

HOSPITAL SERVICE DISTRICT NO. 1  
PARISH OF POINTE COUPEE

MANAGEMENT'S DISCUSSION AND ANALYSIS  
AND  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED  
OCTOBER 31, 2019 AND 2018



**LESTER, MILLER & WELLS**  
*A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS*



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Years Ended October 31, 2019 and 2018

Table of Contents

	<u>Page No.</u>
Management's Discussion and Analysis .....	i-vii
Independent Auditors' Report on the Financial Statements and Supplementary Information .....	1-3
Combined Financial Statements	
Combined Statements of Net Position .....	4-5
Combined Statements of Revenue, Expenses, and Changes in Net Position .....	6
Combined Statements of Cash Flows .....	7-8
Notes to Combined Financial Statements .....	9-33
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability .....	35
Schedule of Employer Contributions to Pension Plan .....	36
Supplementary Information	
Schedules of Net Patient Service Revenue .....	38-39
Schedules of Other Revenue .....	40
Schedules of Expenses – Salaries and Benefits .....	41
Schedules of Expenses – Medical Supplies and Drugs .....	42
Schedules of Expenses – Professional Fees .....	43
Schedules of Expenses – Other Expenses .....	44
Schedule of Per Diem Amounts Paid to Commissioners .....	45
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer .....	46
Combining Statements of Net Position .....	47-50
Combining Statements of Revenue, Expenses, and Changes in Net Position .....	51-52
Combining Statements of Operations by Service Component .....	53-54
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 <i>Government Auditing Standards</i> .....	55-60

## Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate Management's Discussion and Analysis

This section of the Hospital Service District's annual financial report presents background information and management's analysis of the District's financial performance during the fiscal year that ended on October 31, 2019. Please read it in conjunction with the financial statements in this report.

### Financial Highlights

- Total assets and deferred outflows increased by \$1,250,041 and \$907,541 in total for fiscal years 2019 and 2018, respectively.
- Total liabilities and deferred inflows increased by \$248,147 and decreased by \$130,346 in total for fiscal years 2019 and 2018, respectively. The District's total assets and deferred outflows exceeded its liabilities and deferred inflows by approximately \$37 million and \$36 million at October 31, 2019 and 2018, respectively.
- Net operating revenues increased by \$428,853 or 1.76% in fiscal year 2019, compared to an increase of \$3,931 in fiscal year 2018.
- Operating expenses increased by \$1,315,613 or 5.70% compared to the prior year. In fiscal year 2018, operating expenses increased by \$241,384.
- The District had income from operations in 2019, 2018, and 2017 of \$457,480, \$1,344,240 and \$1,581,693, respectively.
- The District received sales tax revenues of \$2,021,029 in fiscal year 2019, \$2,066,644 in fiscal year 2018, and \$1,972,582 in fiscal year 2017.

### Required Financial Statements

The Financial Statements of the District report information about the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenue, Expenses, and Changes in Net Position. This statement measures improvements in the District's operations over the past two years and can be used to determine whether the District has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operations, investing, and financing activities, and to provide 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.

### Financial Analysis of the Hospital Service District

The Statements of Net Position and the Statements of Revenue, Expenses, and Changes in Net Position report information about the Hospital Service District's activities. These two statements report the net position of the District and changes in them. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.



Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate  
Management's Discussion and Analysis (Continued)

**Net Position**

A summary of the District's Statements of Net Position is presented in Table 1 below:

**TABLE 1**  
**Condensed Statements of Net Position**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total current assets	\$ 5,130,445	\$ 5,539,453	\$ 5,801,791
Capital assets - net	15,312,568	14,013,859	14,405,037
Other assets	<u>21,359,025</u>	<u>24,368,644</u>	<u>21,306,723</u>
 Total Assets	 <u>41,802,038</u>	 <u>43,921,956</u>	 <u>41,513,551</u>
 Deferred outflows related to pension liability	 <u>5,389,227</u>	 <u>2,019,268</u>	 <u>3,520,132</u>
 Total Assets and Deferred Outflows of Resources	 \$ <u>47,191,265</u>	 \$ <u>45,941,224</u>	 \$ <u>45,033,683</u>
 Current liabilities	 \$ 2,307,931	 \$ 5,734,415	 \$ 5,473,333
Long-term liabilities	<u>7,133,970</u>	<u>913,474</u>	<u>3,734,594</u>
 Total Liabilities	 <u>9,441,901</u>	 <u>6,647,889</u>	 <u>9,207,927</u>
 Deferred inflows related to pension liability	 <u>390,178</u>	 <u>2,936,043</u>	 <u>506,351</u>
 Invested in capital assets, net of related debt	 14,399,094	 13,092,070	 13,475,484
Restricted	847,862	847,862	847,862
Unrestricted	<u>22,112,230</u>	<u>22,417,360</u>	<u>20,996,059</u>
 Net position	 <u>37,359,186</u>	 <u>36,357,292</u>	 <u>35,319,405</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ <u>47,191,265</u>	 \$ <u>45,941,224</u>	 \$ <u>45,033,683</u>

In Table 1, it can be seen that total assets decreased by 4.83% or \$2,119,918 in fiscal year 2019. Investments decreased by \$2,074,380 due to withdrawals to settle prior year Medicare cost settlements. Current liabilities decreased by \$3,426,484 compared to prior year. This decrease is due primarily to the reduction of third-party payor settlements in the amount of \$3,895,069. Long-term liabilities increased by \$6,220,496 compared to prior year. The District recognized a net pension liability of \$6,229,401 as of October 31, 2019 in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*.

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate  
Management's Discussion and Analysis (Continued)

**Summary of Revenue, Expenses, and Changes in Net Assets**

The following table presents a summary of the District's historical revenues and expenses for each of the fiscal years ended October 31, 2019, 2018, and 2017.

**TABLE 2**  
**Condensed Statements of Revenue, Expenses, and**  
**Changes in Net Position**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue:			
Net patient service revenue	\$ 20,810,973	\$ 20,534,502	\$ 19,828,616
Sales tax revenue	2,021,029	2,066,644	1,972,582
Other revenues	<u>2,032,205</u>	<u>1,834,208</u>	<u>2,630,225</u>
 Total revenue	 <u>24,864,207</u>	 <u>24,435,354</u>	 <u>24,431,423</u>
Expenses:			
Salaries and benefits	13,872,713	12,440,577	12,448,305
Medical supplies and drugs	1,280,920	1,384,863	1,303,900
Insurance	397,697	323,889	402,538
Professional fees	3,235,386	3,130,961	2,929,138
Depreciation	950,404	877,230	886,289
Other expenses	<u>4,669,607</u>	<u>4,933,594</u>	<u>4,879,560</u>
 Total expenses	 <u>24,406,727</u>	 <u>23,091,114</u>	 <u>22,849,730</u>
 Operating income (loss)	 \$ <u>457,480</u>	 \$ <u>1,344,240</u>	 \$ <u>1,581,693</u>

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate  
Management's Discussion and Analysis (Continued)

**Summary of Revenue, Expenses, and Changes in Net Assets (Continued)**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Nonoperating income (loss):			
Interest income and expense, net	\$ 359,774	\$ 312,157	\$ 218,347
Gain (loss) on disposal of assets	-0-	(122)	-0-
Payments to Police Jury	<u>(355,000)</u>	<u>(323,000)</u>	<u>(323,000)</u>
Nonoperating income, net	<u>4,774</u>	<u>(10,965)</u>	<u>(104,653)</u>
Excess of revenues (expenses)			
before capital grants	462,254	1,333,275	1,477,040
Capital grants	<u>-0-</u>	<u>4,500</u>	<u>12,873</u>
Excess of revenues (expenses)	462,254	1,337,775	1,489,913
Other comprehensive income	<u>539,640</u>	<u>(299,888)</u>	<u>(274,162)</u>
Comprehensive income (loss)	1,001,894	1,037,887	1,215,751
Beginning net position	36,357,292	35,319,405	36,034,046
Prior period adjustment	<u>-0-</u>	<u>-0-</u>	<u>(1,930,392)</u>
Ending net position	\$ <u>37,359,186</u>	\$ <u>36,357,292</u>	\$ <u>35,319,405</u>

**Sources of Revenue**

**Operating Revenue**

During fiscal year 2019, the District 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 payers, who receive care in the Hospital's facilities.

The Hospital became a Critical Access Hospital (CAH) on November 1, 2004. This changed the method of payment for most Medicare charges from prospective payment to cost based reimbursement. Swing bed services for Medicare patients also began in fiscal year 2005. Reimbursement for the Medicare and Medicaid programs and the third-party payers is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes interest income, cafeteria sales, and revenue from services provided to physicians, rental income and other miscellaneous services.

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate  
Management's Discussion and Analysis (Continued)

**Operating Revenue (Continued)**

Table 3 presents the relative percentages of gross charges billed for patient services by payer for the fiscal years ended October 31, 2019, 2018, and 2017.

**TABLE 3**  
**Payer Mix by Percentage**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Medicare	23%	24%	24%
Medicaid	24%	25%	24%
Blue Cross Blue Shield	15%	15%	14%
Commercial Insurance	33%	31%	32%
Self Pay	5%	5%	6%

**Non-operating Income**

The District holds designated and restricted funds in its Statements of Net Position that are invested primarily in the Louisiana Asset Management Pool and Merrill Lynch. Interest income in 2019 was \$422,841 compared to \$375,778 in fiscal year 2018. Total investments in fiscal years 2019 and 2018, respectively, were \$19,397,243 and \$21,471,623. For fiscal year 2017, these investments were \$19,422,317 and earned \$282,485 in interest income.

**Operating and Financial Performance**

The following summarizes the Hospital's Statements of Revenue, Expenses, and Changes in Net Assets between 2019, 2018, and 2017:

Overall, activity at the Hospital, as measured by patient discharge has decreased over the past few years. Acute discharges decreased by 34.1% in 2019 to 129 from 196 in 2018. Acute discharges were 239 in 2017. Swing bed discharges were 91, 81 and 90 for 2019, 2018, 2017, respectively.

Acute patient days decreased to 468 from 581 in 2018 and 832 in 2017, or a percentage decrease of 19.4% and 30.2% in 2019 and 2018, respectively. Swing bed days increased by 22.9% in 2019 to 1,036 from 843 in 2018. Swing bed days were 957 in 2017.

Average length of stay in 2019 for acute patients increased to 3.63 days from 2.96 days in 2018. The average length of stay in 2017 for acute patients was 3.48 days. Average length of stay in 2019 for swing bed patients increased to 11.38 days from 10.41 days in 2018. The average length of stay in 2017 for swing bed patients was 10.63 days.

In 2019, total net patient service revenue increased by 1.35% or \$276,471. Total net patient service revenue increased by 3.56% or \$705,886 in fiscal year 2018, compared to an increase of \$2,045,337 or 11.5% in fiscal year 2017.

Average days in net accounts receivable decreased to 32.6 in 2019 compared to 33.7 days in 2018 and 39.3 days in 2017. The Hospital continues to exert every effort to assist patients in finding funding sources for health care.

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate  
Management's Discussion and Analysis (Continued)

**Operating and Financial Performance (Continued)**

The provision for bad debts increased by \$345,374 in 2019, compared to decreases of \$40,605 and \$1,891,271 in 2018 and 2017, respectively.

Salaries increased in 2019, 2018 and 2017, respectively, by \$230,115, \$398,710 and \$210,261. Benefits increased by \$1,202,021 in 2019, compared to a decrease of \$406,438 in 2018 and an increase of \$112,050 in 2017. Benefits increased due to recognition of non-cash pension expense in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*.

Medical professional fees increased by \$104,425, \$201,823 and \$72,079 in 2019, 2018 and 2017, respectively. Wound care services began in fiscal year 2018. Professional fees for wound care increased by \$105,300 in 2019 compared to the previous year.

The cost of medical supplies decreased by \$103,943 in 2019 compared to increases of \$80,963 and \$36,057 in 2018 and 2017, respectively.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District.

**Capital Assets**

During fiscal year 2019, the District invested approximately \$1,082,511 in capital assets. Net depreciable capital assets increased by \$1,396,413 in 2019 compared to a decrease of \$488,882 in 2018.

**TABLE 4**  
**Capital Assets**

	October 31, <u>2019</u>	October 31, <u>2018</u>	October 31, <u>2017</u>
Land	\$ 1,974,398	\$ 1,974,398	\$ 1,974,398
Construction in progress	<u>-0-</u>	<u>97,704</u>	<u>-0-</u>
Total nondepreciable capital assets	\$ <u>1,974,398</u>	\$ <u>2,072,102</u>	\$ <u>1,974,398</u>
Land improvements	\$ 205,001	\$ 165,617	\$ 165,617
Buildings & improvements	23,203,832	21,921,267	21,821,947
Equipment	<u>7,925,215</u>	<u>6,913,540</u>	<u>6,627,113</u>
Total depreciable capital assets	31,334,048	29,000,424	28,614,677
Less: accumulated depreciation	<u>17,995,878</u>	<u>17,058,667</u>	<u>16,184,038</u>
Total depreciable capital assets, net	\$ <u>13,338,170</u>	\$ <u>11,941,757</u>	\$ <u>12,430,639</u>

Hospital Service District No. 1 of the Parish of Pointe Coupee and Affiliate  
Management's Discussion and Analysis (Continued)

**Long-Term Debt**

At October 31, 2019, the District had \$913,474 in short-term and long-term debt.

**Contacting the Hospital Service District's Financial Manager**

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



## **LESTER, MILLER & WELLS**

*A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS*

3600 Bayou Rapides Road • Alexandria, LA 71303-3653

Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758

Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107

Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

---

**Members:** American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

---

John S. Wells, CPA  
Robert G. Miller, CPA  
Paul A. Delaney, CPA  
Mary L. Carroll, CPA  
Joey L. Breaux, CPA  
Jason P. LeBlanc, CPA

---

Brenda J. Lloyd, CPA  
Karlie P. Brister, CPA

---

Retired 2015  
Bobby G. Lester, CPA

### INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Hospital Service District No. 1  
Parish of Pointe Coupee, State of Louisiana  
New Roads, Louisiana

#### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of the Hospital Service District No. 1, Parish of Pointe Coupee, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, New Roads, Louisiana, as of and for the years ended October 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's combined 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 combined financial statements based on our audits. We did not audit the financial statements of Maison Pointe Coupee Apartments, which represent 3.9 percent, 1.9 percent and 1.3 percent, respectively, of the assets, net position, and revenues of the District. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors. 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of the District, as of October 31, 2019 and 2018, and the changes in financial position and its 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 combined financial statements present only the financial information of Pointe Coupee Hospital Service District No. 1 and do not purport to, and do not, present fairly the financial position of the Pointe Coupee Parish Police Jury as of October 31, 2019 and 2018, and 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 vii, Schedule of Proportionate Share of Net Pension Liability on page 35, and Schedule of Employer Contributions to Pension Plan on page 36 be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined 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 combined financial statements, and other knowledge we obtained during our audit of the combined 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 combined 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 combined 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 combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control over financial reporting and compliance.



Certified Public Accountants  
Alexandria, Louisiana

June 12, 2020



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combined Statements of Net Position  
October 31,

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current		
Cash and cash equivalents (Notes 2 & 3)	\$ 1,428,037	\$ 1,372,989
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,857,507	1,896,029
Estimated third-party payor settlements	1,167,917	1,238,316
Other receivables	169,397	498,308
Inventory	475,953	483,616
Prepaid expenses	<u>31,634</u>	<u>50,195</u>
Total Current Assets	5,130,445	5,539,453
Assets limited as to use (Note 4)	1,961,782	1,911,455
Nondepreciable capital assets (Note 6)	1,974,398	2,072,102
Depreciable capital assets, net (Note 6)	13,338,170	11,941,757
Other assets		
Investments	19,174,720	21,249,100
LHA investment	222,523	222,523
Net pension asset (Note 10)	<u>-0-</u>	<u>985,566</u>
Total Assets	<u>41,802,038</u>	<u>43,921,956</u>
Deferred outflows related to net pension liability	<u>5,389,227</u>	<u>2,019,268</u>
Total Assets and Deferred Outflows of Resources	\$ <u>47,191,265</u>	\$ <u>45,941,224</u>

See accompanying notes to financial statements.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combined Statements of Net Position (Continued)  
October 31,

	<u>2019</u>	<u>2018</u>
<u>LIABILITIES AND NET POSITION</u>		
Current		
Accounts payable	\$ 863,484	\$ 443,143
Accrued expenses and withholdings payable (Note 7)	1,307,382	1,259,728
Estimated third-party payor settlements	128,160	4,023,229
Current portion of long-term debt (Note 8)	<u>8,905</u>	<u>8,315</u>
Total Current Liabilities	2,307,931	5,734,415
Long-term		
Net pension liability (Note 10)	6,229,401	-0-
Long-term debt (Note 8)	<u>904,569</u>	<u>913,474</u>
Total Liabilities	<u>9,441,901</u>	<u>6,647,889</u>
Deferred inflows related to net pension liability	<u>390,178</u>	<u>2,936,043</u>
Net Position		
Invested in capital assets, net of related debt	14,399,094	13,092,070
Restricted - Donor capital	847,862	847,862
Unrestricted	<u>22,112,230</u>	<u>22,417,360</u>
Total Net Position	<u>37,359,186</u>	<u>36,357,292</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ <u>47,191,265</u>	\$ <u>45,941,224</u>

See accompanying notes to financial statements.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combined Statements of Revenue, Expenses, and Changes in Net Position  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Revenue		
Net patient service revenue (Note 12)	\$ 20,810,973	\$ 20,534,502
Sales tax revenue	2,021,029	2,066,644
Intergovernmental transfer grant (Note 13)	1,056,035	924,739
Grants	5,880	4,700
Other operating revenue	<u>970,290</u>	<u>904,769</u>
 Total Revenue	 <u>24,864,207</u>	 <u>24,435,354</u>
Expenses		
Salaries and benefits	13,872,713	12,440,577
Medical supplies and drugs	1,280,920	1,384,863
Insurance	397,697	323,889
Professional fees	3,235,386	3,130,961
Depreciation	950,404	877,230
Other expenses	<u>4,669,607</u>	<u>4,933,594</u>
 Total Expenses	 <u>24,406,727</u>	 <u>23,091,114</u>
 Operating Income (Loss)	 <u>457,480</u>	 <u>1,344,240</u>
Nonoperating Income (Loss)		
Investment income	422,841	375,778
Interest expense	(63,067)	(63,621)
Gain (loss) on disposal of assets	-0-	(122)
Payments to Police Jury	<u>(355,000)</u>	<u>(323,000)</u>
 Nonoperating Income (Loss), net	 <u>4,774</u>	 <u>(10,965)</u>
Excess of Revenue (Expenses) before Capital Grants	462,254	1,333,275
Capital grants	<u>-0-</u>	<u>4,500</u>
Excess of Revenues (Expenses)	462,254	1,337,775
Unrealized investment gains (losses)	<u>539,640</u>	<u>(299,888)</u>
Changes in net position	1,001,894	1,037,887
Beginning Net Position	36,357,292	37,900,098
Prior period adjustment (Note 21)	<u>-0-</u>	<u>(2,580,693)</u>
Ending Net Position	\$ <u>37,359,186</u>	\$ <u>36,357,292</u>

See accompanying notes to financial statements.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combined Statements of Cash Flows  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash receipts from patients and third-party payors	\$ 17,024,825	\$ 20,012,774
Cash receipts from other operating revenues	4,382,145	3,900,974
Cash payments to employees and for employee-related cost	(12,525,915)	(12,167,841)
Cash payments for other operating expenses	<u>(9,137,046)</u>	<u>(9,730,866)</u>
Net cash provided (used) by operating activities	<u>(255,991)</u>	<u>2,015,041</u>
Cash flows from investing activities:		
Other investment income	962,481	75,890
Assets limited as to use	(50,327)	(27,049)
Unrestricted investments	<u>2,074,380</u>	<u>(2,049,306)</u>
Net cash provided (used) by investing activities	<u>2,986,534</u>	<u>(2,000,465)</u>
Cash flows from non-capital financing activities:		
Payments to Police Jury	<u>(355,000)</u>	<u>(323,000)</u>
Net cash provided (used) by non-capital financing activities	<u>(355,000)</u>	<u>(323,000)</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant, and equipment	(2,249,113)	(486,174)
Proceeds from capital grants	-0-	4,500
Principal payments on long-term debt	(8,315)	(7,764)
Interest paid on long-term debt	<u>(63,067)</u>	<u>(63,621)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,320,495)</u>	<u>(553,059)</u>
Net increase (decrease) in cash and cash equivalents	55,048	(861,483)
Beginning cash and cash equivalents	<u>1,372,989</u>	<u>2,234,472</u>
Ending cash and cash equivalents	\$ <u>1,428,037</u>	\$ <u>1,372,989</u>

See accompanying notes to financial statements.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combined Statements of Cash Flows (Continued)  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>63,067</u>	\$ <u>63,621</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 457,480	\$ 1,344,240
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	950,404	877,230
Increase (decrease) in:		
Patient accounts receivable, net	38,522	238,946
Estimated third-party payor settlements	70,399	(301,416)
Other receivables	328,911	(498,028)
Inventory	7,663	(12,245)
Prepaid expenses	18,561	(26,402)
Net pension asset	985,566	(985,566)
Deferred outflows related to net pension liability	(3,369,959)	1,500,864
Increase (decrease) in:		
Accounts payable	420,341	81,211
Accrued expenses and withholdings payable	47,654	140,550
Net pension liability	6,229,401	(2,812,805)
Estimated third-party payor settlements	(3,895,069)	38,770
Deferred inflows related to net pension liability	<u>(2,545,865)</u>	<u>2,429,692</u>
Net cash provided (used) by operating activities	\$ <u>(255,991)</u>	\$ <u>2,015,041</u>

See accompanying notes to financial statements.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Pointe Coupee Hospital Service District No. 1 (referred to herein as "Pointe Coupee General Hospital" or the "District") was created by an ordinance of the Pointe Coupee Parish Police Jury on June 5, 1979. The District's area includes all of Pointe Coupee Parish, Louisiana.

The District is a political subdivision of the Pointe Coupee Parish Police Jury whose jurors are elected officials. The District's nine commissioners are appointed by the Pointe Coupee Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Pointe Coupee Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the Pointe Coupee Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

An affiliate, Hospital Service District No. 1 of Pointe Coupee, Louisiana, Inc. (dba Maison Pointe Coupee Apartments) was incorporated as a Louisiana nonprofit corporation on July 21, 1999. On November 1, 2004, Pointe Coupee Homebound Health and Hospice (PCHHH) was transferred from the Hospital enterprise fund and became a separate enterprise fund of the District.

Nature of Business

The District provides outpatient, emergency, inpatient acute hospital services, skilled nursing (through "swing-beds"), as well as home health care and hospice services. It also provides services to the parish ambulance service, health unit, mental health unit, substance abuse unit and the Council on Aging. Its affiliate began providing elderly housing to local residents on April 5, 2002. On November 1, 2004, the Hospital converted to a 25 bed critical access hospital (CAH).

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of the Hospital Service District No. 1, Parish of Pointe Coupee as well as Maison Pointe Coupee Apartments. A separate enterprise fund was created November 1, 2004 for Pointe Coupee Homebound Health and Hospice. The District has control of its affiliate through common board members. All intercompany transactions and balances have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

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



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

Cash and Cash Equivalents

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

Income Taxes

The entity is a political subdivision and exempt from taxation.

Credit Risk

The District provides medical care primarily to Pointe Coupee Parish residents and grants credit to patients, substantially all of whom are local residents.

The District's estimate of collectibility is based on an evaluation of historical collections compared to gross revenues and an analysis of aged accounts receivable to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The District has an economic dependence on a small number of staff physicians who admit over 90% of the District's patients. The District also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 12. Accordingly, changes in federal or state legislation or interpretations of rules have a significant impact on the District.

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.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out method, or net realizable value.



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Buildings and Improvements	25 to 40 years
Machinery and Equipment	5 to 20 years
Furniture and Fixtures	5 to 15 years

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

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

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, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted. When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenue and Expenses

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

Patient Accounts Receivable

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

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 2 - 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 operating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

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.

Use of Estimates

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

Reclassifications

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

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended October 31, 2019 and 2018 totaled \$107,204 and \$120,081, respectively.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 October 31, 2019 and 2018, management is not aware of any liability resulting from environmental matters.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense item until then. The District has one item that meets this criterion, deferrals of pension expense.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has one item that meets the criterion for this category, deferrals of pension expense.

Pensions

The District is a participating employer in a defined benefit pension plan as described in Note 10. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value within the plan.

Recently Issued Accounting Pronouncements

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

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Louisiana state statutes authorize the District to invest in direct obligations of the U.S. Treasury and other federal agencies, time deposits with state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust 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's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at October 31, 2019 and 2018.

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

Concentration of Credit Risks – The District has 52.9% in Federal Home Loan Bank, 24.1% in Federal Farm Credit Bank, and 12.4% in Federal National Mortgage Association.

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

	<u>2019</u>	<u>2018</u>
Carrying amount		
Deposits	\$ 3,389,819	\$ 3,284,444
Investments	<u>19,397,243</u>	<u>21,471,623</u>
	\$ <u>22,787,062</u>	\$ <u>24,756,067</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 1,428,037	\$ 1,372,989
Assets whose use is limited	1,961,782	1,911,455
Investments	<u>19,397,243</u>	<u>21,471,623</u>
	\$ <u>22,787,062</u>	\$ <u>24,756,067</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Account balances according to banks' records at October 31, 2019, for the Hospital are as follows:

	<u>Regions Bank</u>	<u>Merrill Lynch</u>
Cash in bank	\$ <u>1,399,137</u>	\$ <u>29,276</u>
Insured by FDIC	\$ <u>250,000</u>	\$ <u>29,276</u>
Collateralization by fair market value	\$ <u>1,149,137</u>	\$ <u>-0-</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

The District has 8% of its investments invested in the Louisiana Asset Management Pool, Inc. (LAMP), which is a local government investment pool established as a cooperative effort to enable public entities of the State of Louisiana to aggregate funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana and is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

LAMP is designed to be highly liquid to give participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. Investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of pool shares.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

At October 31, 2019 and 2018, 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.

<u>October 31, 2019</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>
LAMP	\$ 1,589,304	\$ 1,589,304	\$ -0-	\$ -0-	\$ -0-
Federal National Mortgage Association	2,569,164	2,569,164	-0-	-0-	-0-
Federal Home Loan Mortgage Corporation	555,067	555,067	-0-	-0-	-0-
Federal Home Loan Bank	10,921,522	5,131,064	5,790,458	-0-	-0-
Federal Farm Credit Bank	<u>4,982,260</u>	<u>2,699,381</u>	<u>2,282,879</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>20,617,317</u>	\$ <u>12,543,980</u>	\$ <u>8,073,337</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

<u>October 31, 2018</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>
LAMP	\$ 1,552,573	\$ 1,552,573	\$ -0-	\$ -0-	\$ -0-
Federal National Mortgage Association	7,121,887	4,650,171	2,471,716	-0-	-0-
Federal Home Loan Mortgage Corporation	995,450	-0-	995,450	-0-	-0-
Federal Home Loan Bank	<u>12,973,564</u>	<u>3,443,874</u>	<u>9,529,690</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>22,643,474</u>	\$ <u>9,646,618</u>	\$ <u>12,996,856</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The District records these investments under the provision of the GASB Statement No 31. These investments are considered Level 2 investments under the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of October 31, 2019, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's</u>	<u>S&amp;P</u>
LAMP	Not Rated	AAAm
Federal National Mortgage Association	AAA	AA+
Federal Home Loan Mortgage Corporation	AAA	AA+
Federal Home Loan Bank	AAA	AA+



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 4 - ASSETS LIMITED AS TO USE

Assets limited as to use are summarized below. Investments are stated at cost that approximates market value.

	<u>2019</u>	<u>2018</u>
Limited by board for capital improvements	\$ 1,081,781	\$ 1,056,779
Limited by board for third-party payor contingencies	505,261	493,584
Limited by board for elderly housing project	<u>374,740</u>	<u>361,092</u>
Total	\$ <u>1,961,782</u>	\$ <u>1,911,455</u>

NOTE 5 - ACCOUNTS RECEIVABLE

A summary of patient accounts receivable is presented below.

	<u>2019</u>	<u>2018</u>
Hospital patient receivables	\$ 3,193,363	\$ 3,269,403
Home Health patient receivables	110,037	142,706
Hospice patient receivables	<u>132,439</u>	<u>109,920</u>
	3,435,839	3,522,029
Estimated uncollectibles	<u>(1,578,332)</u>	<u>(1,626,000)</u>
Net patient accounts receivable	\$ <u>1,857,507</u>	\$ <u>1,896,029</u>

The following is a summary of the mix of receivables from patients and third-party payors at October 31:

	<u>2019</u>	<u>2018</u>
Medicare	11%	16%
Medicaid	1%	1%
Blue Cross Blue Shield of Louisiana	5%	5%
Commercial and other third-party payors	27%	24%
Patients	<u>56%</u>	<u>54%</u>
Total	<u>100%</u>	<u>100%</u>

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

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

**NOTE 6 - CAPITAL ASSETS**

The following is a summary of capital asset additions, retirements, and balances for the years ended October 31:

	October 31, 2018	Additions	Deductions	Transfers	October 31, 2019
Nondepreciable capital assets					
Land	\$ 1,974,398	\$ -0-	\$ -0-	\$ -0-	\$ 1,974,398
Construction in progress	97,704	1,073,906	-0-	(1,171,610)	-0-
Total nondepreciable capital assets	\$ <u>2,072,102</u>	\$ <u>1,073,906</u>	\$ <u>-0-</u>	\$ <u>(1,171,610)</u>	\$ <u>1,974,398</u>
Depreciable capital assets					
Land improvements	\$ 165,617	\$ 39,384	\$ -0-	\$ -0-	\$ 205,001
Buildings & improvements	21,921,267	110,955	-0-	1,171,610	23,203,832
Equipment	6,913,540	1,029,876	18,201	-0-	7,925,215
Total depreciable capital assets	29,000,424	1,180,215	18,201	1,171,610	31,334,048
Accumulated depreciation	17,058,667	954,160	16,949	-0-	17,995,878
Total depreciable capital assets, net	\$ <u>11,941,757</u>	\$ <u>226,055</u>	\$ <u>1,252</u>	\$ <u>1,171,610</u>	\$ <u>13,338,170</u>
	October 31, 2017	Additions	Deductions	Transfers	October 31, 2018
Nondepreciable capital assets					
Land	\$ 1,974,398	\$ -0-	\$ -0-	\$ -0-	\$ 1,974,398
Construction in progress	-0-	97,704	-0-	-0-	97,704
Total nondepreciable capital assets	\$ <u>1,974,398</u>	\$ <u>97,704</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>2,072,102</u>
Depreciable capital assets					
Land improvements	\$ 165,617	\$ -0-	\$ -0-	\$ -0-	\$ 165,617
Buildings & improvements	21,821,947	99,320	-0-	-0-	21,921,267
Equipment	6,627,113	292,542	6,115	-0-	6,913,540
Total depreciable capital assets	28,614,677	391,862	6,115	-0-	29,000,424
Accumulated depreciation	16,184,038	879,954	5,325	-0-	17,058,667
Total depreciable capital assets, net	\$ <u>12,430,639</u>	\$ <u>(488,092)</u>	\$ <u>790</u>	\$ <u>-0-</u>	\$ <u>11,941,757</u>



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 7 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

A summary of accrued expenses follows:

	<u>2019</u>	<u>2018</u>
Salaries and wages	\$ 345,845	\$ 302,873
Compensated absences	809,235	813,887
Payroll taxes and withholdings	142,702	132,854
Other accrued expenses	<u>9,600</u>	<u>10,114</u>
Total accrued expenses	\$ <u>1,307,382</u>	\$ <u>1,259,728</u>

NOTE 8 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt as of October 31:

	October 31, <u>2018</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2019</u>	Due Within <u>One Year</u>
USDA note payable	\$ <u>921,789</u>	\$ <u>-0-</u>	\$ <u>8,315</u>	\$ <u>913,474</u>	\$ <u>8,905</u>
Total	\$ <u>921,789</u>	\$ <u>-0-</u>	\$ <u>8,315</u>	\$ <u>913,474</u>	\$ <u>8,905</u>

  

	October 31, <u>2017</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2018</u>	Due Within <u>One Year</u>
USDA note payable	\$ <u>929,553</u>	\$ <u>-0-</u>	\$ <u>7,764</u>	\$ <u>921,789</u>	\$ <u>8,315</u>
Total	\$ <u>929,553</u>	\$ <u>-0-</u>	\$ <u>7,764</u>	\$ <u>921,789</u>	\$ <u>8,315</u>

The following are the terms and due dates of the District's long-term debt at October 31, 2019:

USDA note payable at 6.875% with a term of 50 years, due in monthly installments of \$5,952 maturing in the year 2050. The loan is collateralized by two parcels of land owned by the District.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 8 - LONG-TERM DEBT (Continued)

Scheduled principal and interest payments on long-term debt obligations are as follows:

<u>Year Ended October 31,</u>	<u>Long-term Debt Principal</u>	<u>Long-term Debt Interest</u>	<u>Total</u>
2020	\$ 8,905	\$ 62,524	\$ 71,429
2021	9,537	61,892	71,429
2022	10,213	61,216	71,429
2023	10,938	60,491	71,429
2024	11,714	59,715	71,429
2025-2029	72,284	284,861	357,145
2030-2034	101,837	255,308	357,145
2035-2039	143,473	213,672	357,145
2040-2044	202,130	155,015	357,145
2045-2049	284,768	72,377	357,145
2050	<u>57,675</u>	<u>1,832</u>	<u>59,507</u>
Totals	\$ <u>913,474</u>	\$ <u>1,288,903</u>	\$ <u>2,202,377</u>

NOTE 9 - COMPENSATED ABSENCES

Upon completion of six months of employment, employees are eligible for paid time off (PTO). The amount in which each employee is entitled varies depending upon the job classification, length of service, number of hours worked each week, and other factors. A maximum of 400 hours may be carried over from year to year. Any excess must be paid or used by September 30, of a subsequent year. Vested PTO time has been recorded as a liability in the accompanying financial statements at the payroll rates in effect at the balance sheet date.

NOTE 10 - PENSION PLAN

Plan Description - Substantially all Hospital employees are eligible for participation in the Parochial Employees' Retirement System of Louisiana (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana. The Plan is governed by R.S. 11:1901 of the Louisiana Revised Statutes (LRS). The Plan is administered by the Parochial Employees' Retirement System of Louisiana. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The District participates in Plan A.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 10 - PENSION PLAN (Continued)

The Plan provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the state of Louisiana which does not have their own retirement system and which elects to become a member of the system. All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the Plan.

The Plan issues a publicly available financial statement report that includes financial statements and required supplementary information. That report may be obtained at [www.PERSLA.org](http://www.PERSLA.org) or by writing to the Plan at 7905 Wrenwood Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 928-1361.

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, retirement benefits are determined as an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

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

Survivor Benefits - Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 10 - PENSION PLAN (Continued)

Deferred Retirement Option Plan (DROP) - Act 338 of 1990 established the deferred retirement option plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

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

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

Contributions - According to state statute, contributions for all employers are actuarially determined each year. For the years ended December 31, 2019 and 2018, the actuarially determined contribution rate was 12.18% and 9.99% of member's compensation for Plan A. The actual contribution rate for the years ending December 31, 2019 and 2018 was 11.50% and 11.50% for Plan A.

According to state statute, the System also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 10 - PENSION PLAN (Continued)

The following is a schedule that summarizes information regarding contributions to the Plan for the years ended October 31:

	<u>2019</u>	<u>2018</u>
Total District payroll	\$ 10,348,658	\$ 10,118,543
Total covered payroll	8,875,327	8,512,881
Employee contributions	801,582	763,064
Employer contributions	1,020,662	996,789

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At October 31, 2019 and 2018, the District reported a liability of \$6,229,401 and an asset of \$985,566, respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) for the system was measured as of December 31, 2018 and 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined based on an actuarial valuation as of those dates. The District's proportion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined.

As of the most recent measurement dates, the District's proportionate shares were:

	<u>2018</u>	<u>2017</u>
District's proportionate share	1.403537%	1.327815%
Increase (Decrease) from prior year	0.075722%	-0.037947%

For the years ended October 31, 2019 and 2018, the District recognized a total pension expense of \$2,427,056 and \$1,227,689, respectively. The amounts are made up of the following:

<u>Components of Pension Expense</u>	<u>2019</u>	<u>2018</u>
District's pension expense per the pension plan	\$ 2,426,965	\$ 1,231,517
District's amortization of actual contributions over its proportionate share of contributions	<u>91</u>	<u>(3,828)</u>
Total pension expense (benefit) recognized by district	\$ <u>2,427,056</u>	\$ <u>1,227,689</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 10 - PENSION PLAN (Continued)

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ (379,512)
Net difference between projected and actual earnings on pension plan investments	2,982,035	-0-
Changes in proportion to NPL	1,557,555	-0-
Differences between the District's contributions and its proportionate share of contributions	47,020	(10,666)
The District's contributions subsequent to the December 31, 2018 measurement date	<u>802,617</u>	<u>-0-</u>
Total - October 31, 2019	\$ <u>5,389,227</u>	\$ <u>(390,178)</u>
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ (637,980)
Net difference between projected and actual earnings on pension plan investments	-0-	(2,276,943)
Changes in proportion to NPL	1,243,931	-0-
Differences between the District's contributions and its proportionate share of contributions	1,115	(21,120)
The District's contributions subsequent to the December 31, 2017 measurement date	<u>774,222</u>	<u>-0-</u>
Total - October 31, 2018	\$ <u>2,019,268</u>	\$ <u>(2,936,043)</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 10 - PENSION PLAN (Continued)

Deferred outflows of resources resulting from the District's contributions subsequent to the measurement date totaled \$802,617 at October 31, 2019. This amount will be recognized as a reduction of the net pension liability (asset) in the year ending October 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending October 31,</u>	<u>Amount of Amortization</u>
2020	\$ 1,439,072
2021	789,665
2022	650,382
2023	1,317,313

Actuarial Assumptions - The total pension liability in the Plan's December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost
Inflation rate	2.40%
Investment rate of return	6.50% (net of investment expense)
Expected remaining service lives	4 years
Projected salary increases	4.75% (2.35% merit / 2.40% inflation)
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Plan and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality rates	Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale for employees. Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females using MP2018 scale for healthy annuitants and beneficiaries. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 10 - PENSION PLAN (Continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% and 7.62% for the years ended December 31, 2018 and 2017, respectively.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Totals	100%	5.43%
Inflation		2.00%
Expected arithmetic nominal return - December 31, 2018		7.43%
Fixed income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected arithmetic nominal return - December 31, 2017		7.62%



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 10 - PENSION PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.50% and 6.75% for the years ended December 31, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate - The following presents the net pension liability (asset) of the District calculated using the discount rates for the years ended December 31, 2018 and 2017, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Changes in Discount Rate</u>			
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability (asset) - December 31, 2018	\$ <u>13,229,576</u>	\$ <u>6,229,401</u>	\$ <u>377,862</u>
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability (asset) - December 31, 2017	\$ <u>4,859,199</u>	\$ <u>(985,566)</u>	\$ <u>(6,189,943)</u>

Non-Employer Contributing Entities - Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of total contributions to the pension plan from these non-employer contributing entities. The District recognized revenue as a result of support received from non-employer contributing entities of \$107,252 and \$98,715 for the years ended October 31, 2019 and 2018, respectively.

Payables to the Pension Plan - As of October 31, 2019 and 2018, the District had payables due to the Plan of \$143,745 and \$134,716, respectively. These amounts represent one and a half month's contributions paid in the month following accrual.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 11 - CHARITY CARE

The District provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a per-diem based on the patient's level of income. Accordingly, the District does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The District determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The cost of caring for charity care patients were approximately \$88,000 and \$105,000 for the years ended October 31, 2019 and 2018, respectively. Funds received through UCC and grants, which pay part of the cost of charity care and uninsured care, were approximately \$58,000 and \$73,000 for the years ended October 31, 2019 and 2018, respectively.

NOTE 12 - 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** - Prior to November 1, 2004, inpatient acute care services rendered to Medicare program beneficiaries were paid at prospectively determined rates per discharge. These rates varied according to a patient classification system that was based on clinical, diagnostic, and other factors. Certain outpatient services related to Medicare beneficiaries were paid based on a set fee per diagnosis with a hold harmless provision for cost reimbursement. Effective November 1, 2004, the District became a Medicare "Critical Access Hospital" (CAH). This designation enables the District to receive cost-based reimbursement for most services provided to Medicare beneficiaries on or after this date.

The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. Home health services are reimbursed based upon a prospectively determined rate per episode. Hospice services are reimbursed based on a prospectively determined rate per day. The District's Medicare cost reports have been settled by the Medicare fiscal intermediary through October 31, 2017. The intermediary may reopen and further adjust any year within three years of the date of a Notice of Program Reimbursement.

**Medicaid** - Medicaid inpatient services are reimbursed based upon a prospectively determined per diem rate. Some Medicaid outpatient services are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The District is reimbursed at a tentative rate for cost-based services 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 settled by the Medicaid fiscal intermediary through October 31, 2014.

**Commercial** - The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 17% and 16% of the total charges for the year ended October 31, 2019 and 2018, respectively.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)

The following is a summary of the District's net patient service revenue for the years ended October 31:

	<u>2019</u>	<u>2018</u>
Gross charges	\$ 36,895,761	\$ 38,016,257
Less charges associated with charity patients	<u>132,402</u>	<u>172,915</u>
Gross patient service revenue	36,763,359	37,843,342
Less deductions from revenue:		
Contractual adjustments	15,256,293	16,975,455
Discounts	26,980	30,901
Physician supplement revenue	<u>(1,404,726)</u>	<u>(2,116,729)</u>
Patient service revenue (net of contractual adjustments and discounts)	22,884,812	22,953,715
Less provision for bad debts	<u>2,073,839</u>	<u>2,419,213</u>
Net patient service revenue less provision for bad debts	\$ <u>20,810,973</u>	\$ <u>20,534,502</u>

The District receives a substantial portion of its revenues from the Medicare and Medicaid programs at discounted rates. The following is a summary of Medicare and Medicaid net patient service revenues for the years ended October 31:

	<u>2019</u>	<u>2018</u>
Medicare and Medicaid gross patient charges	\$ 17,267,047	\$ 18,530,646
Contractual adjustments	<u>(2,394,508)</u>	<u>(1,856,792)</u>
Program patient service revenue	\$ <u>14,872,539</u>	\$ <u>16,673,854</u>
Percent of total patient gross charges	<u>47%</u>	<u>49%</u>
Percent of total net patient revenues	<u>71%</u>	<u>81%</u>

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 \$60,962 and \$196,435 in net patient service revenue in 2019 and 2018, respectively.

The Hospital's previous reimbursements are also subject to secondary review by Medicare and Medicaid representatives. These representatives have several initiatives in progress. No material liabilities have been identified to date under these review programs; however, the potential does exist for future claims. These will be recognized in the year the amounts are determined, if any.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 13 - INTERGOVERNMENTAL TRANSFER GRANTS

The District entered into a cooperative endeavor agreement with a regional public hospital ("Grantor") whereby the Grantor awards an intergovernmental transfer grant ("IGT") to be used solely to provide adequate and essential medically necessary and available healthcare services to the District's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$1,056,035 and \$924,739 for the years ended October 31, 2019 and 2018, respectively.

NOTE 14 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide professional medical liability coverage to health care providers. The fund provides for \$400,000 of 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 \$100,000 per occurrence and limiting the PCF's exposure to \$400,000 per occurrence. Defense costs are not included in these amounts.

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 pro-rated to member hospitals. The District has included these allocations and equity in the trust in its financial statements.

NOTE 15 - WORKMEN'S COMPENSATION

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, if any, of additional assessments. The trust fund presumes to be a "Grantor Trust" and accordingly, income and expenses are pro-rated to member hospitals. The District has included these allocations and equity in the trust in its financial statements.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

**NOTE 16 - OPERATING LEASES**

Leases that do not meet the criteria for capitalization are classified as operating leases with related rental charged to operations as incurred.

The following is a schedule by year of future minimum lease payments under operating leases as of October 31, 2019, that have initial or remaining lease terms in excess of one year.

<u>Years Ending October 31,</u>	<u>Amount</u>
2020	\$ 37,346
2021	21,916
2022	9,121
2023	4,838
2024	-0-
2025 and thereafter	<u>-0-</u>
Total minimum lease payments	\$ <u>73,221</u>

Total lease expense under noncancelable operating leases for the years ended October 31, 2019 and 2018, was \$48,041 and \$50,426, respectively.

**NOTE 17 - CONTINGENCIES**

The District evaluates contingencies based upon the best available evidence. The District believes that no allowance for loss contingencies is 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:

**Governmental Third-Party Reimbursement Programs (Note 12)** - 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.

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

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, privacy, 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

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

**NOTE 17 - CONTINGENCIES (Continued)**

repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. 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.

**Professional Liability Risk (Note 14)** - 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** - 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. Accordingly, the District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

**Payments to Police Jury** - During 2019 and 2018, the District transferred \$380,000 and \$323,000 respectively, to the Police Jury for the District's portion of 911 service. These transfers were funded from interest income.

**Litigation and Other Matters** - Various claims in the ordinary course of business are pending against the District. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

**NOTE 18 - SALES TAX**

On September 29, 1984, a 1% sales tax was renewed by the citizens of the parish for an indefinite term. The resolution provides that 50% of such tax shall be dedicated to the District. The remaining tax revenues are designated by the District to be distributed to hospital operations. On November 8, 2016, a ¼% sales tax was approved by citizens of the parish for a ten (10) year term.

**NOTE 19 - RELATED PARTY**

The District has engaged in transactions with Innis Community Health Center, Inc., a 501(c)(3) corporation. The District has an economic interest in this entity through common board members. Those transactions consist of various expenses in the amount of \$44,370 and \$45,421 for October 31, 2019 and 2018, respectively.

**NOTE 20 - COMMITMENTS**

The District entered into construction contracts, which totaled \$1,238,474, including change orders, as of October 31, 2019. The District has paid \$1,162,399 toward these commitments as of October 31, 2019.



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2019 and 2018

NOTE 21 - PRIOR PERIOD ADJUSTMENT

The accompanying financial statements have been restated to correct an error in the recording of Medicare cost settlements and an IGT receivable.

The corrections resulted in the following restatement at October 31, 2018:

Restatement of 2018 amount	
Other receivables - IGT receivable	\$ 498,028
Estimated third-party payor settlements - FYE 2018 Medicare	<u>(737,359)</u>
 Total prior period adjustment	 \$ <u>(239,331)</u>

The correction of Medicare cost settlements resulted in a prior period adjustment of \$2,580,693 of net position at November 1, 2017.

NOTE 22 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 12, 2020, and determined that no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including the duration and spread of the virus, government quarantine measures, voluntary and precautionary restrictions on travel or meetings, the effects on financial markets, and the effects on the economy overall, all of which are uncertain.



## REQUIRED SUPPLEMENTARY INFORMATION

Hospital Service District No.1  
Of the Parish of Pointe Coupee and Affiliate  
Schedule of Proportionate Share of Net Pension Liability

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana Parochial Employees' Retirement System					
2014	1.431669%	\$ 391,430	\$ 8,061,572	4.86%	99.15%
2015	1.405866%	3,700,644	8,003,102	46.24%	93.50%
2016	1.365762%	2,812,805	8,079,457	34.81%	94.15%
2017	1.327815%	(985,566)	8,172,920	-12.06%	101.98%
2018	1.403537%	6,229,401	8,628,382	72.20%	88.86%

\*Amounts presented were determined as of the measurement date (December 31).

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms

There were no changes of benefit terms for the five years ended December 31, 2018.

Changes of Assumptions

For the actuarial valuation dated December 31, 2015, the investment rate of return was reduced from 7.25% to 7.00%, the inflation rate was reduced from 3.0% to 2.5%, and the rate for projected salary increases was reduced from 5.75% to 5.25%.

For the actuarial valuation dated December 31, 2017, the investment rate of return was reduced from 7.00% to 6.75%.

For the actuarial valuation dated December 31, 2018, the investment rate of return was reduced from 6.75% to 6.50%, the inflation rate was reduced from 2.5% to 2.4%, and the rate for projected salary increases was reduced from 5.25% to 4.75%. Mortality tables were updated to Pub-2010 Public Retirement Plans Mortality Tables with full generational projections using the MP2018 scale.

Hospital Service District No.1  
Of the Parish of Pointe Coupee and Affiliate  
Schedule of Employer Contributions to Pension Plan

Fiscal Year*	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered payroll	Contributions as a percentage of covered payroll
Louisiana Parochial Employees' Retirement System					
2015	\$ 1,195,934	\$ 1,195,934	\$ -	\$ 8,042,831	14.87%
2016	1,107,839	1,107,839	-	8,283,695	13.37%
2017	1,024,929	1,024,929	-	8,129,939	12.61%
2018	996,789	996,789	-	8,512,881	11.71%
2019	1,020,662	1,020,662	-	8,875,327	11.50%

\*Amounts presented were determined as of the end of the fiscal year.

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

## SUPPLEMENTARY INFORMATION

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Schedules of Net Patient Service Revenue  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Routine services:		
Adult and pediatric	\$ <u>625,895</u>	\$ <u>590,125</u>
 Total routine services	 <u>625,895</u>	 <u>590,125</u>
Other professional services:		
Operating room	63,912	100,992
Anesthesiology	192,425	201,000
Radiology	8,513,848	9,197,971
Laboratory	11,615,673	11,612,999
Cardio pulmonary	1,112,995	1,183,530
Physical therapy	3,163,255	3,009,598
Occupational therapy	355,782	331,968
Speech therapy	230,345	228,650
Medical supply	355,074	450,145
Pharmacy	1,146,159	1,178,151
Emergency service	6,078,221	6,453,247
Observation room	148,095	142,185
Hospice	1,021,902	1,264,927
Wound care	253,083	118,976
Chemical dependency services	41,565	50,707
Home health	<u>1,977,532</u>	<u>1,901,086</u>
 Total other professional services	 <u>36,269,866</u>	 <u>37,426,132</u>
 Gross charges	 \$ <u>36,895,761</u>	 \$ <u>38,016,257</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Schedules of Net Patient Service Revenue (Continued)  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Less charges associated with charity patients	\$ <u>(132,402)</u>	\$ <u>(172,915)</u>
Gross patient service revenue	36,763,359	37,843,342
Less deductions from revenue:		
Contractual adjustments	(15,256,293)	(16,975,455)
Discounts	(26,980)	(30,901)
Physician supplement revenue	<u>1,404,726</u>	<u>2,116,729</u>
Patient service revenue	22,884,812	22,953,715
Less provision for bad debts	<u>(2,073,839)</u>	<u>(2,419,213)</u>
Net patient service revenue	\$ <u>20,810,973</u>	\$ <u>20,534,502</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Schedules of Other Revenue  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Rent	\$ 699,971	\$ 677,908
Medical record abstracts	4,609	5,364
Cafeteria	96,753	98,613
Non-employer pension contributions	107,252	98,715
Miscellaneous revenue	<u>61,705</u>	<u>24,169</u>
 Total other operating revenue	 \$ <u>970,290</u>	 \$ <u>904,769</u>



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Schedules of Expenses – Salaries and Benefits  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Salaries:		
Administration	\$ 1,677,778	\$ 1,584,569
Plant operations and maintenance	337,781	310,351
Laundry	34,901	24,021
Housekeeping	368,071	372,607
Dietary and cafeteria	354,482	349,107
Nursing administration	126,000	128,515
Medical records	235,450	223,890
Nursing services	1,827,194	1,828,272
Central supply	74,459	71,557
Operating room	89,113	88,415
Radiology	847,625	838,709
Laboratory	1,007,643	992,349
Cardio pulmonary	321,473	313,505
Pharmacy	234,126	242,031
Emergency room	499,514	497,785
Home health	1,326,716	1,266,480
District	235,595	210,789
Health unit	120,450	112,284
Hospice	<u>630,287</u>	<u>663,307</u>
 Total salaries	 <u>10,348,658</u>	 <u>10,118,543</u>
Benefits:		
Payroll taxes	247,877	257,030
Retirement	2,419,898	1,214,504
Hospitalization insurance	<u>856,280</u>	<u>850,500</u>
 Total benefits	 <u>3,524,055</u>	 <u>2,322,034</u>
 Total salaries and benefits	 \$ <u>13,872,713</u>	 \$ <u>12,440,577</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Schedules of Expenses – Medical Supplies and Drugs  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Nursing services	\$ 93,329	\$ 80,323
Operating room	18,074	21,461
Anesthesiology	638	2,090
Radiology	49,754	45,238
Laboratory and blood	464,289	493,603
Cardio pulmonary	55,520	68,234
Physical therapy	16,335	28,380
Central supply	92,974	92,540
Pharmacy	331,486	350,744
Wound clinic	-0-	750
Emergency room	81,847	108,071
Home health	17,492	20,492
Hospice	<u>59,182</u>	<u>72,937</u>
 Total medical supplies and drugs	 \$ <u>1,280,920</u>	 \$ <u>1,384,863</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Schedules of Expenses – Professional Fees  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Nursing services	\$ 7,943	\$ 15,905
Operating room	1,000	-0-
Anesthesiology	83,490	88,270
Radiology	283,721	335,392
Laboratory and blood	339,813	306,252
Physical therapy	1,382,105	1,332,124
Cardio pulmonary	103,739	121,579
Pharmacy	41,911	45,851
Hospice	6	755
Wound clinic	172,050	66,750
Emergency room	694,653	692,209
Ambulance	39,216	29,283
Home health	69,175	86,058
Physician clinic	<u>16,564</u>	<u>10,533</u>
 Total professional fees	 \$ <u>3,235,386</u>	 \$ <u>3,130,961</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Schedules of Expenses – Other Expenses  
Years Ended October 31,

	<u>2019</u>	<u>2018</u>
Purchased services	\$ 1,801,884	\$ 1,794,783
Medical specialist	8,400	2,750
Collection fees	30,423	32,744
Supplies	573,776	564,341
Repairs and maintenance	99,352	111,470
Utilities	390,168	376,160
Telephone	43,138	85,679
Travel	114,476	133,988
Rentals	187,771	210,309
Advertising	107,204	120,081
Dues and subscriptions	124,976	136,857
Inter-governmental transfer	636,360	816,084
Miscellaneous	<u>551,679</u>	<u>548,348</u>
 Total other expenses	 \$ <u>4,669,607</u>	 \$ <u>4,933,594</u>

Hospital Service District No.1  
Of the Parish of Pointe Coupee and Affiliate  
Schedule of Per Diem Amounts Paid to Commissioners  
Year Ended October 31, 2019

<u>Board Member</u>	<u>Paid on Behalf of Commissioners</u>
Dr. Carl McLemore, M.D., Chairman	-0-
Mr. Maurice Picard, Vice Chairman	-0-
Mr. Stephen Smith, Secretary	-0-
Dr. Donald Doucet, M.D., Finance Chair	-0-
Mr. Frank Foti	-0-
Ms. Mary Grezaffi	-0-
Mr. Anthony Hurst	-0-
Mr. John Pourciau	-0-
Mr. William Vercher, Jr.	-0-

Hospital Service District No.1  
Of the Parish of Pointe Coupee and Affiliate  
Schedule of Compensation, Benefits and Other  
Payments to Chief Executive Officer  
Year Ended October 31, 2019

Agency Head Name: Chad Olinde  
Position: Chief Executive Officer  
Time Period: November 1, 2018 to October 31, 2019

<u>Purpose</u>	<u>Amount</u>
Salary	232,814
Health insurance	7,756
Retirement	26,774
Car allowance	-0-
Vehicle provided by government	-0-
Reimbursements	-0-
Travel	248
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	745
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Agency Head Name: Jeanine Thibodeaux  
Position: Administrator  
Time Period: November 1, 2018 to October 31, 2019

<u>Purpose</u>	<u>Amount</u>
Salary	148,366
Health insurance	-0-
Retirement	17,062
Car allowance	-0-
Vehicle provided by government	-0-
Reimbursements	600
Travel	246
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Net Position  
October 31, 2019

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee Apartments	Eliminating Entries	<u>Combined</u>
<u>Assets</u>					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 1,350,474	\$ 38,620	\$ 38,943	\$ -0-	\$ 1,428,037
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,613,939	242,476	1,092	-0-	1,857,507
Estimated third-party payor settlements	1,167,917	-0-	-0-	-0-	1,167,917
Other receivables	169,397	-0-	-0-	-0-	169,397
Inventory	466,633	9,320	-0-	-0-	475,953
Prepaid expenses	<u>24,422</u>	<u>5,617</u>	<u>1,595</u>	<u>-0-</u>	<u>31,634</u>
Total current assets	4,792,782	296,033	41,630	-0-	5,130,445
Assets limited as to use (Note 4)	1,587,042	-0-	374,740	-0-	1,961,782
Nondepreciable capital assets (Note 6)	1,874,398	-0-	100,000	-0-	1,974,398
Depreciable capital assets, net (Note 6)	12,181,584	41,222	1,115,364	-0-	13,338,170
Other assets:					
Investments	19,172,458	2,262	-0-	-0-	19,174,720
LHA investment	222,523	-0-	-0-	-0-	222,523
Net pension asset (Note 10)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets	<u>39,830,787</u>	<u>339,517</u>	<u>1,631,734</u>	<u>-0-</u>	<u>41,802,038</u>
Deferred outflows related to net pension liability	<u>5,389,227</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,389,227</u>
Total assets and deferred outflows of resources	\$ <u>45,220,014</u>	\$ <u>339,517</u>	\$ <u>1,631,734</u>	\$ <u>-0-</u>	\$ <u>47,191,265</u>



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Net Position (Continued)  
October 31, 2019

	Pointe Coupee General Hospital	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee Apartments	Eliminating Entries	Combined
<u>Liabilities and Net Position</u>					
Current liabilities:					
Accounts payable	\$ 811,195	\$ 45,797	\$ 6,492	\$ -0-	\$ 863,484
Accrued expenses and withholdings payable (Note 7)	1,132,597	165,185	9,600	-0-	1,307,382
Estimated third-party payor settlements	128,160	-0-	-0-	-0-	128,160
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>8,905</u>	<u>-0-</u>	<u>8,905</u>
Total current liabilities	<u>2,071,952</u>	<u>210,982</u>	<u>24,997</u>	<u>-0-</u>	<u>2,307,931</u>
Net pension liability (Note 10)	6,229,401	-0-	-0-	-0-	6,229,401
Long-term debt, net of current maturities (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>904,569</u>	<u>-0-</u>	<u>904,569</u>
Total liabilities	<u>8,301,353</u>	<u>210,982</u>	<u>929,566</u>	<u>-0-</u>	<u>9,441,901</u>
Deferred inflows related to net pension liability	<u>390,178</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>390,178</u>
Net position:					
Invested in capital assets, net of related debt	14,055,982	41,222	301,890	-0-	14,399,094
Restricted - Donor capital	-0-	-0-	847,862	-0-	847,862
Unrestricted	<u>22,472,501</u>	<u>87,313</u>	<u>(447,584)</u>	<u>-0-</u>	<u>22,112,230</u>
Total net position	<u>36,528,483</u>	<u>128,535</u>	<u>702,168</u>	<u>-0-</u>	<u>37,359,186</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>45,220,014</u>	\$ <u>339,517</u>	\$ <u>1,631,734</u>	\$ <u>-0-</u>	\$ <u>47,191,265</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Net Position  
October 31, 2018

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
<u>Assets</u>					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 1,268,096	\$ 57,654	\$ 47,239	\$ -0-	\$ 1,372,989
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,641,462	252,626	1,941	-0-	1,896,029
Estimated third-party payor settlements	1,238,316	-0-	-0-	-0-	1,238,316
Other receivables	498,308	-0-	-0-	-0-	498,308
Inventory	473,812	9,804	-0-	-0-	483,616
Prepaid expenses	<u>42,424</u>	<u>5,480</u>	<u>2,291</u>	<u>-0-</u>	<u>50,195</u>
Total current assets	5,162,418	325,564	51,471	-0-	5,539,453
Assets limited as to use (Note 4)	1,550,363	-0-	361,092	-0-	1,911,455
Nondepreciable capital assets (Note 6)	1,972,102	-0-	100,000	-0-	2,072,102
Depreciable capital assets, net (Note 6)	10,747,051	41,154	1,153,552	-0-	11,941,757
Other assets:					
Investments	21,246,890	2,210	-0-	-0-	21,249,100
LHA investment	222,523	-0-	-0-	-0-	222,523
Net pension asset (Note 10)	<u>985,566</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>985,566</u>
Total assets	<u>41,886,913</u>	<u>368,928</u>	<u>1,666,115</u>	<u>-0-</u>	<u>43,921,956</u>
Deferred outflows related to net pension liability	<u>2,019,268</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,019,268</u>
Total assets and deferred outflows of resources	\$ <u>43,906,181</u>	\$ <u>368,928</u>	\$ <u>1,666,115</u>	\$ <u>-0-</u>	\$ <u>45,941,224</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Net Position (Continued)  
October 31, 2018

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
<u>Liabilities and Net Position</u>					
Current liabilities:					
Accounts payable	\$ 397,164	\$ 39,201	\$ 6,778	\$ -0-	\$ 443,143
Accrued expenses and withholdings payable (Note 7)	1,063,592	186,022	10,114	-0-	1,259,728
Estimated third-party payor settlements	4,023,229	-0-	-0-	-0-	4,023,229
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>8,315</u>	<u>-0-</u>	<u>8,315</u>
Total current liabilities	<u>5,483,985</u>	<u>225,223</u>	<u>25,207</u>	<u>-0-</u>	<u>5,734,415</u>
Net pension liability (Note 10)	-0-	-0-	-0-	-0-	-0-
Long-term debt, net of current maturities (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>913,474</u>	<u>-0-</u>	<u>913,474</u>
Total liabilities	<u>5,483,985</u>	<u>225,223</u>	<u>938,681</u>	<u>-0-</u>	<u>6,647,889</u>
Deferred inflows related to net pension liability	<u>2,936,043</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,936,043</u>
Net position					
Invested in capital assets, net of related debt	12,719,153	41,154	331,763	-0-	13,092,070
Restricted - Donor capital	-0-	-0-	847,862	-0-	847,862
Unrestricted	<u>22,766,999</u>	<u>102,551</u>	<u>(452,190)</u>	<u>-0-</u>	<u>22,417,360</u>
Total net position	<u>35,486,152</u>	<u>143,705</u>	<u>727,435</u>	<u>-0-</u>	<u>36,357,292</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>43,906,180</u>	\$ <u>368,928</u>	\$ <u>1,666,116</u>	\$ <u>-0-</u>	\$ <u>45,941,224</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Revenue, Expenses, and Changes in Net Position  
Year Ended October 31, 2019

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Revenue:					
Net patient service revenue	\$ 18,202,121	\$ 2,608,852	\$ -0-	\$ -0-	\$ 20,810,973
Sales tax revenue	2,021,029	-0-	-0-	-0-	2,021,029
Intergovernmental transfer grant	1,056,035	-0-	-0-	-0-	1,056,035
Grants	5,880	-0-	-0-	-0-	5,880
Other operating revenue	<u>653,036</u>	<u>338</u>	<u>316,916</u>	<u>-0-</u>	<u>970,290</u>
Total revenue	<u>21,938,101</u>	<u>2,609,190</u>	<u>316,916</u>	<u>-0-</u>	<u>24,864,207</u>
Expenses:					
Salaries and benefits	11,454,246	2,346,364	72,103	-0-	13,872,713
Medical supplies and drugs	1,206,459	74,461	-0-	-0-	1,280,920
Insurance	338,438	36,380	22,879	-0-	397,697
Professional fees	3,166,205	69,181	-0-	-0-	3,235,386
Depreciation	876,146	13,977	60,281	-0-	950,404
Other expenses	<u>3,841,705</u>	<u>704,049</u>	<u>123,853</u>	<u>-0-</u>	<u>4,669,607</u>
Total expenses	<u>20,883,199</u>	<u>3,244,412</u>	<u>279,116</u>	<u>-0-</u>	<u>24,406,727</u>
Operating income (loss)	<u>1,054,902</u>	<u>(635,222)</u>	<u>37,800</u>	<u>-0-</u>	<u>457,480</u>
Nonoperating income (loss):					
Investment income	422,789	52	-0-	-0-	422,841
Interest expense	-0-	-0-	(63,067)	-0-	(63,067)
Gain (loss) on disposal of assets	-0-	-0-	-0-	-0-	-0-
Intergovernmental transfers	(620,000)	620,000	-0-	-0-	-0-
Payments to Police Jury	<u>(355,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(355,000)</u>
Nonoperating income (loss), net	<u>(552,211)</u>	<u>620,052</u>	<u>(63,067)</u>	<u>-0-</u>	<u>4,774</u>
Excess of revenues (expenses)					
before capital grants	502,691	(15,170)	(25,267)	-0-	462,254
Capital grants	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues (expenses)	502,691	(15,170)	(25,267)	-0-	462,254
Other comprehensive income					
Unrealized investment gains (losses)	<u>539,640</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>539,640</u>
Comprehensive income (loss)	1,042,331	(15,170)	(25,267)	-0-	1,001,894
Beginning net position	<u>35,486,152</u>	<u>143,705</u>	<u>727,435</u>	<u>-0-</u>	<u>36,357,292</u>
Ending net position	\$ <u>36,528,483</u>	\$ <u>128,535</u>	\$ <u>702,168</u>	\$ <u>-0-</u>	\$ <u>37,359,186</u>

Hospital Service District No.1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Revenue, Expenses, and Changes in Net Position  
Year Ended October 31, 2018

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Revenue:					
Net patient service revenue	\$ 17,842,884	\$ 2,691,618	\$ -0-	\$ -0-	\$ 20,534,502
Sales tax revenue	2,066,644	-0-	-0-	-0-	2,066,644
Intergovernmental transfer grant	924,739	-0-	-0-	-0-	924,739
Grants	4,700	-0-	-0-	-0-	4,700
Other operating revenue	<u>585,068</u>	<u>639</u>	<u>319,062</u>	<u>-0-</u>	<u>904,769</u>
Total revenue	<u>21,424,035</u>	<u>2,692,257</u>	<u>319,062</u>	<u>-0-</u>	<u>24,435,354</u>
Expenses:					
Salaries and benefits	10,047,388	2,326,084	67,105	-0-	12,440,577
Medical supplies and drugs	1,291,434	93,429	-0-	-0-	1,384,863
Insurance	272,749	30,000	21,140	-0-	323,889
Professional fees	3,044,675	86,286	-0-	-0-	3,130,961
Depreciation	803,913	14,759	58,558	-0-	877,230
Other expenses	<u>4,085,575</u>	<u>729,190</u>	<u>118,829</u>	<u>-0-</u>	<u>4,933,594</u>
Total expenses	<u>19,545,734</u>	<u>3,279,748</u>	<u>265,632</u>	<u>-0-</u>	<u>23,091,114</u>
Operating income (loss)	<u>1,878,301</u>	<u>(587,491)</u>	<u>53,430</u>	<u>-0-</u>	<u>1,344,240</u>
Nonoperating income (loss):					
Investment income	375,740	38	-0-	-0-	375,778
Interest expense	-0-	-0-	(63,621)	-0-	(63,621)
Gain (loss) on disposal of assets	-0-	(122)	-0-	-0-	(122)
Intergovernmental transfers	(640,000)	640,000	-0-	-0-	-0-
Payments to Police Jury	<u>(323,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(323,000)</u>
Nonoperating income (loss), net	<u>(587,260)</u>	<u>639,916</u>	<u>(63,621)</u>	<u>-0-</u>	<u>(10,965)</u>
Excess of revenues (expenses)					
before capital grants	1,291,041	52,425	(10,191)	-0-	1,333,275
Capital grants	<u>4,500</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,500</u>
Excess of revenues (expenses)	<u>1,295,541</u>	<u>52,425</u>	<u>(10,191)</u>	<u>-0-</u>	<u>1,337,775</u>
Other comprehensive income					
Unrealized investment gains (losses)	<u>(299,888)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(299,888)</u>
Comprehensive income (loss)	<u>995,653</u>	<u>52,425</u>	<u>(10,191)</u>	<u>-0-</u>	<u>1,037,887</u>
Beginning net position	37,071,192	91,280	737,626	-0-	37,900,098
Prior period adjustment	<u>(2,580,693)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(2,580,693)</u>
Ending net position	\$ <u>35,486,152</u>	\$ <u>143,705</u>	\$ <u>727,435</u>	\$ <u>-0-</u>	\$ <u>36,357,292</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Operations by Service Component  
Year Ended October 31, 2019

	Hospital	COA*	Home Health & Hospice	-----District Summary-----			
				Innis	Elderly Housing	District**	Total
Revenue:							
Net patient service revenue	\$ 18,202,121	\$ -0-	\$ 2,608,852	\$ -0-	\$ -0-	\$ -0-	\$ 20,810,973
Sales tax revenue	2,021,029	-0-	-0-	-0-	-0-	-0-	2,021,029
Intergovernmental transfer grant	1,056,035	-0-	-0-	-0-	-0-	-0-	1,056,035
Grants	5,880	-0-	-0-	-0-	-0-	-0-	5,880
Other	<u>269,891</u>	<u>-0-</u>	<u>338</u>	<u>-0-</u>	<u>316,916</u>	<u>383,145</u>	<u>970,290</u>
Total revenue	<u>21,554,956</u>	<u>-0-</u>	<u>2,609,190</u>	<u>-0-</u>	<u>316,916</u>	<u>383,145</u>	<u>24,864,207</u>
Expenses:							
Salaries and benefits	11,282,540	-0-	2,346,364	-0-	72,103	171,706	13,872,713
Medical supplies and drugs	1,206,459	-0-	74,461	-0-	-0-	-0-	1,280,920
Insurance	338,438	-0-	36,380	-0-	22,879	-0-	397,697
Professional fees	3,154,268	-0-	69,181	-0-	-0-	11,937	3,235,386
Depreciation	684,639	-0-	13,977	15,353	60,281	176,154	950,404
Other expenses	<u>3,383,944</u>	<u>296,679</u>	<u>704,049</u>	<u>29,017</u>	<u>123,853</u>	<u>132,065</u>	<u>4,669,607</u>
Total expenses	<u>20,050,288</u>	<u>296,679</u>	<u>3,244,412</u>	<u>44,370</u>	<u>279,116</u>	<u>491,862</u>	<u>24,406,727</u>
Operating income (loss)	<u>1,504,668</u>	<u>(296,679)</u>	<u>(635,222)</u>	<u>(44,370)</u>	<u>37,800</u>	<u>(108,717)</u>	<u>457,480</u>
Nonoperating income (loss):							
Investment income	422,789	-0-	52	-0-	-0-	-0-	422,841
Interest expense	-0-	-0-	-0-	-0-	(63,067)	-0-	(63,067)
Gain (loss) on disposal of asset	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Payments to Police Jury	<u>25,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(380,000)</u>	<u>(355,000)</u>
Nonoperating income (loss), net	<u>447,789</u>	<u>-0-</u>	<u>52</u>	<u>-0-</u>	<u>(63,067)</u>	<u>(380,000)</u>	<u>4,774</u>
Excess of revenues (expenses) before capital grants	1,952,457	(296,679)	(635,170)	(44,370)	(25,267)	(488,717)	462,254
Capital grants	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues (expenses)	<u>\$ 1,952,457</u>	<u>\$ (296,679)</u>	<u>\$ (635,170)</u>	<u>\$ (44,370)</u>	<u>\$ (25,267)</u>	<u>\$ (488,717)</u>	<u>\$ 462,254</u>

\* Council on Aging

\*\* Remaining non-hospital activities of the District

Hospital Service District No.1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Operations by Service Component  
Year Ended October 31, 2018

	Hospital	COA*	Home Health & Hospice	-----District Summary-----			
				Innis	Elderly Housing	District**	Total
Revenue:							
Net patient service revenue	\$ 17,842,884	\$ -0-	\$ 2,691,618	\$ -0-	\$ -0-	\$ -0-	\$ 20,534,502
Sales tax revenue	2,066,644	-0-	-0-	-0-	-0-	-0-	2,066,644
Intergovernmental transfer grant	924,739	-0-	-0-	-0-	-0-	-0-	924,739
Grants	4,700	-0-	-0-	-0-	-0-	-0-	4,700
Other	<u>225,609</u>	<u>-0-</u>	<u>639</u>	<u>-0-</u>	<u>319,062</u>	<u>359,459</u>	<u>904,769</u>
Total revenue	<u>21,064,576</u>	<u>-0-</u>	<u>2,692,257</u>	<u>-0-</u>	<u>319,062</u>	<u>359,459</u>	<u>24,435,354</u>
Expenses:							
Salaries and benefits	9,907,094	-0-	2,326,084	-0-	67,105	140,294	12,440,577
Medical supplies and drugs	1,291,434	-0-	93,429	-0-	-0-	-0-	1,384,863
Insurance	272,749	-0-	30,000	-0-	21,140	-0-	323,889
Professional fees	3,033,794	-0-	86,286	-0-	-0-	10,881	3,130,961
Depreciation	612,193	-0-	14,759	14,791	58,558	176,929	877,230
Other expenses	<u>3,614,189</u>	<u>296,080</u>	<u>729,190</u>	<u>30,630</u>	<u>118,829</u>	<u>144,676</u>	<u>4,933,594</u>
Total expenses	<u>18,731,453</u>	<u>296,080</u>	<u>3,279,748</u>	<u>45,421</u>	<u>265,632</u>	<u>472,780</u>	<u>23,091,114</u>
Operating income (loss)	<u>2,333,123</u>	<u>(296,080)</u>	<u>(587,491)</u>	<u>(45,421)</u>	<u>53,430</u>	<u>(113,321)</u>	<u>1,344,240</u>
Nonoperating income (loss):							
Investment income	375,740	-0-	38	-0-	-0-	-0-	375,778
Interest expense	-0-	-0-	-0-	-0-	(63,621)	-0-	(63,621)
Gain (loss) on disposal of asset	(122)	-0-	-0-	-0-	-0-	-0-	(122)
Payments to Police Jury	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(323,000)</u>	<u>(323,000)</u>
Nonoperating income (loss), net	<u>375,618</u>	<u>-0-</u>	<u>38</u>	<u>-0-</u>	<u>(63,621)</u>	<u>(323,000)</u>	<u>(10,965)</u>
Excess of revenues (expenses) before capital grants	2,708,741	(296,080)	(587,453)	(45,421)	(10,191)	(436,321)	1,333,275
Capital grants	<u>4,500</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,500</u>
Excess of revenues (expenses)	\$ <u>2,713,241</u>	\$ <u>(296,080)</u>	\$ <u>(587,453)</u>	\$ <u>(45,421)</u>	\$ <u>(10,191)</u>	\$ <u>(436,321)</u>	\$ <u>1,337,775</u>

\* Council on Aging

\*\* Remaining non-hospital activities of the District





## LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Road • Alexandria, LA 71303-3653

Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758

Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107

Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

**Members:** American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

John S. Wells, CPA  
Robert G. Miller, CPA  
Paul A. Delaney, CPA  
Mary L. Carroll, CPA  
Joey L. Breaux, CPA  
Jason P. LeBlanc, CPA

Brenda J. Lloyd, CPA  
Karlie P. Brister, CPA

Retired 2015  
Bobby G. Lester, CPA

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

To the Board of Commissioners  
Hospital Service District No. 1  
Parish of Pointe Coupee, State of Louisiana  
New Roads, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of the Hospital Service District No. 1, Parish of Pointe Coupee, (the "District" or the "Hospital"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the years ended October 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's combined financial statements, and have issued our report thereon dated June 12, 2020.

#### 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 opinions 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2019-001 and 2019-002.

### **Compliance and Other Matters**

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

### **District's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Certified Public Accountants  
Alexandria, Louisiana

June 12, 2020



POINTE COUPEE GENERAL HOSPITAL  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED OCTOBER 31, 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 – Yes

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

*Federal Awards* – Not applicable

**Section II. Financial Statement Findings**

**FINDING 2019-001 - Segregation of Duties**

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

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

**Response:** Management will continue to segregate duties as much as possible and will closely supervise and review duties to prevent errors.

**FINDING 2019-002 - Third-party Payor Settlements**

**Finding:** Management is responsible for calculating and recording estimates of interim (Medicare and Medicaid) cost settlements. An adjustment of \$549,133 was made to record the FY 2019 cost report receivable from Medicare and Medicaid.

**Recommendation:** Management should calculate and record settlements based on interim cost report calculations, if the cost does not exceed the benefits.

**Response:** Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from preparing interim cost reports. It is more efficient and cost effective for external cost report preparers to prepare the cost reports at year-end. Management will record differences between interim payments and actual cost report settlements. These differences will be charged against income in the future periods when determinable.



POINTE COUPEE GENERAL HOSPITAL  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED OCTOBER 31, 2019

**Section III. Management Letter**

Not Applicable

**Section IV. Federal Award Findings and Questioned Costs**

Not Applicable



POINTE COUPEE GENERAL HOSPITAL  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEAR ENDED OCTOBER 31, 2019

**Section I. Financial Statement Findings**

**FINDING 2018-001 - Draft of Financial Statements**

**Fiscal Year Initially Reported:** October 31, 2007

**Finding:** In the past, the auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, SAS 112 now requires management to ensure propriety and completeness of the financial statements and related footnotes. The staff responsible for preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the resources necessary internally to complete the reporting requirements.

**Recommendation:** Management should either (a) obtain the resources necessary to internally prepare or review the auditors' preparation of the Hospital's financial statements and related footnote disclosures in accordance with GAAP, or (b) determine if the cost overrides the benefit of correcting this control deficiency.

**Response:** Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from correcting the control deficiency.

**Current Status:** Resolved

**FINDING 2018-002 - Segregation of Duties**

**Fiscal Year Initially Reported:** October 31, 2007

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

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

**Response:** Management will continue to segregate duties as much as possible and will closely supervise and review duties to prevent errors.

**Current Status:** Not resolved - See finding 2019-001

**FINDING 2018-003 - Third-party Payor Settlements**

**Fiscal Year Initially Reported:** October 31, 2016

**Finding:** Management is responsible for calculating and recording estimates of interim (Medicare and Medicaid) cost settlements. An adjustment of \$1,063,206 was made to record the FY 2018 cost report payable to Medicare and Medicaid.



POINTE COUPEE GENERAL HOSPITAL  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEAR ENDED OCTOBER 31, 2019

**Section I. Financial Statement Findings (Continued)**

**FINDING 2018-003 - Third-party Payor Settlements (Continued)**

**Recommendation:** Management should calculate and record settlements based on interim cost report calculations, if the cost does not exceed the benefits.

**Response:** Management has considered the recommendation and concluded that the implementation cost is greater than the benefit derived from preparing interim cost reports. It is more efficient and cost effective for external cost report preparers to prepare the cost reports at year-end. Management will record differences between interim payments and actual cost report settlements. These differences will be charged against income in the future periods when determinable.

**Current Status:** Not resolved - See finding 2019-002

**Section II. Management Letter**

Not Applicable

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

Not Applicable





HOSPITAL SERVICE DISTRICT NO. 1  
PARISH OF POINTE COUPEE

INDEPENDENT AUDITORS' REPORT  
ON APPLYING AGREED UPON  
PROCEDURES

FOR THE YEAR ENDED  
OCTOBER 31, 2019



**LESTER, MILLER & WELLS**  
*A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS*







## LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Road • Alexandria, LA 71303-3653

Mailing Address: Post Office Box 8758 • Alexandria, LA 71306-1758

Telephone: (318) 487-1450 • Facsimile: (318) 445-1184

3639 Ambassador Caffery Parkway, Suite 330 • Lafayette, LA 70503-5107

Telephone: (337) 484-1020 • Facsimile: (337) 484-1029

---

Members: American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

---

John S. Wells, CPA  
Robert G. Miller, CPA  
Paul A. Delaney, CPA  
Mary L. Carroll, CPA  
Joey L. Breaux, CPA  
Jason P. LeBlanc, CPA

---

Brenda J. Lloyd, CPA  
Karlie P. Brister, CPA

---

Retired 2015  
Bobby G. Lester, CPA

### Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners  
of Hospital Service District No. 1,  
Parish of Pointe Coupee, State of Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Hospital Service District No. 1, Parish of Pointe Coupee 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 November 1, 2018 through October 31, 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.

Board of Commissioners  
of Hospital Service District No. 1,  
Parish of Pointe Coupee, State of Louisiana  
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:** The purchasing policy does not state how vendors are added.

**Management's Response:** Management will continue to update and to implement policies as needed.

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

**Exceptions:** The Board meets on a monthly basis according to its bylaws. During the period under examination, the board did not meet two (2) of the twelve (12) months. One instance was due to the lack of a quorum.

**Management's Response:** The board approved to cancel one meeting due to the holidays, and the other meeting was cancelled due to a lack of quorum.



### ***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:** No exceptions noted in applying the above procedures.

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

---

4. 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).
5. For each location selected under #4 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
6. For each location selected under #4 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5, as applicable.

**Exceptions:** The employee responsible for processing payments can add and modify vendor files, and the changes are not periodically reviewed. The employee responsible for processing payments is also responsible for mailing the payment.



**Management's Response:** Due to every check requiring two signatures, each payment is being reviewed by two people independent of processing payments.

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

---

7. 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.
8. 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, 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.
9. Using the monthly statements or combined statements selected under #8 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:** One (1) statement did not have evidence that it was reviewed and approved by someone other than the authorized cardholder. Of the twenty-seven (27) transactions tested, two (2) transactions did not have written documentation of the business purpose.

**Management's Response:** Credit card statements and supporting documentation for the CEO will be reviewed and signed by a member of the governing board. Efforts will be made to ensure all transactions have written documentation of the business purpose.



Board of Commissioners  
of Hospital Service District No. 1,  
Parish of Pointe Coupee, State of Louisiana  
and the Louisiana Legislative Auditor

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.

*Jeffrey M. Miller & W. Wells*

Certified Public Accountants  
Alexandria, Louisiana

June 9, 2020



