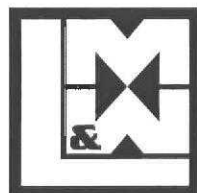


HOSPITAL SERVICE DISTRICT NO. 1  
PARISH OF POINTE COUPEE

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

FOR THE YEARS ENDED  
OCTOBER 31, 2020 AND 2019



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



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Years Ended October 31, 2020 and 2019

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

This section of the Hospital Service District's annual financial report presents background information and management's analysis of the District's financial performance during the fiscal year that ended on October 31, 2020. Please read it in conjunction with the financial statements in this report.

### Financial Highlights

- The District's total assets and deferred outflows increased by \$4,742,760, or roughly 9.8%. The District's total liabilities and deferred inflows increased by \$1,541,080, or roughly 15.7%. These increases are primarily due to additional funding made available to the District in response to the COVID-19 pandemic in the form of HHS Provider Relief Funds and the Small Business Administration's Paycheck Protection Program.
- The District's total assets exceeded its total liabilities by approximately \$43 million, \$34 million, \$37 million at October 31, 2020, 2019 and 2018, respectively.
- During the year, the District's net patient service revenue decreased by 1.0%. Operating expenses decreased by \$214,892, or 0.9%. The District had a loss from operations of \$380,728. The District experienced losses from operation in 2019 and 2018 of \$144,981 and 722,404, respectively.
- Nonoperating income and expenses contributed to an overall positive change in net position over the past three years. Net position increased by \$3,201,680, \$2,420,462 and \$1,037,887 in 2020, 2019, and 2018, respectively.
- The District received sales tax revenues of \$2,171,857 in fiscal year 2020, \$2,021,029 in fiscal year 2019, and \$2,066,644 in fiscal year 2018.

### Required Financial Statements

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

### Financial Analysis of the Hospital Service District

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



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

**Net Position**

The District's net position is the difference between its assets, deferred outflows, liabilities and deferred inflows reported in the statement of net position. As discussed in the financial highlights, the District's net position increased by \$3,201,680. The financial highlights also discuss the changes in assets and liabilities as presented in Table 1 below:

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total current assets	\$ 8,030,131	\$ 6,568,275	\$ 5,539,453
Capital assets - net	14,482,569	15,312,568	14,013,859
Other assets	<u>28,968,903</u>	<u>21,339,763</u>	<u>24,368,644</u>
 Total Assets	 <u>51,481,603</u>	 <u>43,220,606</u>	 <u>43,921,956</u>
 Deferred outflows related to pension liability	 <u>1,870,990</u>	 <u>5,389,227</u>	 <u>2,019,268</u>
 Total Assets and Deferred Outflows of Resources	 \$ <u>53,352,593</u>	 \$ <u>48,609,833</u>	 \$ <u>45,941,224</u>
 Current liabilities	 \$ 5,094,496	 \$ 2,307,931	 \$ 5,734,415
Long-term liabilities	<u>3,176,499</u>	<u>7,133,970</u>	<u>913,474</u>
 Total Liabilities	 <u>8,270,995</u>	 <u>9,441,901</u>	 <u>6,647,889</u>
 Deferred inflows related to pension liability	 <u>3,102,164</u>	 <u>390,178</u>	 <u>2,936,043</u>
 Invested in capital assets, net of related debt	 11,266,054	 14,399,094	 13,092,070
Restricted	847,862	847,862	847,862
Unrestricted	<u>29,865,518</u>	<u>23,530,798</u>	<u>22,417,360</u>
 Net position	 <u>41,979,434</u>	 <u>38,777,754</u>	 <u>36,357,292</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ <u>53,352,593</u>	 \$ <u>48,609,833</u>	 \$ <u>45,941,224</u>

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

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

The following table presents a summary of the District's historical revenues and expenses for each of the fiscal years ended October 31, 2020, 2019, and 2018.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue:			
Net patient service revenue	\$ 22,018,797	\$ 22,229,541	\$ 20,534,502
Other revenues	<u>1,792,310</u>	<u>2,032,205</u>	<u>1,834,208</u>
Total revenue	<u>23,811,107</u>	<u>24,261,746</u>	<u>22,368,710</u>
Expenses:			
Salaries and benefits	13,326,095	13,872,713	12,440,577
Medical supplies and drugs	1,168,662	1,280,920	1,384,863
Insurance	400,862	397,697	323,889
Professional fees	3,282,090	3,235,386	3,130,961
Depreciation	1,087,843	950,404	877,230
Other expenses	<u>4,926,283</u>	<u>4,669,607</u>	<u>4,933,594</u>
Total expenses	<u>24,191,835</u>	<u>24,406,727</u>	<u>23,091,114</u>
Operating income (loss)	\$ <u>(380,728)</u>	\$ <u>(144,981)</u>	\$ <u>(722,404)</u>

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Nonoperating income (loss):			
Interest income and expense, net	\$ 388,212	\$ 359,774	\$ 312,157
Sales tax revenue	2,171,857	2,021,029	2,066,644
Provider relief funds	1,195,603	-0-	-0-
Gain (loss) on disposal of assets	1,800	-0-	(122)
Payments to Police Jury	<u>(355,000)</u>	<u>(355,000)</u>	<u>(323,000)</u>
Nonoperating income, net	<u>3,402,472</u>	<u>2,025,803</u>	<u>2,055,679</u>
Excess of revenues (expenses)			
before capital grants	3,021,744	1,880,822	1,333,275
Capital grants	<u>2,625</u>	<u>-0-</u>	<u>4,500</u>
Excess of revenues (expenses)	3,024,369	1,880,822	1,337,775
Unrealized investment gains (losses)	<u>177,311</u>	<u>539,640</u>	<u>(299,888)</u>
Changes in net position	3,201,680	2,420,462	1,037,887
Beginning net position	<u>38,777,754</u>	<u>36,357,292</u>	<u>35,319,405</u>
Ending net position	\$ <u>41,979,434</u>	\$ <u>38,777,754</u>	\$ <u>36,357,292</u>

**Sources of Revenue**

**Operating Income**

During fiscal year 2020, the District derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients or their third-party payers, who receive care in the Hospital's facilities.

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

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

**Operating Income (Continued)**

Table 3 presents the relative percentages of gross charges billed for patient services by payer for the fiscal years ended October 31, 2020, 2019, and 2018.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Medicare	23%	23%	24%
Medicaid	23%	24%	25%
Blue Cross Blue Shield	14%	15%	15%
Commercial Insurance	34%	33%	31%
Self Pay	5%	5%	5%

**Nonoperating Revenues**

Nonoperating revenues typically consist of interest income and sales tax revenue. Nonoperating revenues increased by \$1,376,669 during the current year due primarily to the Provider Relief Funds received by the hospital to prepare and respond to the COVID-19 pandemic.

The District holds designated and restricted funds in its Statements of Net Position that are invested primarily in the Louisiana Asset Management Pool and Merrill Lynch. Total investments in fiscal years 2020, 2019 and 2018, respectively, were \$27,010,401, \$19,397,243 and \$21,471,623.

A 1% sales tax was approved for an indefinite term with 50% of the tax dedicated to District operations and the remainder for hospital operations. In 2016, a ¼% sales tax with a ten-year term was approved.

**Operating and Financial Performance**

The following summarizes the Hospital's Statements of Revenue, Expenses, and Changes in Net Position between 2020, 2019, and 2018:

Overall activity at the Hospital, as measured by patient discharges, decreased by 16 during fiscal year 2020, following a decrease of 57 during fiscal year 2019. Patient days decreased by 135 in 2020, compared to an increase of 80 in 2019.



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

**Operating and Financial Performance (Continued)**

**TABLE 4**  
**Hospital Statistical Data**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discharges:			
Acute care	132	129	196
Swing bed	72	91	81
Patient days:			
Acute care	553	468	581
Swing bed	816	1,036	843
Average daily census:			
Acute care	1.5	1.3	1.6
Swing bed	2.2	2.8	2.3
Average length of stay:			
Acute care	4.2	3.6	3.0
Swing bed	11.3	11.4	10.4

In 2020, total net patient service revenue decreased by 1.0% or \$210,744. Total net patient service revenue increased by 8.3% or \$1,695,039 in fiscal year 2019 and \$705,886 or 3.7% in fiscal year 2018.

Average days in net accounts receivable decreased to 27.79 in 2020 compared to 30.50 days in 2019 and 37.95 days in 2018. The Hospital continues to exert every effort to assist patients in finding funding sources for health care.

The provision for bad debts decreased by \$142,973 in 2020, compared to an increase of \$345,374 in 2019, and a decrease of \$40,605 in 2018.

Salaries increased in 2020, 2019 and 2018, respectively, by \$566,060, \$230,115, and \$398,710. Benefits decreased by \$1,112,678 in 2020, compared to an increase of \$1,202,021 in 2019 and a decrease of \$406,438 in 2018. Benefits fluctuate primarily due to recognition of non-cash pension expense in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*.

Medical professional fees increased by \$46,704, \$104,425, and \$201,823 in 2020, 2019, and 2018, respectively.

The cost of medical supplies decreased by \$112,258 and \$103,943 in 2020 and 2019, respectively. Medical supply cost increased by \$80,963.

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

**Capital Assets**

During fiscal year 2020, the District invested approximately \$263,000 in capital assets. Net depreciable capital assets decreased by \$829,999 compared to an increase of by \$1,396,413 in 2019.

**TABLE 5**  
**Capital Assets**

	October 31, <u>2020</u>	October 31, <u>2019</u>	October 31, <u>2018</u>
Land	\$ 1,974,398	\$ 1,974,398	\$ 1,974,398
Construction in progress	<u>-0-</u>	<u>-0-</u>	<u>97,704</u>
 Total nondepreciable capital assets	 \$ <u>1,974,398</u>	 \$ <u>1,974,398</u>	 \$ <u>2,072,102</u>
 Land improvements	 \$ 205,001	 \$ 205,001	 \$ 165,617
Buildings & improvements	23,264,133	23,203,832	21,921,267
Equipment	<u>8,127,754</u>	<u>7,925,215</u>	<u>6,913,540</u>
 Total depreciable capital assets	 31,596,888	 31,334,048	 29,000,424
Less: accumulated depreciation	<u>19,088,717</u>	<u>17,995,878</u>	<u>17,058,667</u>
 Total depreciable capital assets, net	 \$ <u>12,508,171</u>	 \$ <u>13,338,170</u>	 \$ <u>11,941,757</u>

**Long-Term Debt**

As of October 31, 2020, the District had \$3,216,515 in short-term and long-term debt. This is an increase of \$2.3 million compared to prior year. The District received a Small Business Administration Paycheck Protection Program loan in the amount of \$2,311,946 during fiscal year 2020.

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

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



## **LESTER, MILLER & WELLS**

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### **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying combined financial statements of the Hospital Service District No. 1, Parish of Pointe Coupee, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, New Roads, Louisiana, as of and for the years ended October 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's combined financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of Maison Pointe Coupee Apartments, which represent 3.1 percent, 1.6 percent and 1.3 percent, respectively, of the assets, net position, and revenues of the District. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but

not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of the District, as of October 31, 2020 and 2019, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1, the combined financial statements present only the financial information of Pointe Coupee Hospital Service District No. 1 and do not purport to, and do not, present fairly the financial position of the Pointe Coupee Parish Police Jury as of October 31, 2020 and 2019, and the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vii, Schedule of Proportionate Share of Net Pension Liability on page 36, and Schedule of Employer Contributions to Pension Plan on page 37 be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.





*Other Information*

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the combined financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants  
Alexandria, Louisiana

May 25, 2021



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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current		
Cash and cash equivalents (Notes 2 & 3)	\$ 1,387,738	\$ 1,428,037
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,676,645	1,857,507
Estimated third-party payor settlements	2,483,559	1,167,917
Other receivables	1,875,771	1,587,965
Inventory	549,463	475,953
Prepaid expenses	<u>56,955</u>	<u>50,896</u>
 Total Current Assets	 8,030,131	 6,568,275
 Assets limited as to use (Note 4)	 1,958,502	 1,942,520
 Nondepreciable capital assets (Note 6)	 1,974,398	 1,974,398
 Depreciable capital assets, net (Note 6)	 12,508,171	 13,338,170
 Other assets		
Investments	26,787,878	19,174,720
LHA investment	<u>222,523</u>	<u>222,523</u>
 Total Assets	 <u>51,481,603</u>	 <u>43,220,606</u>
 Deferred outflows related to net pension liability	 <u>1,870,990</u>	 <u>5,389,227</u>
 Total Assets and Deferred Outflows of Resources	 \$ <u>53,352,593</u>	 \$ <u>48,609,833</u>

See accompanying notes to financial statements.

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

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES AND NET POSITION</u>		
Current		
Accounts payable	\$ 587,653	\$ 863,484
Accrued expenses and withholdings payable (Note 7)	1,531,410	1,307,382
Estimated third-party payor settlements	152,366	128,160
Deferred revenue (Note 20)	2,716,393	-0-
Current portion of long-term debt (Note 8)	<u>106,674</u>	<u>8,905</u>
Total Current Liabilities	5,094,496	2,307,931
Long-term		
Net pension liability (Note 10)	66,658	6,229,401
Long-term debt (Note 8)	<u>3,109,841</u>	<u>904,569</u>
Total Liabilities	<u>8,270,995</u>	<u>9,441,901</u>
Deferred inflows related to net pension liability	<u>3,102,164</u>	<u>390,178</u>
Net Position		
Invested in capital assets, net of related debt	11,266,054	14,399,094
Restricted - Donor capital	847,862	847,862
Unrestricted	<u>29,865,518</u>	<u>23,530,798</u>
Total Net Position	<u>41,979,434</u>	<u>38,777,754</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ <u>53,352,593</u>	\$ <u>48,609,833</u>

See accompanying notes to financial statements.

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

	<u>2020</u>	<u>2019</u>
Revenue		
Net patient service revenue (Note 12)	\$ 22,018,797	\$ 22,229,541
Intergovernmental transfer grant (Note 13)	832,566	1,056,035
Grants	100,330	5,880
Other operating revenue	<u>859,414</u>	<u>970,290</u>
 Total Revenue	 <u>23,811,107</u>	 <u>24,261,746</u>
Expenses		
Salaries and benefits	13,326,095	13,872,713
Medical supplies and drugs	1,168,662	1,280,920
Insurance	400,862	397,697
Professional fees	3,282,090	3,235,386
Depreciation	1,087,843	950,404
Other expenses	<u>4,926,283</u>	<u>4,669,607</u>
 Total Expenses	 <u>24,191,835</u>	 <u>24,406,727</u>
 Operating Income (Loss)	 <u>(380,728)</u>	 <u>(144,981)</u>
Nonoperating Income (Loss)		
Investment income	450,685	422,841
Interest expense	(62,473)	(63,067)
Sales tax revenue	2,171,857	2,021,029
Provider relief funds (Note 20)	1,195,603	-0-
Gain (loss) on disposal of assets	1,800	-0-
Payments to Police Jury	<u>(355,000)</u>	<u>(355,000)</u>
 Nonoperating Income (Loss), net	 <u>3,402,472</u>	 <u>2,025,803</u>
Excess of Revenue (Expenses) before Capital Grants	3,021,744	1,880,822
Capital grants	<u>2,625</u>	<u>-0-</u>
Excess of Revenues (Expenses)	3,024,369	1,880,822
Unrealized investment gains (losses)	<u>177,311</u>	<u>539,640</u>
Changes in net position	3,201,680	2,420,462
Beginning Net Position	<u>38,777,754</u>	<u>36,357,292</u>
Ending Net Position	\$ <u>41,979,434</u>	\$ <u>38,777,754</u>

See accompanying notes to financial statements.

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

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from patients and third-party payors	\$ 20,908,223	\$ 18,443,393
Cash receipts from other operating revenues	1,504,504	942,548
Cash payments to employees and for employee-related cost	(13,034,586)	(12,525,915)
Cash payments for other operating expenses	<u>(10,133,298)</u>	<u>(9,156,308)</u>
Net cash provided (used) by operating activities	<u>(755,157)</u>	<u>(2,296,282)</u>
Cash flows from investing activities:		
Other investment income	627,996	962,481
Assets limited as to use	(15,982)	(31,065)
Unrestricted investments	<u>(7,613,158)</u>	<u>2,074,380</u>
Net cash provided (used) by investing activities	<u>(7,001,144)</u>	<u>3,005,796</u>
Cash flows from non-capital financing activities:		
Sales tax utilized in operations	2,171,857	2,021,029
Provider relief funds	3,911,996	-0-
Proceeds from issuance of long-term debt	2,311,946	-0-
Payments to Police Jury	<u>(355,000)</u>	<u>(355,000)</u>
Net cash provided (used) by non-capital financing activities	<u>8,040,799</u>	<u>1,666,029</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant, and equipment	(256,044)	(2,249,113)
Proceeds from capital grants	2,625	-0-
Principal payments on long-term debt	(8,905)	(8,315)
Interest paid on long-term debt	<u>(62,473)</u>	<u>(63,067)</u>
Net cash provided (used) by capital and related financing activities	<u>(324,797)</u>	<u>(2,320,495)</u>
Net increase (decrease) in cash and cash equivalents	(40,299)	55,048
Beginning cash and cash equivalents	<u>1,428,037</u>	<u>1,372,989</u>
Ending cash and cash equivalents	\$ <u>1,387,738</u>	\$ <u>1,428,037</u>

See accompanying notes to financial statements.

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

	<u>2020</u>	<u>2019</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>62,473</u>	\$ <u>63,067</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (380,728)	\$ (144,981)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,087,843	950,404
Increase (decrease) in:		
Patient accounts receivable, net	180,862	38,522
Estimated third-party payor settlements	(1,315,642)	70,399
Other receivables	(287,806)	(1,089,657)
Inventory	(73,510)	7,663
Prepaid expenses	(6,059)	(701)
Net pension asset	-0-	985,566
Deferred outflows related to net pension liability	3,518,237	(3,369,959)
Increase (decrease) in:		
Accounts payable	(275,831)	420,341
Accrued expenses and withholdings payable	224,028	47,654
Net pension liability	(6,162,743)	6,229,401
Estimated third-party payor settlements	24,206	(3,895,069)
Deferred inflows related to net pension liability	<u>2,711,986</u>	<u>(2,545,865)</u>
Net cash provided (used) by operating activities	\$ <u>(755,157)</u>	\$ <u>(2,296,282)</u>

See accompanying notes to financial statements.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

**NOTE 1 - ORGANIZATION AND OPERATIONS**

**Legal Organization**

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

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

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

**Nature of Business**

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

**Consolidated Financial Statements**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Enterprise Fund**

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



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

Cash and Cash Equivalents

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

Income Taxes

The entity is a political subdivision and exempt from taxation.

Credit Risk

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

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

Significant Concentration of Economic Dependence

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

Net Patient Service Revenue

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

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

Inventory

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



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

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

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

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

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

**Net Position**

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

**Revenue and Expenses**

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

**Patient Accounts Receivable**

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

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions

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

Restricted Revenues

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

Use of Estimates

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

Reclassifications

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

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Risk Management

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

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended October 31, 2020 and 2019 totaled \$109,776 and \$107,204, respectively.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The Hospital's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the Hospital's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Hospital. At October 31, 2020 and 2019, management is not aware of any liability resulting from environmental matters.

Deferred Outflows and Inflows of Resources

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value within each plan.

Pensions

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

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 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. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021.

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risks – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were not entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name. As of October 31, 2020, the District had deposits of \$178,612 that were uninsured. All deposits as of October 31, 2019 were insured.

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

Concentration of Credit Risks – The District has 20.7% in Federal Home Loan Bank, 63.8% in Federal Farm Credit Bank, and 3.4% in Federal National Mortgage Association.

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

	<u>2020</u>	<u>2019</u>
Carrying amount		
Deposits	\$ 3,346,240	\$ 3,370,557
Investments	<u>27,010,401</u>	<u>19,397,243</u>
	<u>\$ 30,356,641</u>	<u>\$ 22,767,800</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 1,387,738	\$ 1,428,037
Assets whose use is limited	1,958,502	1,942,520
Investments	<u>27,010,401</u>	<u>19,397,243</u>
	<u>\$ 30,356,641</u>	<u>\$ 22,767,800</u>

Account balances according to banks' records at October 31, 2020, for the Hospital are as follows:

	<u>Regions Bank</u>	<u>Merrill Lynch</u>
Cash in bank	\$ <u>1,295,661</u>	\$ <u>645,513</u>
Insured by FDIC	\$ <u>500,000</u>	\$ <u>645,513</u>
Collateralization by fair market value	\$ <u>617,049</u>	\$ <u>-0-</u>
Uncollateralized	\$ <u>178,612</u>	\$ <u>-0-</u>

The District has 6% of its investments invested in the Louisiana Asset Management Pool, Inc. (LAMP), which is a local government investment pool established as a cooperative effort to enable public entities of the State of Louisiana to aggregate funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana and is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

At October 31, 2020 and 2019, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District.

<u>October 31, 2020</u>		<u>Investment Maturities (In Years)</u>				
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>	
Money Market	\$ 1,178,882	\$ 1,178,882	\$ -0-	\$ -0-	\$ -0-	
LAMP	1,604,014	1,604,014	-0-	-0-	-0-	
Federal National Mortgage Association	965,345	-0-	965,345	-0-	-0-	
Federal Home Loan Mortgage Corporation	-0-	-0-	-0-	-0-	-0-	
Federal Home Loan Bank	5,847,887	635,521	5,212,366	-0-	-0-	
Federal Farm Credit Bank	18,051,811	-0-	6,858,767	11,193,044	-0-	
Total	\$ 27,647,939	\$ 3,418,417	\$ 13,036,478	\$ 11,193,044	\$ -0-	

<u>October 31, 2019</u>		<u>Investment Maturities (In Years)</u>				
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>	
LAMP	\$ 1,589,304	\$ 1,589,304	\$ -0-	\$ -0-	\$ -0-	
Federal National Mortgage Association	2,569,164	2,569,164	-0-	-0-	-0-	
Federal Home Loan Mortgage Corporation	555,067	555,067	-0-	-0-	-0-	
Federal Home Loan Bank	10,921,522	5,131,064	5,790,458	-0-	-0-	
Federal Farm Credit Bank	4,982,260	2,699,381	2,282,879	-0-	-0-	
Total	\$ 20,617,317	\$ 12,543,980	\$ 8,073,337	\$ -0-	\$ -0-	

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

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

As of October 31, 2020, the District's investments were rated as follows:

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

**NOTE 4 - ASSETS LIMITED AS TO USE**

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

	<u>2020</u>	<u>2019</u>
Limited by board for capital improvements	\$ 1,091,793	\$ 1,081,781
Limited by board for third-party payor contingencies	509,938	505,261
Limited by board for tenant deposits	8,875	8,134
Limited by USDA for elderly housing project	<u>347,896</u>	<u>347,344</u>
Total	\$ <u>1,958,502</u>	\$ <u>1,942,520</u>

**NOTE 5 - ACCOUNTS RECEIVABLE**

A summary of patient accounts receivable is presented below.

	<u>2020</u>	<u>2019</u>
Hospital patient receivables	\$ 2,555,125	\$ 3,193,363
Home Health patient receivables	191,085	110,037
Hospice patient receivables	<u>135,287</u>	<u>132,439</u>
	2,881,497	3,435,839
Estimated uncollectibles	<u>(1,204,852)</u>	<u>(1,578,332)</u>
Net patient accounts receivable	\$ <u>1,676,645</u>	\$ <u>1,857,507</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

NOTE 5 - ACCOUNTS RECEIVABLE (Continued)

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

	<u>2020</u>	<u>2019</u>
Medicare	13%	11%
Medicaid	10%	9%
Blue Cross Blue Shield of Louisiana	7%	5%
Commercial and other third-party payors	18%	20%
Patients	<u>52%</u>	<u>55%</u>
 Total	 <u>100%</u>	 <u>100%</u>

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

NOTE 6 - CAPITAL ASSETS

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

	October 31, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	October 31, <u>2020</u>
Nondepreciable capital assets					
Land	\$ 1,974,398	\$ -0-	\$ -0-	\$ -0-	\$ 1,974,398
Construction in progress	<u>-0-</u>	<u>22,001</u>	<u>-0-</u>	<u>(22,001)</u>	<u>-0-</u>
Total nondepreciable capital assets	<u>\$ 1,974,398</u>	<u>\$ 22,001</u>	<u>\$ -0-</u>	<u>\$ (22,001)</u>	<u>\$ 1,974,398</u>
Depreciable capital assets					
Land improvements	\$ 205,001	\$ -0-	\$ -0-	\$ -0-	\$ 205,001
Buildings & improvements	23,203,832	38,300	-0-	22,001	23,264,133
Equipment	<u>7,925,215</u>	<u>202,539</u>	<u>-0-</u>	<u>-0-</u>	<u>8,127,754</u>
Total depreciable capital assets	31,334,048	240,839	-0-	22,001	31,596,888
Accumulated depreciation	<u>17,995,878</u>	<u>1,092,839</u>	<u>-0-</u>	<u>-0-</u>	<u>19,088,717</u>
Total depreciable capital assets, net	<u>\$ 13,338,170</u>	<u>\$ (852,000)</u>	<u>\$ -0-</u>	<u>\$ 22,001</u>	<u>\$ 12,508,171</u>



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

**NOTE 6 - CAPITAL ASSETS (Continued)**

	October 31, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	October 31, <u>2019</u>
Nondepreciable capital assets					
Land	\$ 1,974,398	\$ -0-	\$ -0-	\$ -0-	\$ 1,974,398
Construction in progress	<u>97,704</u>	<u>1,073,906</u>	<u>-0-</u>	<u>(1,171,610)</u>	<u>-0-</u>
Total nondepreciable capital assets	\$ <u>2,072,102</u>	\$ <u>1,073,906</u>	\$ <u>-0-</u>	\$ <u>(1,171,610)</u>	\$ <u>1,974,398</u>
Depreciable capital assets					
Land improvements	\$ 165,617	\$ 39,384	\$ -0-	\$ -0-	\$ 205,001
Buildings & improvements	21,921,267	110,955	-0-	1,171,610	23,203,832
Equipment	<u>6,913,540</u>	<u>1,029,876</u>	<u>18,201</u>	<u>-0-</u>	<u>7,925,215</u>
Total depreciable capital assets	29,000,424	1,180,215	18,201	1,171,610	31,334,048
Accumulated depreciation	<u>17,058,667</u>	<u>954,160</u>	<u>16,949</u>	<u>-0-</u>	<u>17,995,878</u>
Total depreciable capital assets, net	\$ <u>11,941,757</u>	\$ <u>226,055</u>	\$ <u>1,252</u>	\$ <u>1,171,610</u>	\$ <u>13,338,170</u>

**NOTE 7 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE**

A summary of accrued expenses follows:

	<u>2020</u>	<u>2019</u>
Salaries and wages	\$ 447,996	\$ 345,845
Compensated absences	955,265	809,235
Payroll taxes and withholdings	117,834	142,702
Other accrued expenses	<u>10,315</u>	<u>9,600</u>
Total accrued expenses	\$ <u>1,531,410</u>	\$ <u>1,307,382</u>

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**NOTE 8 - LONG-TERM DEBT**

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

	October 31, <u>2019</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2020</u>	Due Within <u>One Year</u>
SBA PPP loan	\$ -0-	\$ 2,311,946	\$ -0-	\$ 2,311,946	\$ 97,137
USDA note payable	<u>913,474</u>	<u>-0-</u>	<u>8,905</u>	<u>904,569</u>	<u>9,537</u>
Total	\$ <u>913,474</u>	\$ <u>2,311,946</u>	\$ <u>8,905</u>	\$ <u>3,216,515</u>	\$ <u>106,674</u>

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

The following are the terms and due dates of the District's long-term debt at October 31, 2020:

- USDA note payable at 6.875% with a term of 50 years, due in monthly installments of \$5,952 maturing in the year 2050. The loan is collateralized by two parcels of land owned by the District.
- Small Business Administration (SBA) Paycheck Protection Program (PPP) loan used to pay for employee payroll expenses. The loan repayment originally commenced six months after the loan date of May 5, 2020; however, a 10-month deferment was granted commencing after the District's 24-week covered period. The District intends to apply for loan forgiveness through the SBA. If the loan is not forgiven, then it will be repaid in monthly installments, including principal and interest at 1%.

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NOTE 8 - LONG-TERM DEBT (Continued)

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

<u>Year Ended October 31,</u>	<u>Long-term Debt Principal</u>	<u>Long-term Debt Interest</u>	<u>Total</u>
2021	\$ 106,674	\$ 94,864	\$ 201,538
2022	1,556,449	76,290	1,632,739
2023	679,511	62,196	741,707
2024	11,714	59,715	71,429
2025	12,545	58,884	71,429
2026-2030	77,414	279,731	357,145
2031-2035	109,063	248,082	357,145
2036-2040	153,653	203,491	357,144
2041-2045	216,473	140,673	357,146
2046-2050	<u>293,019</u>	<u>52,204</u>	<u>345,223</u>
Totals	\$ <u>3,216,515</u>	\$ <u>1,276,130</u>	\$ <u>4,492,645</u>

NOTE 9 - COMPENSATED ABSENCES

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

NOTE 10 - PENSION PLAN

Plan Description - Substantially all Hospital employees are eligible for participation in the Parochial Employees' Retirement System of Louisiana (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by a board of trustees and established by Act 205 of the 1952 regular session of the Louisiana Legislature. The Plan is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The District participates in Plan A.

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NOTE 10 - PENSION PLAN (Continued)

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

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

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

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

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NOTE 10 - PENSION PLAN (Continued)

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

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

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

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

Contributions - According to state statute, contributions for all employers are actuarially determined each year. For the years ended December 31, 2019 and 2018, the actuarially determined contribution rate was 11.11% and 12.18% of member's compensation for Plan A. The actual contribution rate for the years ending December 31, 2020 and 2019 was 12.25% and 11.50% for Plan A.

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

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**NOTE 10 - PENSION PLAN (Continued)**

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

	<u>2020</u>	<u>2019</u>
Total District payroll	\$ 10,914,718	\$ 10,348,658
Total covered payroll	9,285,246	8,875,327
Employee contributions	842,575	801,582
Employer contributions	1,122,593	1,020,662

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At October 31, 2020 and 2019, the District reported a liability of \$66,658 and \$6,229,401, respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) for the system was measured as of December 31, 2019 and 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined based on an actuarial valuation as of those dates. The District's proportion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined.

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

	<u>2019</u>	<u>2018</u>
District's proportionate share	1.416005%	1.403537%
Increase (Decrease) from prior year	0.012468%	0.075722%

For the years ended October 31, 2020 and 2019, the District recognized a total pension expense of \$1,304,660 and \$2,427,056, respectively. The amounts are made up of the following:

<u>Components of Pension Expense</u>	<u>2020</u>	<u>2019</u>
District's pension expense per the pension plan	\$ 1,301,186	\$ 2,426,965
District's amortization of actual contributions over its proportionate share of contributions	<u>3,474</u>	<u>91</u>
Total pension expense (benefit) recognized by district	\$ <u>1,304,660</u>	\$ <u>2,427,056</u>

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NOTE 10 - PENSION PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ (596,731)
Net difference between projected and actual earnings on pension plan investments	-0-	(2,498,682)
Changes in proportion to NPL	930,959	-0-
Differences between the District's contributions and its proportionate share of contributions	45,132	(6,751)
The District's contributions subsequent to the December 31, 2019 measurement date	<u>894,899</u>	<u>-0-</u>
Total - October 31, 2020	\$ <u>1,870,990</u>	\$ <u>(3,102,164)</u>
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ (379,512)
Net difference between projected and actual earnings on pension plan investments	2,982,035	-0-
Changes in proportion to NPL	1,557,555	-0-
Differences between the District's contributions and its proportionate share of contributions	47,020	(10,666)
The District's contributions subsequent to the December 31, 2018 measurement date	<u>802,617</u>	<u>-0-</u>
Total - October 31, 2019	\$ <u>5,389,227</u>	\$ <u>(390,178)</u>



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NOTE 10 - PENSION PLAN (Continued)

Deferred outflows of resources resulting from the District's contributions subsequent to the measurement date totaled \$894,899 at October 31, 2020. This amount will be recognized as a reduction of the net pension liability (asset) in the year ending October 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending October 31,</u>	<u>Amount of Amortization</u>
2021	\$ (464,334)
2022	(604,894)
2023	68,100
2024	(1,124,945)

Actuarial Assumptions - The total pension liability in the Plan's December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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



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NOTE 10 - PENSION PLAN (Continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. The mortality was then projected forward to a period equivalent to the estimated duration of the Plan's liabilities. Annuity values calculated based on this mortality were compared to those produced using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% and 7.43% for the years ended December 31, 2019 and 2018, respectively.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	0.61%
Real assets	2%	0.11%
Totals	100%	5.18%
Inflation		2.00%
Expected arithmetic nominal return - December 31, 2019		7.18%
Fixed income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Totals	100%	5.43%
Inflation		2.00%
Expected arithmetic nominal return - December 31, 2018		7.43%

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NOTE 10 - PENSION PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.50% and 6.50% for the years ended December 31, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Louisiana Public Retirement Systems' Actuarial Committee (PRSAC) taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate - The following presents the net pension liability (asset) of the District calculated using the discount rates for the years ended December 31, 2019 and 2018, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability (asset) - December 31, 2019	\$ <u>7,204,481</u>	\$ <u>66,658</u>	\$ <u>(5,914,699)</u>
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability (asset) - December 31, 2018	\$ <u>13,229,576</u>	\$ <u>6,229,401</u>	\$ <u>377,862</u>

Non-Employer Contributing Entities - Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of total contributions to the pension plan from these non-employer contributing entities. The District recognized revenue as a result of support received from non-employer contributing entities of \$114,587 and \$107,252 for the years ended October 31, 2020 and 2019, respectively.

Payables to the Pension Plan - As of October 31, 2020 and 2019, the District had payables due to the Plan of \$117,373 and \$143,745, respectively. These amounts represent one and a half month's contributions paid in the month following accrual.

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial report.

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**NOTE 11 - CHARITY CARE**

The District provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a per-diem based on the patient's level of income. Accordingly, the District does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The District determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. The cost of caring for charity care patients were approximately \$89,000 and \$88,000 for the years ended October 31, 2020 and 2019, respectively. Funds received through UCC and grants, which pay part of the cost of charity care and uninsured care, were approximately \$56,000 and \$58,000 for the years ended October 31, 2020 and 2019, respectively.

**NOTE 12 - NET PATIENT SERVICE REVENUE**

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

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

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

**Medicaid** - Medicaid inpatient services are reimbursed based upon a prospectively determined per diem rate. Some Medicaid outpatient services are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The District is reimbursed at a tentative rate for cost-based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through October 31, 2014.

During 2019, the District began participation in the state's Medicaid Managed Care Incentive Program (MCIP). The program is designed to provide incentive payments to Medicaid Managed Care Plans for achieving quality reforms that increase access to health care and improve the quality of care.

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**NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)**

**Commercial** - The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 16% and 17% of the total charges for the year ended October 31, 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Gross charges	\$ 31,968,525	\$ 36,895,761
Less charges associated with charity patients	<u>117,172</u>	<u>132,402</u>
Gross patient service revenue	31,851,353	36,763,359
Less deductions from revenue:		
Contractual adjustments	11,423,984	15,256,293
Discounts	28,016	26,980
Medicaid managed care incentive program	(1,678,053)	(1,418,568)
Physician supplement revenue	<u>(1,872,257)</u>	<u>(1,404,726)</u>
Patient service revenue (net of contractual adjustments and discounts)	23,949,663	24,303,380
Less provision for bad debts	<u>1,930,866</u>	<u>2,073,839</u>
Net patient service revenue less provision for bad debts	\$ <u>22,018,797</u>	\$ <u>22,229,541</u>

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

	<u>2020</u>	<u>2019</u>
Medicare and Medicaid gross patient charges	\$ 14,853,990	\$ 17,267,047
Contractual adjustments	<u>(541,426)</u>	<u>(2,394,508)</u>
Program patient service revenue	\$ <u>14,312,564</u>	\$ <u>14,872,539</u>
Percent of total patient gross charges	<u>46%</u>	<u>47%</u>
Percent of total net patient revenues	<u>65%</u>	<u>67%</u>

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NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. The adjustments resulted in a decrease of \$4,801 and \$60,962 in net patient service revenue in 2020 and 2019, respectively.

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

NOTE 13 - INTERGOVERNMENTAL TRANSFER GRANTS

The District entered into a cooperative endeavor agreement with a regional public hospital ("Grantor") whereby the Grantor awards an intergovernmental transfer grant ("IGT") to be used solely to provide adequate and essential medically necessary and available healthcare services to the District's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$832,566 and \$1,056,035 for the years ended October 31, 2020 and 2019, respectively.

NOTE 14 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide professional medical liability coverage to health care providers. The fund provides for \$400,000 of coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$100,000 per occurrence and limiting the PCF's exposure to \$400,000 per occurrence. Defense costs are not included in these amounts.

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

NOTE 15 - WORKMEN'S COMPENSATION

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



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

**NOTE 16 - OPERATING LEASES**

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

The following is a schedule by year of future minimum lease payments under operating leases as of October 31, 2020, that have initial or remaining lease terms in excess of one year.

<u>Years Ending October 31,</u>	<u>Amount</u>
2021	\$ 21,916
2022	9,121
2023	<u>4,838</u>
Total minimum lease payments	\$ <u>35,875</u>

Total lease expense under noncancelable operating leases for the years ended October 31, 2020 and 2019, was \$37,346 and \$48,041, respectively.

**NOTE 17 - CONTINGENCIES**

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

**Governmental Third-Party Reimbursement Programs (Note 12)** - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

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

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, privacy, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant



Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

**NOTE 17 - CONTINGENCIES (Continued)**

repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

**Professional Liability Risk (Note 14)** - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

**Workmen's Compensation Risk** - The District participates in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

**Payments to Police Jury** - During 2020 and 2019, the District transferred \$405,000 and \$380,000 respectively, to the Police Jury for the District's portion of 911 service. These transfers were funded from interest income.

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

**COVID-19 Pandemic** - In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a global pandemic. As a result, uncertainties have arisen that may have a significant impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including the duration and spread of the virus, government quarantine measures, voluntary and precautionary restriction on travel or meetings, the effects on the financial markets, and the effects on the economy overall, all of which are uncertain. The District received \$3,911,996 in Provider Relief Funds, as described in Note 20, to prevent, prepare for and respond to the coronavirus and as reimbursement to the District for eligible expenses and lost revenues. The District applied for and received a Payroll Protection Program (PPP) loan, discussed in Note 8, in order to continue paying employee salaries during the COVID-19 pandemic.

**NOTE 18 - SALES TAX**

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

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Notes to Combined Financial Statements  
Years Ended October 31, 2020 and 2019

NOTE 19 - RELATED PARTY

The District has engaged in transactions with Innis Community Health Center, Inc., a 501(c)(3) corporation. The District has an economic interest in this entity through common board members. Those transactions consist of various expenses in the amount of \$30,081 and \$44,370 for October 31, 2020 and 2019, respectively.

NOTE 20 - PROVIDER RELIEF FUNDS

The District received \$3,911,996 Provider Relief Funds (the funds) via the Coronavirus Aid Relief and Economic Security (CARES) Act during the fiscal year ending October 31, 2020. The funds were issued by the U.S. Department of Health & Human Services (HHS) in response to the coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. The District recognized \$1,195,603 as non-operating grant revenue in the fiscal year ending October 31, 2020, based on the information available as of October 31, 2020. The unrecognized amount is reported in deferred revenue in the accompanying statement of net position. The District will submit an initial report of healthcare related expenses and lost revenues attributable to coronavirus from inception through December 31, 2020 and a final report from January 1, 2021 through June 30, 2021. Funds received in excess of the reported expenses and lost revenues, if any, will be owed to HHS. As a result, the amount recorded in the financial statements compared to the District's Provider Relief Fund reporting could differ. This difference could be materially different from current estimates.

NOTE 21 - PRIOR PERIOD ADJUSTMENT

The accompanying financial statements have been restated to correct an error in the recording of revenue from participation in Medicaid's Managed Care Incentive Program (MCIP). The correction resulted in an increase of other receivables and net patient service revenue in the amount of \$1,418,568 for the year ended October 31, 2019.

NOTE 22 - SUBSEQUENT EVENTS

Events have been evaluated through May 25, 2021, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year*	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana Parochial Employees' Retirement System					
2014	1.431669%	\$ 391,430	\$ 8,061,572	4.86%	99.15%
2015	1.405866%	3,700,644	8,003,102	46.24%	93.50%
2016	1.365762%	2,812,805	8,079,457	34.81%	94.15%
2017	1.327815%	(985,566)	8,172,920	-12.06%	101.98%
2018	1.403537%	6,229,401	8,628,382	72.20%	88.86%
2019	1.416005%	66,658	8,959,238	0.74%	99.89%

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms

There were no changes of benefit terms for the six years ended December 31, 2019.

Changes of Assumptions

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

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

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

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

Fiscal Year*	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered payroll	Contributions as a percentage of covered payroll
Louisiana Parochial Employees' Retirement System					
2015	\$ 1,195,934	\$ 1,195,934	\$ -0-	\$ 8,042,831	14.87%
2016	1,107,839	1,107,839	-0-	8,283,695	13.37%
2017	1,024,929	1,024,929	-0-	8,129,939	12.61%
2018	996,789	996,789	-0-	8,512,881	11.71%
2019	1,020,662	1,020,662	-0-	8,875,327	11.50%
2020	1,122,593	1,122,593	-0-	9,285,246	12.09%

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

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

## SUPPLEMENTARY INFORMATION



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

	<u>2020</u>	<u>2019</u>
Routine services:		
Adult and pediatric	\$ <u>561,755</u>	\$ <u>625,895</u>
 Total routine services	 <u>561,755</u>	 <u>625,895</u>
Other professional services:		
Operating room	26,664	63,912
Anesthesiology	97,950	192,425
Radiology	7,569,369	8,513,848
Laboratory	10,011,655	11,615,673
Cardio pulmonary	731,579	1,112,995
Physical therapy	2,520,248	3,163,255
Occupational therapy	314,005	355,782
Speech therapy	195,240	230,345
Medical supply	382,676	355,074
Pharmacy	981,570	1,146,159
Emergency service	4,980,759	6,078,221
Observation room	146,700	148,095
Hospice	1,232,679	1,021,902
Wound care	192,441	253,083
Chemical dependency services	33,500	41,565
Home health	<u>1,989,735</u>	<u>1,977,532</u>
 Total other professional services	 <u>31,406,770</u>	 <u>36,269,866</u>
 Gross charges	 \$ <u>31,968,525</u>	 \$ <u>36,895,761</u>

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

	<u>2020</u>	<u>2019</u>
Less charges associated with charity patients	\$ <u>(117,172)</u>	\$ <u>(132,402)</u>
Gross patient service revenue	31,851,353	36,763,359
Less deductions from revenue:		
Contractual adjustments	(11,423,984)	(15,256,293)
Discounts	(28,016)	(26,980)
Medicaid managed care incentive program	1,678,053	1,418,568
Physician supplement revenue	<u>1,872,257</u>	<u>1,404,726</u>
Patient service revenue	23,949,663	24,303,380
Less provision for bad debts	<u>(1,930,866)</u>	<u>(2,073,839)</u>
Net patient service revenue	\$ <u>22,018,797</u>	\$ <u>22,229,541</u>

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

	<u>2020</u>	<u>2019</u>
Rent	\$ 681,594	\$ 699,971
Medical record abstracts	2,856	4,609
Cafeteria	57,280	96,753
Non-employer pension contributions	114,587	107,252
Miscellaneous revenue	<u>3,097</u>	<u>61,705</u>
 Total other operating revenue	 \$ <u>859,414</u>	 \$ <u>970,290</u>

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

	<u>2020</u>	<u>2019</u>
Salaries:		
Administration	\$ 1,841,126	\$ 1,677,778
Plant operations and maintenance	351,478	337,781
Laundry	30,562	34,901
Housekeeping	411,715	368,071
Dietary and cafeteria	363,000	354,482
Nursing administration	133,734	126,000
Medical records	240,143	235,450
Nursing services	2,090,069	1,827,194
Central supply	82,075	74,459
Operating room	100,600	89,113
Radiology	840,472	847,625
Laboratory	1,023,999	1,007,643
Cardio pulmonary	345,915	321,473
Pharmacy	243,278	234,126
Emergency room	445,068	499,514
Home health	1,325,959	1,326,716
District	256,432	235,595
Health unit	122,678	120,450
Hospice	<u>666,415</u>	<u>630,287</u>
 Total salaries	 <u>10,914,718</u>	 <u>10,348,658</u>
Benefits:		
Payroll taxes	256,737	247,877
Retirement	1,314,713	2,419,898
Hospitalization insurance	<u>839,927</u>	<u>856,280</u>
 Total benefits	 <u>2,411,377</u>	 <u>3,524,055</u>
 Total salaries and benefits	 \$ <u>13,326,095</u>	 \$ <u>13,872,713</u>

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

	<u>2020</u>	<u>2019</u>
Nursing services	\$ 129,235	\$ 93,329
Operating room	19,618	18,074
Anesthesiology	200	638
Radiology	34,058	49,754
Laboratory and blood	424,786	464,289
Cardio pulmonary	52,524	55,520
Physical therapy	21,165	16,335
Central supply	72,149	92,974
Pharmacy	256,772	331,486
Emergency room	73,737	81,847
Home health	24,173	17,492
Hospice	<u>60,245</u>	<u>59,182</u>
 Total medical supplies and drugs	 \$ <u>1,168,662</u>	 \$ <u>1,280,920</u>

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

	<u>2020</u>	<u>2019</u>
Nursing services	\$ 31,189	\$ 7,943
Operating room	1,275	1,000
Anesthesiology	65,930	83,490
Radiology	341,378	283,721
Laboratory and blood	444,483	339,813
Physical therapy	1,224,772	1,382,105
Cardio pulmonary	60,331	103,739
Pharmacy	43,356	41,911
Hospice	392	6
Wound clinic	129,625	172,050
Emergency room	844,944	694,653
Ambulance	25,661	39,216
Home health	51,261	69,175
Physician clinic	<u>17,493</u>	<u>16,564</u>
 Total professional fees	 \$ <u>3,282,090</u>	 \$ <u>3,235,386</u>



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

	<u>2020</u>	<u>2019</u>
Purchased services	\$ 1,934,025	\$ 1,801,884
Medical specialist	9,000	8,400
Collection fees	20,677	30,423
Supplies	524,889	573,776
Repairs and maintenance	131,118	99,352
Utilities	380,509	390,168
Telephone	76,987	43,138
Travel	84,899	114,476
Rentals	204,597	187,771
Advertising	109,776	107,204
Dues and subscriptions	130,584	124,976
Inter-governmental transfer	814,399	636,360
Miscellaneous	<u>504,823</u>	<u>551,679</u>
 Total other expenses	 \$ <u>4,926,283</u>	 \$ <u>4,669,607</u>

Hospital Service District No.1  
Of the Parish of Pointe Coupee and Affiliate  
Schedule of Per Diem Amounts Paid to Commissioners  
Year Ended October 31, 2020

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

Hospital Service District No.1  
Of the Parish of Pointe Coupee and Affiliate  
Schedule of Compensation, Benefits and Other  
Payments to Chief Executive Officer  
Year Ended October 31, 2020

Agency Head Name: Chad Olinde  
Position: Chief Executive Officer - Hospital  
Time Period: November 1, 2019 to October 31, 2020

<u>Purpose</u>	<u>Amount</u>
Salary	254,847
Health insurance	7,943
Retirement	29,307
Car allowance	-0-
Vehicle provided by government	-0-
Reimbursements	-0-
Travel	963
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Agency Head Name: Jeanine Thibodeaux  
Position: Administrator - Home Health & Hospice  
Time Period: November 1, 2019 to October 31, 2020

<u>Purpose</u>	<u>Amount</u>
Salary	151,998
Health insurance	-0-
Retirement	18,446
Car allowance	-0-
Vehicle provided by government	-0-
Reimbursements	600
Travel	121
Registration fees	934
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Net Position  
October 31, 2020

<u>Assets</u>	<u>Pointe Coupee General Hospital</u>	<u>Pointe Coupee Home Health &amp; Hospice</u>	<u>Maison Pointe Coupee Apartments</u>	<u>Eliminating Entries</u>	<u>Combined</u>
Current assets:					
Cash and cash equivalents (Note 3)	\$ 909,522	\$ 420,729	\$ 57,487	\$ -0-	\$ 1,387,738
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,349,431	326,372	842	-0-	1,676,645
Estimated third-party payor settlements	2,483,559	-0-	-0-	-0-	2,483,559
Other receivables	1,875,771	-0-	-0-	-0-	1,875,771
Inventory	538,377	11,086	-0-	-0-	549,463
Prepaid expenses	<u>28,307</u>	<u>5,201</u>	<u>23,447</u>	<u>-0-</u>	<u>56,955</u>
Total current assets	7,184,967	763,388	81,776	-0-	8,030,131
Assets limited as to use (Note 4)	1,601,731	-0-	356,771	-0-	1,958,502
Nondepreciable capital assets (Note 6)	1,874,398	-0-	100,000	-0-	1,974,398
Depreciable capital assets, net (Note 6)	11,403,549	35,772	1,068,850	-0-	12,508,171
Other assets:					
Investments	26,785,595	2,283	-0-	-0-	26,787,878
LHA investment	<u>222,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>222,523</u>
Total assets	<u>49,072,763</u>	<u>801,443</u>	<u>1,607,397</u>	<u>-0-</u>	<u>51,481,603</u>
Deferred outflows related to net pension liability	<u>1,870,990</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,870,990</u>
Total assets and deferred outflows of resources	\$ <u>50,943,753</u>	\$ <u>801,443</u>	\$ <u>1,607,397</u>	\$ <u>-0-</u>	\$ <u>53,352,593</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Net Position (Continued)  
October 31, 2020

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
<u>Liabilities and Net Position</u>					
Current liabilities:					
Accounts payable	\$ 544,465	\$ 37,534	\$ 5,654	\$ -0-	\$ 587,653
Accrued expenses and withholdings payable (Note 7)	1,308,810	212,285	10,315	-0-	1,531,410
Estimated third-party payor settlements	152,366	-0-	-0-	-0-	152,366
Deferred revenue	2,632,292	84,101	-0-	-0-	2,716,393
Current maturities of long-term debt (Note 8)	<u>97,137</u>	<u>-0-</u>	<u>9,537</u>	<u>-0-</u>	<u>106,674</u>
Total current liabilities	<u>4,735,070</u>	<u>333,920</u>	<u>25,506</u>	<u>-0-</u>	<u>5,094,496</u>
Net pension liability (Note 10)	66,658	-0-	-0-	-0-	66,658
Long-term debt, net of current maturities (Note 8)	<u>1,902,809</u>	<u>312,000</u>	<u>895,032</u>	<u>-0-</u>	<u>3,109,841</u>
Total liabilities	<u>6,704,537</u>	<u>645,920</u>	<u>920,538</u>	<u>-0-</u>	<u>8,270,995</u>
Deferred inflows related to net pension liability	<u>3,102,164</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,102,164</u>
Net position:					
Invested in capital assets, net of related debt	11,278,001	(276,228)	264,281	-0-	11,266,054
Restricted - Donor capital	-0-	-0-	847,862	-0-	847,862
Unrestricted	<u>29,859,051</u>	<u>431,751</u>	<u>(425,284)</u>	<u>-0-</u>	<u>29,865,518</u>
Total net position	<u>41,137,052</u>	<u>155,523</u>	<u>686,859</u>	<u>-0-</u>	<u>41,979,434</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>50,943,753</u>	\$ <u>801,443</u>	\$ <u>1,607,397</u>	\$ <u>-0-</u>	\$ <u>53,352,593</u>

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

	Pointe Coupee General Hospital	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee Apartments	Eliminating Entries	Combined
<u>Assets</u>					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 1,350,474	\$ 38,620	\$ 38,943	\$ -0-	\$ 1,428,037
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,613,939	242,476	1,092	-0-	1,857,507
Estimated third-party payor settlements	1,167,917	-0-	-0-	-0-	1,167,917
Other receivables	1,587,965	-0-	-0-	-0-	1,587,965
Inventory	466,633	9,320	-0-	-0-	475,953
Prepaid expenses	<u>24,422</u>	<u>5,617</u>	<u>20,857</u>	<u>-0-</u>	<u>50,896</u>
Total current assets	6,211,350	296,033	60,892	-0-	6,568,275
Assets limited as to use (Note 4)	1,587,042	-0-	355,478	-0-	1,942,520
Nondepreciable capital assets (Note 6)	1,874,398	-0-	100,000	-0-	1,974,398
Depreciable capital assets, net (Note 6)	12,181,584	41,222	1,115,364	-0-	13,338,170
Other assets:					
Investments	19,172,458	2,262	-0-	-0-	19,174,720
LHA investment	<u>222,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>222,523</u>
Total assets	<u>41,249,355</u>	<u>339,517</u>	<u>1,631,734</u>	<u>-0-</u>	<u>43,220,606</u>
Deferred outflows					
related to net pension liability	<u>5,389,227</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,389,227</u>
Total assets and deferred outflows of resources	\$ <u>46,638,582</u>	\$ <u>339,517</u>	\$ <u>1,631,734</u>	\$ <u>-0-</u>	\$ <u>48,609,833</u>



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

	Pointe Coupee General Hospital	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee Apartments	Eliminating Entries	Combined
<u>Liabilities and Net Position</u>					
Current liabilities:					
Accounts payable	\$ 811,195	\$ 45,797	\$ 6,492	\$ -0-	\$ 863,484
Accrued expenses and withholdings payable (Note 7)	1,132,597	165,185	9,600	-0-	1,307,382
Estimated third-party payor settlements	128,160	-0-	-0-	-0-	128,160
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>8,905</u>	<u>-0-</u>	<u>8,905</u>
Total current liabilities	<u>2,071,952</u>	<u>210,982</u>	<u>24,997</u>	<u>-0-</u>	<u>2,307,931</u>
Net pension liability (Note 10)	6,229,401	-0-	-0-	-0-	6,229,401
Long-term debt, net of current maturities (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>904,569</u>	<u>-0-</u>	<u>904,569</u>
Total liabilities	<u>8,301,353</u>	<u>210,982</u>	<u>929,566</u>	<u>-0-</u>	<u>9,441,901</u>
Deferred inflows related to net pension liability	<u>390,178</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>390,178</u>
Net position					
Invested in capital assets, net of related debt	14,055,982	41,222	301,890	-0-	14,399,094
Restricted - Donor capital	-0-	-0-	847,862	-0-	847,862
Unrestricted	<u>23,891,069</u>	<u>87,313</u>	<u>(447,584)</u>	<u>-0-</u>	<u>23,530,798</u>
Total net position	<u>37,947,051</u>	<u>128,535</u>	<u>702,168</u>	<u>-0-</u>	<u>38,777,754</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>46,638,582</u>	\$ <u>339,517</u>	\$ <u>1,631,734</u>	\$ <u>-0-</u>	\$ <u>48,609,833</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Revenue, Expenses, and Changes in Net Position  
Year Ended October 31, 2020

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating <u>Entries</u>	<u>Combined</u>
Revenue:					
Net patient service revenue	\$ 19,040,769	\$ 2,978,028	\$ -0-	\$ -0-	\$ 22,018,797
Intergovernmental transfer grant	832,566	-0-	-0-	-0-	832,566
Grants	100,330	-0-	-0-	-0-	100,330
Other operating revenue	<u>542,978</u>	<u>284</u>	<u>316,152</u>	<u>-0-</u>	<u>859,414</u>
Total revenue	<u>20,516,643</u>	<u>2,978,312</u>	<u>316,152</u>	<u>-0-</u>	<u>23,811,107</u>
Expenses:					
Salaries and benefits	10,874,506	2,383,324	68,265	-0-	13,326,095
Medical supplies and drugs	1,085,548	83,114	-0-	-0-	1,168,662
Insurance	332,358	43,836	24,668	-0-	400,862
Professional fees	3,236,987	45,103	-0-	-0-	3,282,090
Depreciation	1,012,830	12,893	62,120	-0-	1,087,843
Other expenses	<u>4,085,204</u>	<u>727,144</u>	<u>113,935</u>	<u>-0-</u>	<u>4,926,283</u>
Total expenses	<u>20,627,433</u>	<u>3,295,414</u>	<u>268,988</u>	<u>-0-</u>	<u>24,191,835</u>
Operating income (loss)	<u>(110,790)</u>	<u>(317,102)</u>	<u>47,164</u>	<u>-0-</u>	<u>(380,728)</u>
Nonoperating income (loss):					
Investment income	450,664	21	-0-	-0-	450,685
Interest expense	-0-	-0-	(62,473)	-0-	(62,473)
Sales tax revenue	2,171,857	-0-	-0-	-0-	2,171,857
Provider relief funds	1,181,534	14,069	-0-	-0-	1,195,603
Gain (loss) on disposal of assets	1,800	-0-	-0-	-0-	1,800
Intergovernmental transfers	(330,000)	330,000	-0-	-0-	-0-
Payments to Police Jury	<u>(355,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(355,000)</u>
Nonoperating income (loss), net	<u>3,120,855</u>	<u>344,090</u>	<u>(62,473)</u>	<u>-0-</u>	<u>3,402,472</u>
Excess of revenues (expenses)					
before capital grants	3,010,065	26,988	(15,309)	-0-	3,021,744
Capital grants	<u>2,625</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,625</u>
Excess of revenues (expenses)	<u>3,012,690</u>	<u>26,988</u>	<u>(15,309)</u>	<u>-0-</u>	<u>3,024,369</u>
Other comprehensive income					
Unrealized investment gains (losses)	<u>177,311</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>177,311</u>
Comprehensive income (loss)	<u>3,190,001</u>	<u>26,988</u>	<u>(15,309)</u>	<u>-0-</u>	<u>3,201,680</u>
Beginning net position	<u>37,947,051</u>	<u>128,535</u>	<u>702,168</u>	<u>-0-</u>	<u>38,777,754</u>
Ending net position	\$ <u>41,137,052</u>	\$ <u>155,523</u>	\$ <u>686,859</u>	\$ <u>-0-</u>	\$ <u>41,979,434</u>

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

	Pointe Coupee General Hospital	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee Apartments	Eliminating Entries	Combined
Revenue:					
Net patient service revenue	\$ 19,620,689	\$ 2,608,852	\$ -0-	\$ -0-	\$ 22,229,541
Intergovernmental transfer grant	1,056,035	-0-	-0-	-0-	1,056,035
Grants	5,880	-0-	-0-	-0-	5,880
Other operating revenue	<u>653,036</u>	<u>338</u>	<u>316,916</u>	<u>-0-</u>	<u>970,290</u>
Total revenue	<u>21,335,640</u>	<u>2,609,190</u>	<u>316,916</u>	<u>-0-</u>	<u>24,261,746</u>
Expenses:					
Salaries and benefits	11,454,246	2,346,364	72,103	-0-	13,872,713
Medical supplies and drugs	1,206,459	74,461	-0-	-0-	1,280,920
Insurance	338,438	36,380	22,879	-0-	397,697
Professional fees	3,166,205	69,181	-0-	-0-	3,235,386
Depreciation	876,146	13,977	60,281	-0-	950,404
Other expenses	<u>3,841,705</u>	<u>704,049</u>	<u>123,853</u>	<u>-0-</u>	<u>4,669,607</u>
Total expenses	<u>20,883,199</u>	<u>3,244,412</u>	<u>279,116</u>	<u>-0-</u>	<u>24,406,727</u>
Operating income (loss)	<u>452,441</u>	<u>(635,222)</u>	<u>37,800</u>	<u>-0-</u>	<u>(144,981)</u>
Nonoperating income (loss):					
Investment income	422,789	52	-0-	-0-	422,841
Interest expense	-0-	-0-	(63,067)	-0-	(63,067)
Sales tax revenue	2,021,029	-0-	-0-	-0-	2,021,029
Gain (loss) on disposal of assets	-0-	-0-	-0-	-0-	-0-
Intergovernmental transfers	(620,000)	620,000	-0-	-0-	-0-
Payments to Police Jury	<u>(355,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(355,000)</u>
Nonoperating income (loss), net	<u>1,468,818</u>	<u>620,052</u>	<u>(63,067)</u>	<u>-0-</u>	<u>2,025,803</u>
Excess of revenues (expenses)					
before capital grants	1,921,259	(15,170)	(25,267)	-0-	1,880,822
Capital grants	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues (expenses)	<u>1,921,259</u>	<u>(15,170)</u>	<u>(25,267)</u>	<u>-0-</u>	<u>1,880,822</u>
Other comprehensive income					
Unrealized investment gains (losses)	<u>539,640</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>539,640</u>
Comprehensive income (loss)	<u>2,460,899</u>	<u>(15,170)</u>	<u>(25,267)</u>	<u>-0-</u>	<u>2,420,462</u>
Beginning net position	<u>35,486,152</u>	<u>143,705</u>	<u>727,435</u>	<u>-0-</u>	<u>36,357,292</u>
Ending net position	\$ <u>37,947,051</u>	\$ <u>128,535</u>	\$ <u>702,168</u>	\$ <u>-0-</u>	\$ <u>38,777,754</u>

Hospital Service District No. 1  
Of the Parish of Pointe Coupee and Affiliate  
Combining Statements of Operations by Service Component  
Year Ended October 31, 2020

	Hospital	COA*	Home Health & Hospice	-----District Summary-----			
				Innis	Elderly Housing	District**	Total
Revenue:							
Net patient service revenue	\$ 19,040,769	\$ -0-	\$ 2,978,028	\$ -0-	\$ -0-	\$ -0-	\$ 22,018,797
Intergovernmental transfer grant	832,566	-0-	-0-	-0-	-0-	-0-	832,566
Grants	100,330	-0-	-0-	-0-	-0-	-0-	100,330
Other	177,536	-0-	284	-0-	316,152	365,442	859,414
Total revenue	20,151,201	-0-	2,978,312	-0-	316,152	365,442	23,811,107
Expenses:							
Salaries and benefits	10,683,442	-0-	2,383,324	-0-	68,265	191,064	13,326,095
Medical supplies and drugs	1,085,548	-0-	83,114	-0-	-0-	-0-	1,168,662
Insurance	332,358	-0-	43,836	-0-	24,668	-0-	400,862
Professional fees	3,234,126	-0-	45,103	-0-	-0-	2,861	3,282,090
Depreciation	821,795	-0-	12,893	15,353	62,120	175,682	1,087,843
Other expenses	3,632,283	301,576	727,144	14,728	113,935	136,617	4,926,283
Total expenses	19,789,552	301,576	3,295,414	30,081	268,988	506,224	24,191,835
Operating income (loss)	361,649	(301,576)	(317,102)	(30,081)	47,164	(140,782)	(380,728)
Nonoperating income (loss):							
Investment income	450,664	-0-	21	-0-	-0-	-0-	450,685
Interest expense	-0-	-0-	-0-	-0-	(62,473)	-0-	(62,473)
Sales tax revenue	2,171,857	-0-	-0-	-0-	-0-	-0-	2,171,857
Provider relief funds	1,181,534	-0-	14,069	-0-	-0-	-0-	1,195,603
Gain (loss) on disposal of asset	1,800	-0-	-0-	-0-	-0-	-0-	1,800
Intergovernmental transfers	(330,000)	-0-	330,000	-0-	-0-	-0-	-0-
Payments to Police Jury	50,000	-0-	-0-	-0-	-0-	(405,000)	(355,000)
Nonoperating income (loss), net	3,525,855	-0-	344,090	-0-	(62,473)	(405,000)	3,402,472
Excess of revenues (expenses) before capital grants	3,887,504	(301,576)	26,988	(30,081)	(15,309)	(545,782)	3,021,744
Capital grants	2,625	-0-	-0-	-0-	-0-	-0-	2,625
Excess of revenues (expenses)	\$ 3,890,129	\$ (301,576)	\$ 26,988	\$ (30,081)	\$ (15,309)	\$ (545,782)	\$ 3,024,369

\* Council on Aging

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

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

	Hospital	COA*	Home Health & Hospice	-----District Summary-----			
				Innis	Elderly Housing	District**	Total
Revenue:							
Net patient service revenue	\$ 19,620,689	\$ -0-	\$ 2,608,852	\$ -0-	\$ -0-	\$ -0-	\$ 22,229,541
Intergovernmental transfer grant	1,056,035	-0-	-0-	-0-	-0-	-0-	1,056,035
Grants	5,880	-0-	-0-	-0-	-0-	-0-	5,880
Other	<u>269,891</u>	<u>-0-</u>	<u>338</u>	<u>-0-</u>	<u>316,916</u>	<u>383,145</u>	<u>970,290</u>
Total revenue	<u>20,952,495</u>	<u>-0-</u>	<u>2,609,190</u>	<u>-0-</u>	<u>316,916</u>	<u>383,145</u>	<u>24,261,746</u>
Expenses:							
Salaries and benefits	11,282,540	-0-	2,346,364	-0-	72,103	171,706	13,872,713
Medical supplies and drugs	1,206,459	-0-	74,461	-0-	-0-	-0-	1,280,920
Insurance	338,438	-0-	36,380	-0-	22,879	-0-	397,697
Professional fees	3,154,268	-0-	69,181	-0-	-0-	11,937	3,235,386
Depreciation	684,639	-0-	13,977	15,353	60,281	176,154	950,404
Other expenses	<u>3,383,944</u>	<u>296,679</u>	<u>704,049</u>	<u>29,017</u>	<u>123,853</u>	<u>132,065</u>	<u>4,669,607</u>
Total expenses	<u>20,050,288</u>	<u>296,679</u>	<u>3,244,412</u>	<u>44,370</u>	<u>279,116</u>	<u>491,862</u>	<u>24,406,727</u>
Operating income (loss)	<u>902,207</u>	<u>(296,679)</u>	<u>(635,222)</u>	<u>(44,370)</u>	<u>37,800</u>	<u>(108,717)</u>	<u>(144,981)</u>
Nonoperating income (loss):							
Investment income	422,789	-0-	52	-0-	-0-	-0-	422,841
Interest expense	-0-	-0-	-0-	-0-	(63,067)	-0-	(63,067)
Sales tax revenue	2,021,029	-0-	-0-	-0-	-0-	-0-	2,021,029
Gain (loss) on disposal of asset	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Intergovernmental transfers	(620,000)	-0-	620,000	-0-	-0-	-0-	-0-
Payments to Police Jury	<u>25,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(380,000)</u>	<u>(355,000)</u>
Nonoperating income (loss), net	<u>1,848,818</u>	<u>-0-</u>	<u>620,052</u>	<u>-0-</u>	<u>(63,067)</u>	<u>(380,000)</u>	<u>2,025,803</u>
Excess of revenues (expenses)							
before capital grants	2,751,025	(296,679)	(15,170)	(44,370)	(25,267)	(488,717)	1,880,822
Capital grants	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues (expenses)	\$ <u>2,751,025</u>	\$ <u>(296,679)</u>	\$ <u>(15,170)</u>	\$ <u>(44,370)</u>	\$ <u>(25,267)</u>	\$ <u>(488,717)</u>	\$ <u>1,880,822</u>

\* Council on Aging

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of the Hospital Service District No. 1, Parish of Pointe Coupee, (the "District" or the "Hospital"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the years ended October 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's combined financial statements, and have issued our report thereon dated May 25, 2021.

#### 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2020-001 and 2020-002.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2020-003.

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

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

### **Purpose of this Report**

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



Certified Public Accountants  
Alexandria, Louisiana

May 25, 2021





POINTE COUPEE GENERAL HOSPITAL  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED OCTOBER 31, 2020

**Section I. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified – No
- Significant deficiencies identified – Yes

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

*Federal Awards* – Not applicable

**Section II. Financial Statement Findings**

**FINDING 2020-001 - Segregation of Duties**

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

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

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

**FINDING 2020-002 - Third-party Payor Settlements**

**Finding:** Management is responsible for calculating and recording estimates of interim (Medicare and Medicaid) cost settlements. An adjustment of \$1,741,624 was made to record the FY 2020 cost report receivable from Medicare and Medicaid.

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

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

POINTE COUPEE GENERAL HOSPITAL  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED OCTOBER 31, 2020

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

**FINDING 2020-003 - Uninsured Bank Deposits**

**Finding:** The District has deposits with a financial institution of \$178,612 that were neither insured by the FDIC nor covered by the bank's assigned pledged securities in the District's name at year end.

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

**Response:** The District has acquired pledged securities and is now in compliance. Management will monitor bank balances on a monthly basis to ensure all deposits are insured by the FDIC or pledged securities.

**Section III. Management Letter**

Not Applicable

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

Not Applicable

POINTE COUPEE GENERAL HOSPITAL  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEAR ENDED OCTOBER 31, 2020

**Section I. Financial Statement Findings**

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

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

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

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

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

**Current Status:** Not resolved - See finding 2020-001

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

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

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

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

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

**Current Status:** Not resolved - See finding 2020-002

**Section II. Management Letter**

Not Applicable

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

Not Applicable

