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Financial Statements



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

FINANCIAL STATEMENTS

AUGUST 31, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana (the District), a component unit of the Ascension Parish Council, as of and for the years ended August 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of August 31, 2018 and 2017, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedules of net patient service revenues and schedule of compensation, benefits, and other payments to agency head or chief executive officer on pages 21 and 22, respectively, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedules of net patient service revenues and schedule of compensation, benefits, and other payments to agency head or chief executive officer are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of net patient service revenues and schedule of compensation, benefits, and other payments to agency head or chief executive officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Donaldsonville, Louisiana
February 27, 2019

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
AUGUST 31, 2018

This section of the West Ascension Parish Hospital (the District) annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal years that ended on August 31, 2018 and 2017. Please read it and the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities by \$25,439,926 and \$24,140,249 (net position) as of August 31, 2018 and 2017, respectively.
- The District’s total assets increased by \$893,668 or 3.6 percent from August 31, 2017. Total assets as of August 31, 2017 increased by \$738,388 or 3.0 percent from August 31, 2016.
- The District’s total liabilities decreased \$406,009 or 40.7 percent from August 31, 2017. Total liabilities as of August 31, 2017 increased by \$408,485 or 69.5 percent from August 31, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Figure A-1 summarizes the major features of the District’s financial statements. The remainder of this overview section of management’s discussion and analysis explains the structure of contents of each of the statements.

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

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
AUGUST 31, 2018

Fund Financial Statements

Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. A proprietary fund is used to account for the District’s ongoing operations and activities.

The Hospital has one type of fund:

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

FINANCIAL ANALYSIS OF THE DISTRICT

Net position. The District’s net position increased by \$1,299,677 from August 31, 2017 to August 31, 2018 and increased by \$329,903 from August 31, 2016 to August 31, 2017 (See Table A-1).

Table A-1
District’s Net Position

	Business Type Activities		
	2018	2017	2016
Current and other assets	\$ 22,016,041	\$ 21,297,005	\$ 20,931,376
Capital assets	4,014,273	3,839,641	3,466,882
Total assets	26,030,314	25,136,646	24,398,258
Current liabilities	590,388	996,397	587,912
Total liabilities	590,388	996,397	587,912
Net position			
Investment in capital assets	4,014,273	3,839,641	3,466,882
Unrestricted	21,425,653	20,300,608	20,343,464
Total net position	\$ 25,439,926	\$ 24,140,249	\$ 23,810,346

Changes in net position. The District’s total revenues for the year ended August 31, 2018 increased by \$1,003,637 or 13.8 percent from August 31, 2017. The increase for the year ended August 31, 2018 is due to an increase in the Medicaid Disproportionate share payments. In addition, cost adjustments decreased for the year ended August 31, 2018. Total revenues for the year ended August 31, 2017 decreased by \$3,291,896 or 31.2 percent from the year ended August 31, 2016 (See Table A-2). The decrease for the year ended August 31, 2017 is due to a decrease in sales tax revenues resulting from parish expansion projects coming to a close in prior years. Approximately 87.5 percent of the District’s revenue comes from net patient services for fiscal year 2018 as compared to 79.2 percent for the fiscal year 2017. Operating expenses for all services for the year ended August 31, 2018 increased \$33,863 or .49 percent from the year ended August 31, 2017. Operating expenses for the year ended August 31, 2017 increased \$192,682 or 2.9 percent from the year ended August 31, 2016.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2018

Table A-2
Changes in District's Net Position

	Business Type Activities		
	2018	2017	2016
Revenues			
Net patient services, net of bad debts	\$ 7,239,211	\$ 5,761,501	\$ 5,863,360
Non-operating	1,038,254	1,512,327	4,702,364
Total revenues	8,277,465	7,273,828	10,565,724
Expenses			
Operating expenses	6,977,788	6,943,925	6,751,243
Total expenses	6,977,788	6,943,925	6,751,243
Increase in net position	\$ 1,299,677	\$ 329,903	\$ 3,814,481

CAPITAL ASSETS

The composition of capital assets for the years ended August 31 is as follows: (See Table A-3).

Table A-3
District's Capital Assets

	Business Type Activities		
	2018	2017	2016
Land	\$ 105,902	\$ 105,902	\$ 105,902
Buildings and improvements	4,270,987	3,614,872	3,614,872
Equipment	4,650,226	4,228,161	4,412,607
Construction in progress	135,823	613,830	-
Total capital assets	9,162,938	8,562,765	8,133,381
Accumulated depreciation	(5,148,665)	(4,723,124)	(4,666,499)
Net Capital Assets	\$ 4,014,273	\$ 3,839,641	\$ 3,466,882

- As of August 31, 2018, the District had approximately \$4,014,000 invested in capital assets. Capital expenditures in 2018 were approximately \$175,000 more than depreciation expense, which caused an increase in capital assets from 2017 to 2018.
- As of August 31, 2017, the District had approximately \$3,840,000 invested in capital assets. Capital expenditures in 2017 were approximately \$379,000 more than depreciation expense, which caused an increase in capital assets from 2016 to 2017.
- The removal and replacement of the hospital roof and the mammography room upgrade were completed in the current fiscal year increasing buildings and improvements by approximately \$656,000.
- As of August 31, 2018, construction in progress consists of hospital renovations and additions including the chill water replacement project and computer software.

CONTACTING THE DISTRICT HOSPITAL'S FINANCIAL MANAGEMENT

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

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

STATEMENTS OF NET POSITION
AUGUST 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 2,172,127	\$ 1,748,630
Patient accounts receivable, net of allowance for doubtful accounts and contractual adjustments of \$1,523,078 and \$1,688,726	924,432	562,908
Inventory	246,048	253,980
Sales tax receivable	225,872	179,545
Investments	18,089,732	18,289,029
Estimated third-party payor settlements	201,764	110,352
Other current assets	156,066	152,561
Total current assets	<u>22,016,041</u>	<u>21,297,005</u>
<u>PROPERTY AND EQUIPMENT</u> - net	<u>4,014,273</u>	<u>3,839,641</u>
TOTAL ASSETS	<u><u>\$ 26,030,314</u></u>	<u><u>\$ 25,136,646</u></u>

LIABILITIES AND NET POSITION

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 287,309	\$ 570,402
Estimated third-party payor settlements	260,588	385,137
Accrued expenses	42,491	40,858
Total liabilities	<u>590,388</u>	<u>996,397</u>
<u>NET POSITION</u>		
Investment in capital assets	4,014,273	3,839,641
Unrestricted	21,425,653	20,300,608
Total net position	<u>25,439,926</u>	<u>24,140,249</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 26,030,314</u></u>	<u><u>\$ 25,136,646</u></u>

The accompanying notes are an integral part of these statements.

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED AUGUST 31, 2018 AND 2017

	2018	2017
<u>REVENUE</u>		
Net patient service revenues, net of provision for bad debts and contractual adjustments \$1,012,627 and \$3,230,476	\$ 7,239,211	\$ 5,761,501
<u>OPERATING EXPENSES</u>		
Salaries and benefits	3,204,660	3,206,824
Professional contracted services	1,695,027	1,510,412
Medical supplies and drugs	694,344	860,310
Other operating	958,216	980,516
Provision for depreciator	425,541	385,863
Total operating expenses	6,977,788	6,943,925
<u>INCOME (LOSS) FROM OPERATIONS</u>	261,423	(1,182,424)
<u>NON-OPERATING REVENUES</u>		
Sales taxes	1,275,767	1,552,867
Investment earnings	(237,513)	(41,133)
Other revenue	-	593
Total non operating revenues	1,038,254	1,512,327
<u>CHANGE IN NET POSITION</u>	1,299,677	329,903
Net position, beginning of the year	24,140,249	23,810,346
Net position, end of year	\$ 25,439,926	\$ 24,140,249

The accompanying notes are an integral part of these statements

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

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2018 AND 2017

	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from patients and other third-party payors	\$ 6,661,726	\$ 5,771,141
Cash payments to suppliers for goods and services	(4,012,194)	(3,515,409)
Cash payments to employees for services	(2,814,497)	(2,862,917)
Net cash used in operating activities	(164,965)	(607,185)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Sales taxes received	1,229,440	1,855,636
Net cash provided by non-capital financing activities	1,229,440	1,855,636
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisitions of capital assets	(600,173)	(764,733)
Proceeds from sale of capital assets	-	6,704
Net cash used in capital and related financing activities	(600,173)	(758,029)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(909,521)	(1,296,377)
Proceeds from sale or maturity of investments	410,000	20,000
Interest on investments	458,716	242,286
Net cash used in investing activities	(40,805)	(1,034,091)
Net increase (decrease) in cash	423,497	(543,669)
Cash at beginning of year	1,748,630	2,292,299
Cash at end of year	\$ 2,172,127	\$ 1,748,630

The accompanying notes are an integral part of these statements.

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

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES</u>		
Income (loss) from operation:	\$ 261,423	\$ (1,182,424)
Adjustments to reconcile income (loss) from operations to net cash used in operating activities		
Depreciation	425,541	385,863
Provision for uncollectible account:	792,044	1,491,412
Changes in assets and liabilities		
Increase in receivables	(1,153,568)	(1,677,392)
(Increase) decrease in inventory	7,932	(24,505)
(Increase) decrease in estimated third-party payor settlement	(215,961)	195,620
(Increase) decrease in other current asset:	(916)	1,554
Increase (decrease) in accounts payable	(283,093)	301,219
Increase (decrease) in accrued expense:	<u>1,633</u>	<u>(98,532)</u>
Total adjustments	<u>(426,388)</u>	<u>575,239</u>
Net cash used in operating activities:	<u>\$ (164,965)</u>	<u>\$ (607,185)</u>

The accompanying notes are an integral part of these statements

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

Basis of Presentation

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

Reporting Entity

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Measurement Focus, Basis of Accounting

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

Cash

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

Patient Accounts Receivable

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

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

Allowance for Doubtful Accounts

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

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

Inventory

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

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

NOTES TO FINANCIAL STATEMENTS

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

Investments

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

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

Property and Equipment

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

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

Net Patient Service Revenue

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

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

Operating Revenues and Expenses

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

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

NOTES TO FINANCIAL STATEMENTS

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

Net position

The net position of the District is classified in components. Net investment in capital assets net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings used to finance the purchase, improvements, or construction of those assets, if any. Because the District does not have related debt, net position related to capital assets is presented as investment in capital assets. Restricted net position is when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments. The District had no restricted net position at August 31, 2018 and 2017. Unrestricted net position is the remaining net position that does not meet the definition of investment in capital assets or restricted.

Use of Estimates

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

Reclassifications

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

Charity Care

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

Risk Management

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

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

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

NOTES TO FINANCIAL STATEMENTS

2. Sales Tax

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

3. Cash

At August 31, the District had cash and demand deposit accounts totaling \$2,172,127 and \$1,748,630, respectively as follows:

	2018	2017
Petty cash	\$ 325	\$ 325
Demand deposit	2,171,802	1,748,305
Total cash	\$ 2,172,127	\$ 1,748,630

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

4. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk at August 31, 2018. As of August 31, 2018, the District's bank balance was \$2,167,399. Of this amount, \$250,000 was insured by federal deposit insurance and \$1,917,399 was collateralized by pledged securities. The District's bank balances were not exposed to custodial credit risk at year end. As of August 31, 2017, the District's bank balance was \$1,748,451. Of this amount, \$250,000 was insured by federal deposit insurance and \$1,498,451 was collateralized by pledged securities. The District's bank balances were not exposed to custodial credit risk for the year ended August 31, 2017.

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

NOTES TO FINANCIAL STATEMENTS

5. Net Patient Service Revenues

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are also paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been filed with the Medicare fiscal intermediary through August 31, 2018. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 2016.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been filed with the fiscal intermediary through August 31, 2018. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through August 31, 2012.

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

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. Investments

The District's investments generally are reported at fair value, as discussed in Note 1. At August 31, 2018 and 2017, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
August 31, 2018					
U.S. Agencies	\$ 17,670,110	\$ 796,354	\$ 8,026,360	\$ 6,521,462	\$ 2,325,934
U.S. Treasury bills	419,622	-	419,622	-	-
Total investments	\$ 18,089,732	\$ 796,354	\$ 8,445,982	\$ 6,521,462	\$ 2,325,934
August 31, 2017					
U.S. Agencies	\$ 17,854,526	\$ 410,592	\$ 8,412,808	\$ 5,306,406	\$ 3,724,720
U.S. Treasury bills	434,503	-	434,503	-	-
Total investments	\$ 18,289,029	\$ 410,592	\$ 8,847,311	\$ 5,306,406	\$ 3,724,720

The District categorizes its fair value measurements within the fair values hierarchy established by generally accepted accounting principles. The hierarchy is described in note 7.

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

Credit Risk - Under Louisiana R.S. 33:2955, as amended, the District may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, and other investments as provided in the statute. The District's investment policy does not limit its investment choices. As of August 31, 2018 and 2017, the District's investments in U.S. Agencies and U.S. Treasury bills were rated AAA by Moody's Investors Service and AAA by Standard & Poor's.

Concentration of Credit Risk - The District's investment policy does not limit the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in securities issued by Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae, Tennessee Valley Authority, and Federal Home Loan Mortgage Corp. These investments are 33%, 34%, 18%, 8%, and 4% respectively of total investments at August 31, 2018. These investments were 34%, 36%, 17%, 6% and 5% respectively of total investments at August 31, 2017.

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

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

7. Fair Value of Financial Instruments

Determination of Fair Value

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

Fair Value Hierarchy

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

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

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

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

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

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

7. Fair Value of Financial Instruments (continued)

Fair Value of Assets Measured on a Recurring Basis

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

The following table presents for each of the fair-value hierarchy level the District's financial assets and liabilities that are measured at fair value (in thousands) on a recurring basis at August 31, 2018:

<i>August 31, 2018</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
U.S. Treasury bills	\$ 419,622	\$ -	\$ -
U.S. Agency securities	-	17,670,110	-
Total	\$ 419,622	\$ 17,670,110	\$ -

<i>August 31, 2017</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
U.S. Treasury bills	\$ 434,503	\$ -	\$ -
U.S. Agency securities	-	17,854,526	-
Total	\$ 434,503	\$ 17,854,526	\$ -

8. Capital Assets

Capital Assets and depreciation activity as of and for the year ended August 31, 2018, are as follows:

	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets, 8/31/17	\$ 105,902	\$ 613,830	\$ 3,614,872	\$ 4,228,161	\$ 8,562,765
Additions	-	178,108	656,115	422,065	1,256,288
Deletions	-	(656,115)	-	-	(656,115)
Cost of Capital Assets, 8/31/18	<u>105,902</u>	<u>135,823</u>	<u>4,270,987</u>	<u>4,650,226</u>	<u>9,162,938</u>
Accumulated Depreciation, 8/31/17	-	-	2,027,380	2,695,744	4,723,124
Additions	-	-	76,997	348,544	425,541
Deletions	-	-	-	-	-
Accumulated Depreciation, 8/31/18	<u>-</u>	<u>-</u>	<u>2,104,377</u>	<u>3,044,288</u>	<u>5,148,665</u>
Capital Assets, Net of Accumulated Depreciation at 8/31/18	<u>\$ 105,902</u>	<u>\$ 135,823</u>	<u>\$ 2,166,610</u>	<u>\$ 1,605,938</u>	<u>\$ 4,014,273</u>

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

NOTES TO FINANCIAL STATEMENTS

8. Capital Assets (continued)

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

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

For the years ended August 31, 2018 and 2017, depreciation expense was \$425,541 and \$385,863, respectively.

9. Concentrations of Credit Risk

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

	<u>2018</u>	<u>2017</u>
Medicare and Medicaid	51.0%	61.4%
Blue Cross	9.7	12.1
Commercial	22.1	22.3
Private Pay	17.2	4.2
	<u>100.0%</u>	<u>100.0%</u>

Patient accounts receivable consist of the following:

	<u>2018</u>	<u>2017</u>
Receivable from patients and their insurance carriers	\$ 1,685,497	\$ 1,510,593
Receivable from Medicare	412,173	312,846
Receivable from Medicaid	349,840	428,195
Total patient accounts receivable	<u>2,447,510</u>	<u>2,251,634</u>
Less allowance for doubtful accounts and contractual adjustments	<u>1,523,078</u>	<u>1,688,726</u>
Patient accounts receivable, net	<u>\$ 924,432</u>	<u>\$ 562,908</u>

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

NOTES TO FINANCIAL STATEMENTS

9. **Concentrations of Credit Risk** (continued)

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

10. **Charity Care**

The District is an active and caring member of the community. Its mission of providing and improving medical care in the area as well as its participation in community activities is a long standing tradition of service provided to benefit the community. Total charity care for the indigent during the years ended August 31, 2018 and 2017 were \$159,656 and \$175,919, respectively.

The amount reported as care for the indigent represents billings for services provided based on the District's charge rates to persons who cannot afford health care because of unavailable resources or who are uninsured. Total cost of charity care for the years ended August 31, 2018 and 2017 was \$129,982 and \$130,868, respectively.

11. **Tax Abatement**

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years.

For applications made after June 24, 2016 but before July 1, 2018, the program abates local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site for up to eight years. Applications to exempt qualified property for five years are approved by the individual local taxing entities whose taxes are being abated. The exemption may be renewed for an additional three years at 80% abatement.

In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program").

For the fiscal years ending August 31, 2018 and 2017, the District did not participate in any Tax Exemption Programs.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT

OF ASCENSION PARISH, LOUISIANA

SUPPLEMENTAL INFORMATION

YEARS ENDED AUGUST 31, 2018 AND 2017

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

SCHEDULES OF NET PATIENT SERVICE REVENUES
YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Patient services:		
Routine service (daily service charges)	\$ 128,156	\$ 138,945
Emergency room	4,804,171	5,181,924
Therapy	25,773	32,810
Central services and supply	9,939	8,073
	<u>4,968,039</u>	<u>5,361,752</u>
Other services:		
Laboratory	1,667,008	1,897,949
Pharmacy	123,411	116,603
Radiology	206,241	288,582
Medical transcription fees	12,753	11,687
EKG	35,619	53,522
Physical therapy	614	628
Wound Care	806,400	864,925
Ultrasound	98,710	123,105
Mammography	196,300	105,150
Miscellaneous	136,743	168,074
	<u>3,283,799</u>	<u>3,630,225</u>
Total patient and other service revenues	<u>8,251,838</u>	<u>8,991,977</u>
Contractual adjustments	(220,583)	(1,739,064)
Provision for bad debts	(792,044)	(1,491,412)
	<u>(1,012,627)</u>	<u>(3,230,476)</u>
Net patient service revenue	<u>\$ 7,239,211</u>	<u>\$ 5,761,501</u>

See the accompanying notes and independent auditors' report

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

SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED AUGUST 31, 2018

Agency Head Name/Title: Vince Cataldo, Administrator

Purpose	Amount
Salary	\$ 153,468
Benefits - Insurance	11,771
	<u>\$ 165,239</u>

See the accompanying notes and independent auditors' report

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana (the District), a component unit of the Ascension Parish Council, as of and for the years ended August 31, 2018, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 27, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a material weakness.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-002.

Management'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 West Ascension Parish Hospital Service District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
February 27, 2019

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

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2018

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal Control over Financial Reporting:	
• Material weakness(es) identified?	<u> X </u> Yes <u> </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	<u> X </u> Yes <u> </u> No

B. FINDINGS-FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2018-001 Internal Control over Financial Reporting

Criteria: The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the District, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, we noted several accounts which required adjustment in order for them to properly reflect end of year balances. These accounts included property and equipment, accrued liabilities, investment income, and equity.

Cause: The District does not have adequate policies, procedures, and internal controls to prepare accurate and complete financial statements in accordance with GAAP on a timely basis.

Effect: Due to the inaccuracy of the information provided to the Board, the District does not have the ability to make appropriate financial decisions.

Recommendation: The District should evaluate its accounting and financial reporting function. Specifically, the District should consider the following:

- Take more of a role in preparing and recording journal entries historically proposed by the auditors as part of the audit.
- Major accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly.
- Implement procedures and controls to ensure accounts payable is properly reported on a timely basis at year-end.

View of Responsible Official: The District will design and implement procedures to ensure timely and accurate reporting.

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

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2018

C. COMPLIANCE WITH STATE LAWS AND REGULATIONS

2018-002 Louisiana Public Bid Law

- Criteria:*** Louisiana Revised Statute 38:2212 requires that in the cases of public emergencies where such emergency has been certified to by the public entity, that the notice of such public emergency shall, within ten days thereof, be published in the official journal of the public entity proposing or declaring such public emergency.
- Condition:*** The District failed to properly declare an emergency for the purchase of equipment at a public meeting, and did not publish notice of such emergency.
- Cause:*** The District failed to take the necessary steps to ensure compliance with the requirements of Louisiana Revised Statute 38:2212.
- Effect:*** The District is out of compliance with the requirements of the Louisiana Revised Statute 38:2212.
- Recommendation:*** The District should comply with all requirements of the Louisiana Public Bid Law.
- View of Responsible Official:*** The District will ensure the appropriate steps are taken for similar purchases in the future.

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

SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED AUGUST 31, 2018

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 Internal Control – Bank Reconciliations

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

Current Status: Resolved.

B. COMPLIANCE WITH STATE LAWS AND REGULATIONS

None



Vince A. Cataldo
Administrator
Joint Commission Approved

Prevoist Memorial Hospital

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

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

CORRECTIVE ACTION PLAN

February 27, 2019

Louisiana Legislative Auditor

The West Ascension Parish Hospital Service District respectfully submits the following corrective action plan for the year ended August 31, 2018.

Name and address of independent public accounting firm:

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

Audit Period: September 1, 2017 – August 31, 2018

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

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2018-001 INTERNAL CONTROL OVER FINANCIAL REPORTING

Recommendation: The District should evaluate its accounting and financial reporting function. Specifically, the District should consider the following:

- Take more of a role in preparing and recording journal entries historically proposed by the auditors as part of the audit.
- Major accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly.
- Implement procedures and controls to ensure accounts payable is properly reported on a timely basis at year-end.

Action Taken: The District will design and implement procedures to ensure timely and accurate reporting.

2018-002 LOUISIANA PUBLIC BID LAW

Recommendation: The District should comply with all requirements of the Louisiana Public Bid Law.

Action Taken: The District will ensure the appropriate steps are taken for similar purchases in the future.

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

Sincerely,

Vince Cataldo
Hospital Administrator

WEST ASCENSION PARISH HOSPITAL

REPORT ON STATEWIDE

AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL

AREAS

FOR THE YEAR ENDED AUGUST 31, 2018

**Independent Accountants' Report
On Applying Agreed-Upon Procedures
For the Year Ended 2018**

To Board of Commissioners and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the West Ascension Parish Hospital Service District and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2017 through August 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "*procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity*" is indicated.

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.

Not applicable.

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.

The Entity's purchasing policy did not include procedures related to (4) public bid law compliance and (5) required documentation.

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

No exceptions noted.

- d) **Receipts**, 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).

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

- 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)

No exceptions noted.

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

The Entity's Travel and Expense Reimbursement policy did not include (1) allowable expenses, (2) dollar thresholds by category of expense, or (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.

The Entity does not have a written policy for ethics.

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

The Entity does not have a written policy for debt service.

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.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

Not applicable.

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 listing of bank accounts was provided and included a total of three bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all (3) bank accounts and obtained the bank reconciliations for the month ending March 31, 2018, resulting in three bank reconciliations obtained and subjected to the below procedures.

- 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);

No exceptions noted.

- 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

Of the three bank reconciliations obtained, one was lacking the date of review. In addition, the person reviewing the bank reconciliation is responsible for handling cash, posting to ledgers, and issuing checks.

- 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.

No exceptions noted.

Collections

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

A listing of deposit sites was provided and included one deposit site. No exceptions were noted as a result of performing this procedure.

The procedures below were performed on the entity's deposit site.

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

Per review of the collection policy, it was noted that the policy did not include a statement that employees responsible for cash collections do not share cash drawers / registers.

A listing of collection locations for the deposit site was provided and included three collection locations. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected one collection location. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exception noted.

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

The Entity stated that all employees who have access to cash are not bonded.

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

We randomly selected two deposit dates for the bank account selected in procedure #3. We obtained supporting documentation for each of the 2 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

There was only one location that processed payments for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we performed the procedures below.

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

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

It was noted that the employees responsible for processing payments are not prohibited from adding/modifying vendors and changes to vendor files are not periodically reviewed for vendor file activity by someone independent of the function.

- 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.

The individuals responsible for processing payments are also responsible for mailing the signed checks.

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

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 disbursements and performed the procedures below.

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

No exceptions noted.

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

For four of the five disbursements selected, it was noted that an approval date was not provided on supporting documentation. For one of the five disbursements, it was noted that a purchase order was missing a second signature noting approval prior to purchase. In addition, the employees responsible for processing payments have access to add/modify vendors. Also, the employees responsible for processing payments are responsible for mailing the payments.

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

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

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

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

From the listing provided, we selected the total population (2 cards) used in the fiscal period. We randomly selected one monthly statement for each of the cards selected and performed the procedures noted below.

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

No exceptions noted.

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

For one of the two cards, it was noted that finance charges were assessed.

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

We selected all transactions for the cards (eight transactions in total) selected in procedure #12 and noted that three transactions did not have original receipts and six transactions did not have documentation of the business purpose.

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five reimbursements and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

One of the five reimbursements selected lacked documentation of the public purpose.

A second of the five reimbursements selected was for meals. This reimbursement lacked documentation of the individuals that were attending.

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

One of the five reimbursements selected lacked evidence of approval by someone other than the individual receiving reimbursement.

Contracts

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

A contract listing for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

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

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

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

No exceptions noted.

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

The attendance records for two of the employees tested lacked evidence of supervisor approval.

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

No exceptions noted.

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

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

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

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

There was no documentation supporting that the five employees selected received one hour of ethics training during the course of the period.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The Entity does not have a written ethics policy.

Debt Service

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

No debt issued during the fiscal period.

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

There was no outstanding debt during the fiscal year.

Other

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

No misappropriations during the fiscal period.



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

The notice was not posted on the premises.

Corrective Action

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

See attached Corrective Action Plan.

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

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

Sincerely,

Postlethwaite & Netterville

February 27, 2019



Prevoist Memorial Hospital

301 Memorial Drive
Donaldsonville, LA 70346
Ph# 225-473-7931

Board of Commissioners:
Michel Hirsch, M.D., Chairman
Glenn Schexnayder, M.D., Vice-Chairman
Glenn Robert, Treasurer
A.J. Gomez, Recording Secretary
Marvin Gros, Commissioner

Vince A. Cataldo
Administrator
Joint Commission Approved

Management's Response to Agreed-Upon Procedures Report

Written Policies and Procedures

1-a) Purchasing

A revised purchasing policy will be developed by management to include: (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.

1-h) Travel and expense reimbursement

Management will revise the Travel and Expense Reimbursement Policy to include: (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements and (4) required approvers.

1-j) Debt Service,

Management will develop a written policy for debt service to include: (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, and (3) debt reserve requirements.

Bank Reconciliations

- 3-b). *The administrator will review and sign all bank reconciliations (e.g., initialed and dated, electronically logged)*

Collections

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

Management will secure bonding for the appropriate employees at this entity.

Disbursements-Other General

- 9-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.*

Management will print an edited list of vendors annually. This list will be reviewed and signed by the administrator.

- 9-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.*

The Administrator will assign a third party to mail the checks.

Disbursement -Other General

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

It is very difficult to segregate duties in this small facility. Management will make an effort to segregate as much as possible. Approval dates, purchase orders and second signatures will be monitored by administration. Also, see 9-c and 9-d.

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

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

The CFO will monitor the cards monthly for finance charges.

- 13 *Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) for 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).*

Management will monitor credit card transactions for original receipts, documentation of the business purpose and documentation of individuals participating in meals.

Travel and Expense Reimbursement

- 14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected.
- 14-c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure 1-h).
- Management will revise the travel and expense reimbursement policy to include public purpose and individuals attending. Also, see (1-h)*
- 14-d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
- Management will revise the travel and expense reimbursement policy to include the signature of the administrator. Also, see (1-h)*

Payroll and Personnel

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period.
- 17-b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- Management (CFO and Administrator) will double check attendance records for supervisor approval during paycheck processing.*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during fiscal period:
- Management will make annual ethics training mandatory for all employees in 2019. Note: The board members and the administrator have completed this training.*
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
- The entity does have a current ethics policy. Management will have all employees/officials attest through signature verification that he or she has read this*

ethics policy.

Other

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

The notice required by R.S. 24:5231 concerning the reporting of misappropriation, fraud, waste or abuse of public funds will be posted on bulletin boards in the entity and on the website by management.

Vince Cataldo
Name

ADMINISTRATOR
Title

2-27-19
Date



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

We have audited the financial statements of the West Ascension Parish Hospital Service District (the District) for the year ended August 31, 2018, and have issued our report thereon dated February 27, 2019. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated February 27, 2019, on the financial statements of the District or the District's internal control over financial reporting.

ML-2018-001 Vendor Maintenance

Findings: Controls relating to vendor maintenance should be strengthened. The individuals with access to add and modify vendors are the same individuals responsible for processing payments. Additionally, there is no review of vendor maintenance files.

Recommendations: The District should designate someone, independent of the vendor maintenance function, to periodically review new vendors or modifications of existing vendors.

This information is intended solely for the use of the Board of Commissioners, and management of the West Ascension Parish Hospital Service District and should not be used for any other purpose.

Postlethwaite & Netterville

Donaldsonville, Louisiana
February 27, 2019



Vince A. Cataldo
Administrator
Joint Commission Approved

Prevoist Memorial Hospital

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

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

CORRECTIVE ACTION PLAN

February 27, 2019

Louisiana Legislative Auditor

The West Ascension Parish Hospital Service District respectfully submits the following corrective action plan for the year ended August 31, 2018.

Name and address of independent public accounting firm:

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

Audit Period: September 1, 2017 – August 31, 2018

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

MANAGEMENT LETTER

ML-2018-001 VENDOR MAINTENANCE

Recommendations: The District should designate someone, independent of the vendor maintenance function, to periodically review new vendors or modifications of existing vendors.

Action Taken: The District will design and implement procedures to ensure review of vendor maintenance.

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

Sincerely,

Vince Cataldo
Hospital Administrator