of Commissioners
of Natchitoches Parish Hospital Service District No. 1
d/b/a Natchitoches Regional Medical Center
and the Louisiana Legislative Auditor

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exceptions: No exceptions noted in applying the above procedures.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Exceptions: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.



To the Board of Commissioners
of Natchitoches Parish Hospital Service District No. 1
d/b/a Natchitoches Regional Medical Center
and the Louisiana Legislative Auditor

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exceptions: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.



To the Board of Commissioners
of Natchitoches Parish Hospital Service District No. 1
d/b/a Natchitoches Regional Medical Center
and the Louisiana Legislative Auditor

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- Observe that receipts are sequentially pre-numbered.
 - Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - Trace the deposit slip total to the actual deposit per the bank statement.
 - Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - Trace the actual deposit per the bank statement to the general ledger.

Exceptions: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - At least two employees are involved in processing and approving payments to vendors.
 - The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Observe that the disbursement matched the related original invoice/billing statement.
 - Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exceptions: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.



To the Board of Commissioners
of Natchitoches Parish Hospital Service District No. 1
d/b/a Natchitoches Regional Medical Center
and the Louisiana Legislative Auditor

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exceptions: No exceptions noted in applying the above procedures.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).



To the Board of Commissioners
of Natchitoches Parish Hospital Service District No. 1
d/b/a Natchitoches Regional Medical Center
and the Louisiana Legislative Auditor

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

Exceptions: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Exception: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.



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18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Exceptions: No exceptions noted in applying the above procedures.

Ethics

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

Exceptions: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Exceptions: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.

Other

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



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

Exceptions: In accordance with the instructions of the Statewide Agreed-Upon Procedures, we did not apply the procedures to the above section for fiscal year 2019, since fiscal year 2018 did not contain any exceptions.



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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

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

October 31, 2019



