

Prevoost Memorial Hospital



**Financial
Statements**



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WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

FINANCIAL STATEMENTS

AUGUST 31, 2019

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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, 2019 and 2018, 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, 2019 and 2018, 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, 2020 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, 2020

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2019

This section of the West Ascension Parish Hospital's (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, 2019 and 2018. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities by \$28,019,727 and \$25,439,926 (net position) as of August 31, 2019 and 2018, respectively.
- The District's total assets increased by approximately \$2,636,000 or 10.1 percent from August 31, 2018. Total assets as of August 31, 2018 increased by approximately \$894,000 or 3.6 percent from August 31, 2017.
- The District's total liabilities increased approximately \$56,000 or 9.6 percent from August 31, 2018. Total liabilities as of August 31, 2018 decreased by approximately \$406,000 or 40.7 percent from August 31, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements and other supplemental information. The basic financial statements 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, expenses and 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
DONALDSONVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2019

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 District 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.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position. The District's net position increased by \$2,579,801 from August 31, 2018 to August 31, 2019 and increased by \$1,299,677 from August 31, 2017 to August 31, 2018 (See Table A-1).

Table A-1
District's Net Position

	Business Type Activities		
	2019	2018	2017
Current and other assets	\$ 24,549,984	\$ 22,016,041	\$ 21,297,005
Capital assets	4,116,784	4,014,273	3,839,641
Total assets	28,666,768	26,030,314	25,136,646
Current liabilities	647,041	590,388	996,397
Total liabilities	647,041	590,388	996,397
Net position			
Investment in capital assets	4,116,784	4,014,273	3,839,641
Unrestricted	23,902,943	21,425,653	20,300,608
Total net position	\$ 28,019,727	\$ 25,439,926	\$ 24,140,249

Changes in net position. The District's total revenues for the year ended August 31, 2019 increased by approximately \$1,599,000 or 19.3 percent from August 31, 2018. The increase for the year ended August 31, 2019 is mainly attributed to an increase in the investments earnings. In addition, operating revenues decreased for the year ended August 31, 2019. This is due to a decrease in intergovernmental transfers of approximately \$340,000. This revenue is dependent upon how much the grantor, Acadia St. Landry, has to allocate to the rural hospitals involved in the program. Total revenues for the year ended August 31, 2018 increased by approximately \$1,004,000 or 13.8 percent from the year ended August 31, 2017 (See Table A-2). The increase for the year ended August 31, 2018 is due to an increase in intergovernmental transfers. In addition, cost adjustments decreased for the year ended August 31, 2019. Approximately 50.39 percent of the District's revenue comes from net patient services for fiscal year 2019 as compared to 62.6 percent for the fiscal year 2018. Operating expenses for all services for the year ended August 31, 2019 increased \$318,500 or 4.6 percent from the year ended August 31, 2018. Operating expenses for the year ended August 31, 2018 increased approximately \$34,000 or .49 percent from the year ended August 31, 2017.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2019

Table A-2
Changes in District's Net Position

	Business Type Activities		
	2019	2018	2017
Revenues			
Operating	\$ 6,592,770	\$ 7,107,568	\$ 5,593,427
Non-operating	3,283,319	1,169,897	1,680,401
Total revenues	9,876,089	8,277,465	7,273,828
Expenses			
Operating expenses	7,296,288	6,977,788	6,943,925
Total expenses	7,296,288	6,977,788	6,943,925
Increase in net position	\$ 2,579,801	\$ 1,299,677	\$ 329,903

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		
	2019	2018	2017
Land	\$ 260,520	\$ 105,902	\$ 105,902
Buildings and improvements	4,270,987	4,270,987	3,614,872
Equipment	4,823,810	4,650,226	4,228,161
Construction in progress	131,739	135,823	613,830
Total capital assets	9,487,056	9,162,938	8,562,765
Accumulated depreciation	(5,370,272)	(5,148,665)	(4,723,124)
Net Capital Assets	\$ 4,116,784	\$ 4,014,273	\$ 3,839,641

- As of August 31, 2019, the District had approximately \$4,117,000 invested in capital assets. Capital expenditures in 2019 were approximately \$103,000 more than depreciation expense, which caused an increase in capital assets from 2018 to 2019.
- 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.
- The District acquired land during the current year in the amount of \$154,618. In addition, the majority of the equipment increase in the current year is due to the District purchasing the Omnicare Mammogram Machine in the amount of \$144,205.
- As of August 31, 2019, construction in progress consists of hospital renovations and construction of fitness court.

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, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 2,049,198	\$ 2,172,127
Patient accounts receivable, net of allowance for doubtful accounts and contractual adjustments of \$1,890,000 in 2019 and \$1,523,078 in 2018	875,959	924,432
Inventory	243,793	246,048
Sales tax receivable	257,183	225,872
Investments	20,715,650	18,089,732
Estimated third-party payor settlements	252,135	201,764
Other current assets	156,066	156,066
Total current assets	<u>24,549,984</u>	<u>22,016,041</u>
 <u>PROPERTY AND EQUIPMENT, net</u>	 <u>4,116,784</u>	 <u>4,014,273</u>
 TOTAL ASSETS	 <u><u>\$ 28,666,768</u></u>	 <u><u>\$ 26,030,314</u></u>

LIABILITIES AND NET POSITION

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 317,988	\$ 287,309
Estimated third-party payor settlements	275,594	260,588
Accrued expenses	53,459	42,491
Total liabilities	<u>647,041</u>	<u>590,388</u>
 <u>NET POSITION</u>		
Investment in capital assets	4,116,784	4,014,273
Unrestricted	23,902,943	21,425,653
Total net position	<u>28,019,727</u>	<u>25,439,926</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 28,666,768</u></u>	 <u><u>\$ 26,030,314</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>OPERATING REVENUES</u>		
Net patient service revenues, net of provision for bad debts and contractual adjustments \$3,919,355 in 2019 and \$2,937,173 in 2018	\$ 5,008,618	\$ 5,183,022
Intergovernmental transfers - operating grants	1,584,152	1,924,546
Total operating revenues	<u>6,592,770</u>	<u>7,107,568</u>
<u>OPERATING EXPENSES</u>		
Salaries and benefits	3,347,636	3,204,660
Professional contracted services	1,688,936	1,695,027
Medical supplies and drugs	751,867	694,344
Other operating	1,078,418	958,216
Provision for depreciation	429,431	425,541
Total operating expenses	<u>7,296,288</u>	<u>6,977,788</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	<u>(703,518)</u>	<u>129,780</u>
<u>NON-OPERATING REVENUES</u>		
Sales taxes	1,436,325	1,275,767
Investment earnings	1,755,262	(237,513)
Other revenue	91,732	131,643
Total non-operating revenues	<u>3,283,319</u>	<u>1,169,897</u>
<u>CHANGE IN NET POSITION</u>	2,579,801	1,299,677
Net position, beginning of the year	<u>25,439,926</u>	<u>24,140,249</u>
Net position, end of year	<u>\$ 28,019,727</u>	<u>\$ 25,439,926</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from patients and other third-party payors	\$ 6,605,878	\$ 6,530,083
Cash payments to suppliers for goods and services	(3,933,893)	(4,012,194)
Cash payments to employees for services	(2,889,062)	(2,814,497)
Net cash used in operating activities	<u>(217,077)</u>	<u>(296,608)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Sales taxes received	1,405,014	1,229,440
Other revenue	91,732	131,643
Net cash provided by non-capital financing activities	<u>1,496,746</u>	<u>1,361,083</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisitions of capital assets	(531,942)	(600,173)
Net cash used in capital and related financing activities	<u>(531,942)</u>	<u>(600,173)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(2,744,102)	(909,521)
Proceeds from sale or maturity of investments	1,380,000	410,000
Interest on investments	493,446	458,716
Net cash used in investing activities	<u>(870,656)</u>	<u>(40,805)</u>
Net increase (decrease) in cash	(122,929)	423,497
Cash at beginning of year	<u>2,172,127</u>	<u>1,748,630</u>
Cash at end of year	<u>\$ 2,049,198</u>	<u>\$ 2,172,127</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS</u>		
<u>TO NET CASH USED IN OPERATING ACTIVITIES</u>		
Income (loss) from operations	\$ (703,518)	\$ 129,780
Adjustments to reconcile income (loss) from operations to net cash used in operating activities:		
Depreciation	429,431	425,541
Provision for uncollectible accounts	770,170	792,044
Changes in assets and liabilities:		
Increase in receivables	(721,697)	(1,153,568)
Decrease in inventory	2,255	7,932
Increase in estimated third-party payor settlements	(35,365)	(215,961)
Increase in other current assets	-	(916)
Increase (decrease) in accounts payable	30,679	(283,093)
Increase in accrued expenses	10,968	1,633
Total adjustments	<u>486,441</u>	<u>(426,388)</u>
Net cash used in operating activities	<u>\$ (217,077)</u>	<u>\$ (296,608)</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 and Cash Equivalents

The District considers all cash accounts, money market funds, and certificates of deposits with a maturity of three months or less when purchased to be cash and cash equivalents. 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 and doubtful accounts 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 and Contractuals

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, and the nature and volume of the accounts.

The allowance for contractual discounts on accounts receivable from third-party payors (Medicare, Medicaid and private medical benefit insurers) is based primarily on the latest discount percentages experienced with each third-party payor.

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

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Inventory

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

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 payors 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 payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. 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, 2019 and 2018. 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.

Recently Issued Accounting Principles

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

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 \$2,049,198 and \$2,172,127, respectively as follows:

	2019	2018
Petty cash	\$ 325	\$ 325
Demand deposit	2,048,873	2,171,802
Total cash	<u>\$ 2,049,198</u>	<u>\$ 2,172,127</u>

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, 2019. As of August 31, 2019, the District's bank balance was \$2,159,416. Of this amount, \$254,966 was insured by federal deposit insurance and \$1,904,450 was collateralized by pledged securities. The District's bank balances were not exposed to custodial credit risk at year end. 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 August 31, 2018.

5. Net Patient Service Revenues

The District has agreements with third-party payors 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 payors. Bad debts represent the differences between the District's billings at established rates for services and amounts reimbursed by self-pay payors.

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

A summary of the payment arrangements with major third-party payors follows:

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Net Patient Service Revenues (continued)

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, 2019. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 2017.

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, 2019. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through August 31, 2013.

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.

6. Investments

The District's investments generally are reported at fair value, as discussed in Note 1. At August 31, 2019 and 2018, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District:

Investment Type	<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, 2019					
U.S. Agencies	\$ 20,291,173	\$ 1,131,609	\$11,010,357	\$ 5,470,972	\$ 2,678,235
U.S. Treasury bills	424,477	-	424,477	-	-
Total investments	\$ 20,715,650	\$ 1,131,609	\$11,434,834	\$ 5,470,972	\$ 2,678,235
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

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.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Investments

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, 2019 and 2018, 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, and the Tennessee Valley Authority. These investments are 31%, 29%, 24%, and 10% respectively of total investments at August 31, 2019. These investments were 33%, 34%, 18%, and 8% respectively of total investments at August 31, 2018.

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.

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.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Fair Value of Financial Instruments (continued)

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

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

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

Fair Value of Assets Measured on a Recurring Basis

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

The following tables present for each of the fair-value hierarchy level the District's financial assets and liabilities that are measured at fair value on a recurring basis at August 31, 2019:

<i>August 31, 2019</i>	<u><i>Level 1</i></u>	<u><i>Level 2</i></u>	<u><i>Level 3</i></u>
U.S. Treasury bills	\$ 424,477	\$ -	\$ -
U.S. Agency securities	-	20,291,173	-
Total	<u>\$ 424,477</u>	<u>\$ 20,291,173</u>	<u>\$ -</u>

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

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Capital Assets

Capital Assets and depreciation activity as of and for the year ended August 31, 2019, are as follows:

	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets, 8/31/18	\$ 105,902	\$ 135,823	\$ 4,270,987	\$ 4,650,226	\$ 9,162,938
Additions	154,618	108,255	-	269,069	531,942
Deletions	-	-	-	(207,824)	(207,824)
Transfers	-	(112,339)	-	112,339	-
Cost of Capital Assets, 8/31/19	<u>260,520</u>	<u>131,739</u>	<u>4,270,987</u>	<u>4,823,810</u>	<u>9,487,056</u>
Accumulated Depreciation, 8/31/18	-	-	2,104,377	3,044,288	5,148,665
Additions	-	-	71,422	358,009	429,431
Deletions	-	-	-	(207,824)	(207,824)
Accumulated Depreciation, 8/31/19	<u>-</u>	<u>-</u>	<u>2,175,799</u>	<u>3,194,473</u>	<u>5,370,272</u>
Capital Assets, Net of Accumulated Depreciation at 8/31/19	<u>\$ 260,520</u>	<u>\$ 131,739</u>	<u>\$ 2,095,188</u>	<u>\$ 1,629,337</u>	<u>\$ 4,116,784</u>

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	-	422,065	600,173
Deletions	-	-	-	-	-
Transfers	-	(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>

For the years ended August 31, 2019 and 2018, depreciation expense was \$429,431 and \$425,541, respectively.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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 payors were as follows:

	2019	2018
Medicare and Medicaid	53.2%	51.0%
Blue Cross	9.9	9.7
Commercial	27.3	22.1
Private Pay	9.6	17.2
	100.0%	100.0%

Patient accounts receivable consist of the following:

	2019	2018
Receivable from patients and their insurance carriers	\$ 987,526	\$ 921,782
Receivable from private pay patients	959,036	763,715
Receivable from Medicare	471,829	412,173
Receivable from Medicaid	347,568	349,840
Total patient accounts receivable	2,765,959	2,447,510
Less allowance for doubtful accounts and contractual adjustments	1,890,000	1,523,078
Patient accounts receivable, net	\$ 875,959	\$ 924,432

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, 2019 and 2018 were \$145,302 and \$159,656, 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, 2019 and 2018 was \$113,464 and \$129,982, respectively.

11. Tax Abatement

For the fiscal years ending August 31, 2019 and 2018, the District did not participate in any Tax Exemption Programs.

12. Rural Hospital Grant

Since the District serves a disproportionate share of low-income patients, it qualifies for additional reimbursements from the State of Louisiana Department of Health and Hospitals rural hospital grant program. The rural hospital grant program was developed by the Rural Hospital Coalition, Inc., to assist rural hospitals in receiving adequate reimbursement for uninsured and indigent patients under the State of Louisiana Rural Hospital Preservation Act. The grant funds totaled \$1,584,152 for the year ended August 31, 2019. The grant funds totals \$1,924,546 for the year ended August 31, 2018.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

13. Commitments and Contingent Liabilities

The healthcare industry is subject to numerous laws and regulations which include, among other things, matters such as government healthcare participation requirements, various licensure and accreditations, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government action has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse and false claims statutes and/or regulations by healthcare providers. Providers that are found to have violated these laws and regulations might be excluded from participating in government healthcare programs, subjected to fines or penalties, or required to repay amounts received from the government for previously billed patient services. While management of the District believes that its policies, procedures, and practices comply with governmental regulations, no assurance can be given that the District will not be subjected to governmental inquiries or actions.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT

OF ASCENSION PARISH, LOUISIANA

SUPPLEMENTAL INFORMATION

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULES OF NET PATIENT SERVICE REVENUES
YEARS ENDED AUGUST 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Patient services:		
Routine service (daily service charges)	\$ 163,313	\$ 128,156
Emergency room	5,212,214	4,804,171
Therapy	29,519	25,773
Central services and supply	9,959	9,939
	<u>5,415,005</u>	<u>4,968,039</u>
Other services:		
Laboratory	1,645,470	1,667,008
Pharmacy	77,995	123,411
Radiology	255,483	206,241
Emergency room physicians	607	-
Medical transcription fees	10,822	12,753
EKG	35,171	35,619
Physical therapy	1,070	614
Wound Care	1,173,525	806,400
Ultrasound	114,475	98,710
Mammography	196,650	196,300
Miscellaneous	1,700	5,100
	<u>3,512,968</u>	<u>3,152,156</u>
Total patient and other service revenues	<u>8,927,973</u>	<u>8,120,195</u>
Contractual adjustments	(3,149,185)	(2,145,129)
Provision for bad debts	(770,170)	(792,044)
	<u>(3,919,355)</u>	<u>(2,937,173)</u>
Net patient service revenue	<u>\$ 5,008,618</u>	<u>\$ 5,183,022</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, 2019

Agency Head Name/Title: Vince Cataldo, Administrator

Purpose	Amount
Salary	\$ 159,348
Benefits - Insurance	9,168
Travel	600
	<u>\$ 169,116</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 year ended August 31, 2019, 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, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, 2020

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2019

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' 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> </u> Yes <u> X </u> No

B. FINDINGS-FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2019-001 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, accrued receivables and investment income.

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 may 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.
- The sales tax checking account should be integrated with the accounting software to allow expenses to be entered and paid through the accounts payable system.
- Implement procedures and controls to ensure accounts payable and expenses are properly coded and 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.

C. COMPLIANCE WITH STATE LAWS AND REGULATIONS

Note noted.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
DONALDSONVILLE, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED AUGUST 31, 2019

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001 Internal Control over Financial Reporting

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.

Current Status: See similar finding 2019-001.

B. COMPLIANCE WITH STATE LAWS AND REGULATIONS

2018-002 Louisiana Public Bid Law

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.

Current Status: Resolved.



Prevost Memorial Hospital

301 Memorial Drive
Donaldsonville, LA 70346

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

CORRECTIVE ACTION PLAN

February 27, 2020

Louisiana Legislative Auditor

The West Ascension Parish Hospital Service District respectfully submits the following corrective action plan for the year ended August 31, 2019.

Name and address of the independent public accounting firm:

Postlethwaite & Netterville, APAC
8550 United Plaza Blvd. Ste 1001
Baton Rouge, LA 70809

Audit Period: September 1, 2018 – August 31, 2019

The finding from the schedule of findings is discussed below. The finding is numbered consistently with the number assigned in the schedule of findings.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2019-001 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.
- The sales tax checking account should be integrated with the accounting software to allow expenses to be entered and paid through the accounts payable system.
- Implement procedures and controls to ensure accounts payable and expenses are properly coded and 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.

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, 2019

**Independent Accountants' Report
On Applying Agreed-Upon Procedures
For the Year Ended 2019**

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 (Entity) 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, 2018 through August 31, 2019. 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 exceptions 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 does not address (4) controls to ensure compliance with the public bid law and (5) documentation required to be maintained for all bids and price quotes.

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

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 does not address (1) allowable expenses, (2) dollar thresholds by category of expense, and (4) required approvers.

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

The Entity's Ethics policy does not address (3) system to monitor possible ethics violations.

- 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 Debt Service policy.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entity does not have a Disaster Recovery/Business Continuity policy.

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.

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.

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

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.

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

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.

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 selected each account, and observe that:

A listing of bank accounts was provided and included a total of 4 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 accounts and obtained the bank reconciliations for the month ending August 31, 2019, resulting in 4 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 4 bank reconciliations obtained, 1 was reviewed by personnel that also posts to ledger for the same account.

- 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).

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.

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:

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.

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

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.

- 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.

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.

- 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.

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.

- 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.

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.

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 bonded and/or covered under the Entity's insurance policy.

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:

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.

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

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.

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

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.

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

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.

- 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).

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.

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

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.

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 the 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.

No exceptions noted.

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

No exceptions noted.

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

A listing of non-payroll disbursements for the 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 3 of the 5 disbursements selected for our procedures, a single employee initiated and approved the purchase request.

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 randomly selected all cards (1 credit card and 1 P-card) 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 1 of the 2 cards, a finance charge was 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 randomly selected 12 transactions total for the 2 cards selected in procedure #12 and performed the specified procedures. For 1 of the 12 transactions, there was no documentation for the business purpose of the transaction.

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 5 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).

For 1 of the 5 reimbursements selected for our procedures, there was no supporting documentation detailing the business purpose and other documentation required by written policy.

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

For 1 of the 5 reimbursements selected for our procedures, there was no written approval for the reimbursement request.

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:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all new/renewed 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.

The contract selected was not subject to Louisiana Public Bid Law.

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

The contract selected was not approved by the governing board as per the Entity's policy.

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

Not applicable.

- 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.

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.

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:

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.

- 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.)

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.

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

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.

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

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.

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.:

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.

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.

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.

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.

For 1 of the 5 employees/officials selected for our procedures, documentation that the required ethics training was completed could not be obtained.

- 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.

For 1 of the 5 employees/officials selected for our procedures, documentation demonstrating the employee/official's attestation through signature verification that he or she has read the entity's ethics policy could not be obtained.

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.

Not applicable.

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.

Not applicable.

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.

Management represented that there were no misappropriations of public funds or assets during the fiscal year.

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

No exceptions noted.

Corrective Action

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

See attached.

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

Donaldsonville, Louisiana
February 27, 2020



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
Marvin Gros, Recording Secretary
Michael Medine, Commissioner

Vince A. Cataldo
Administrator
Joint Commission Approved

Management's Response to Agree-Upon Procedures Report

Written Policies and Procedures

1-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 does not address (4) controls to ensure compliance with the public bid law and (5) documentation required to be maintained for all bids and price quotes.

4. Administrator and Purchasing Agent will check all purchase orders before approving to ensure compliance with the public bid law.
5. All documentation for all bids and price quotes will be maintained by administration.

1-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 does not address (1) allowable expenses, (2) dollar thresholds by category of expense, and (4) required approvers.

1. Allowable expenses will be added to our Travel and Expense Reimbursement Policy.
2. Dollar thresholds by category of expense will be added to our Travel and Expense Reimbursement Policy.
4. Required approvers will be added to our Travel and Expense Reimbursement Policy.

1-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's Ethics policy does not address (3) system to monitor possible ethics violations.

3. A system to monitor possible ethics violations will be devised.

3-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 4 bank reconciliations obtained, 1 was reviewed by personnel that also posts to ledger for the same account.

The administrator will review all bank reconciliations, initial and date.

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

For 3 of the 5 disbursements selected for our procedures, a single employee initiated and approved the purchase request.

The purchasing agent will review all disbursement documentation for evidence of a second signature and date on all purchase request.

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

For 1 of the 2 cards, a finance charge was assessed.

Administrator and CFO will work with the purchasing agent (accounts payable) to eliminate these finance charges.

13. Using the monthly statements or combined statements selected under #12, 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 randomly selected 12 transactions total for the 2 cards selected in procedure #12 and performed the specified procedures. For 1 of the 12 transactions, there was no documentation for the business purpose of the transaction.

Administrator, CFO and purchasing agent (accounts payable) will monitor expense transactions for purpose of transaction.

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#1h).

For 1 of the 5 reimbursements selected for our procedures, there was no supporting documentation detailing the business purpose and other support required by written policy.

Administrator, CFO and purchasing agent will monitor expense transactions for (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).

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

For 1 of the 5 reimbursements selected for our procedures, there was no written approval for the reimbursement request.

The administrator will review and approve in writing all reimbursement requests. Requests made by the administrator will be reviewed and approved by the CFO.

15-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).

The contract selected was not approved by the governing board as per the Entity's policy.

All contracts will be forwarded to the board for review and approval. If the contract is for medical services, the medical executive committee (MEC) will review and approve, also.

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

For 1 of the 5 employees/officials selected for our procedures, documentation that the required ethics training was completed could not be obtained.

The human resources director will work with the employees/officials to get this required ethics training completed annually, before August 31 (the end of the fiscal year).

20-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.

For 1 of the 5 employees/officials selected for our procedures, documentation demonstrating the employee/official's attestation through signature verification that he or she has read the entity's ethics policy could not be obtained.

The human resources director will work with the employees/officials to read and sign the entity's ethics policy annually, before August 31.



Vince Cataldo
Hospital Administrator

February 27, 2020