

ACADIA-ST. LANDRY HOSPITAL
SERVICE DISTRICT

FINANCIAL REPORT

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Acadia-St. Landry Hospital Service District
Church Point, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Acadia-St. Landry Hospital Service District (District), a component unit of the Acadia Parish Police Jury, as of June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information on pages 26 through 35 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 30, 2020

BASIC FINANCIAL STATEMENTS

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Statements of Net Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$10,343,426	\$2,765,111
Investments	987,337	1,200,737
Patient accounts receivable, net of allowance for bad debt \$353,225 and \$1,485,563 for 2020 and 2019, respectively	1,688,859	1,480,508
Inventories	340,033	358,621
Prepaid expenses	137,357	133,653
Estimated third-party payor settlements	1,539,897	1,617,783
Other receivables	12,520	31,993
Total current assets	15,049,429	7,588,406
CAPITAL ASSETS		
Property, plant and equipment, at cost, less accumulation depreciation of \$5,296,099 and \$5,116,082 for 2020 and 2019, respectively	1,774,820	1,456,556
Total assets	\$16,824,249	\$9,044,962
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 673,593	\$ 762,533
Accrued expenses	424,472	333,577
Other payables	5,256	816,959
Unearned revenue	7,250,414	-
Capital lease payable	16,629	16,192
Note payable	456,337	8,617
Total current liabilities	8,826,701	1,937,878
NONCURRENT LIABILITIES		
Capital lease payable	17,082	33,708
Note payable	740,614	32,751
Total noncurrent liabilities	757,696	66,459
Total liabilities	9,584,397	2,004,337
NET POSITION		
Net investment in capital assets	1,741,109	1,406,656
Unrestricted	5,498,743	5,633,969
Total net position	7,239,852	7,040,625
Total liabilities and net position	\$16,824,249	\$9,044,962

The accompanying notes are an integral part of the financial statements.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Net patient service revenues (net of provision for bad debts of \$1,032,182 in 2020 and \$230,092 in 2019)	\$14,251,507	\$14,221,346
Other operating revenues	17,479,235	18,427,828
Total operating revenues	31,730,742	32,649,174
Operating expenses:		
Salaries and wages	5,021,249	4,438,313
Professional services	1,224,367	1,337,008
Other departmental expenses	9,333,014	9,477,922
Depreciation and amortization	180,017	168,424
Intergovernmental transfers - access grants	16,287,767	16,678,473
Total operating expenses	32,046,414	32,100,140
Operating income (loss)	(315,672)	549,034
Non-operating revenues (expenses):		
Ad valorem taxes	338,663	321,906
Provider Relief Funds	136,051	-
Realized and unrealized gain (loss) on investments	15,403	30,656
Investment income	28,434	22,426
Interest expense	(3,652)	(3,374)
Total non-operating revenues (expenses)	514,899	371,614
Increase in net position	199,227	920,648
Net position, beginning	7,040,625	6,119,977
Net position, ending	\$ 7,239,852	\$ 7,040,625

The accompanying notes are an integral part of the financial statements.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	\$ 13,321,700	\$ 14,895,494
Payments to suppliers and contractors	(10,646,321)	(10,786,117)
Payments to employees	(4,935,231)	(4,433,191)
Other receipts and payments, net	<u>1,218,341</u>	<u>1,686,769</u>
Net cash provided (used) in operating activities	<u>(1,041,511)</u>	<u>1,362,955</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	<u>336,140</u>	<u>323,991</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the issuance of debt -		
Paycheck Protection Program	1,164,200	-
Accelerated Medicare payment	3,225,232	-
Provider Relief Funds	4,161,233	-
Payments for the purchase of property and equipment	(498,281)	(270,095)
Payments for capital related debt	<u>(24,806)</u>	<u>(21,221)</u>
Net cash provided (used) in financing activities	<u>8,027,578</u>	<u>(291,316)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	28,434	21,945
Sales of investments	754,808	377,448
Purchases of investments	<u>(527,134)</u>	<u>(706,621)</u>
Net cash provided (used) by investing activities	<u>256,108</u>	<u>(307,228)</u>
Net increase in cash and cash equivalents	7,578,315	1,088,402
Cash and cash equivalents, beginning of year	<u>2,765,111</u>	<u>1,676,709</u>
Cash and cash equivalents, end of year	<u>\$ 10,343,426</u>	<u>\$ 2,765,111</u>

(Continued)

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Statements of Cash Flows (Continued)
For the Years Ended June 30, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET		
CASH USED IN OPERATING ACTIVITIES		
Operating income (loss)	\$ (315,672)	\$ 549,034
Adjustments to reconcile operating loss to net cash flows provided (used) by operating activities:		
Depreciation and amortization	180,017	168,424
Provision for bad debts	1,032,182	230,092
(Increase) decrease in assets-		
Patient accounts receivable	(1,240,533)	(310,854)
Inventories	18,588	21,721
Prepaid expenses	(3,704)	(23,601)
Estimated third-party payor settlements	77,886	(62,049)
Other receivables	19,473	(19,415)
Increase (decrease) in liabilities-		
Accounts payable	(88,940)	28,813
Accrued expenses	90,895	5,122
Other payables	(811,703)	775,668
Net cash provided (used) in operating activities	\$ (1,041,511)	\$ 1,362,955
Noncash investing activities:		
Increase in fair value of investments	\$ 18,386	\$ 26,456

The accompanying notes are an integral part of the financial statements.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements

(1) Organization and Significant Accounting Policies

Acadia-St. Landry Hospital Service District (the "Hospital Service District") was established in 1967, by the Acadia and St. Landry Parish Police Juries, by virtue of the authority of Louisiana Revised Statutes (R. S.) 46:1051 et seq. The purpose of the Hospital Service District is to provide health services to Acadia and St. Landry parishes. The Board of Commissioners is appointed by the Acadia and St. Landry Parish Police Juries.

On November 1, 2004, the Hospital Service District converted from an Acute Inpatient Prospective Payment System (IPPS) Hospital to a Critical Access Hospital (CAH). This conversion significantly changed the way the Hospital Service District was being reimbursed for Medicare patients. Under the previous Medicare payment methodology, the Hospital Service District was being paid on a Prospective Payment System (PPS). Under the CAH Medicare payment methodology, the Hospital Service District is paid 101% of its reasonable costs for Medicare purposes, except for Inpatient Psychiatric services which were paid based on a blend of reasonable cost and PPS, subject to various limits and rules up to June 30, 2008. As of June 30, 2009, the Hospital Service District was fully PPS for Inpatient Psychiatric services.

A. Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Acadia Parish Police Jury is the financial reporting entity for the Hospital Service District. Accordingly, the Hospital Service District was determined to be a component unit of the Acadia Parish Police Jury. The accompanying financial statements present only the Hospital Service District.

B. Basis of Accounting

The accompanying basic financial statements of the Hospital Service District have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Hospital Service District are described below.

The Hospital Service District utilizes the proprietary fund method of accounting whereby all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains, and losses are measured and reported using the economic resources measurement focus and the accrual basis of accounting. The Hospital Service District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Governmental Audit Guide*, and the *AICPA Audits of Providers of Health Care Services* published by the American Institute of Certified Public Accountants.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

In some instances, the GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2020 and 2019.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Hospital Service District reports three components as follows:

- (1) Net investment in capital assets - This component consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- (2) Restricted net position - This component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Hospital Service District's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- (3) Unrestricted net position - This component of net position consists of net position that does not meet the definition of the above two components and is available for general use.

C. 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits and on hand. For purposes of the statement of cash flows, highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

E. Trade Receivables and Allowance for Uncollectible Accounts

Trade receivables are carried at the original billed amount less an estimate made for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written-off when deemed uncollectible. Recoveries of trade receivables previously written-off are recorded when received.

F. Investments

In accordance with professional standards, investments meeting the criteria specified in the standards are stated at fair value, which is either quoted market prices or the best estimate available. Investments which do not meet the requirements are stated at cost. Interest, dividends, and gains and losses, both realized and unrealized, are included in non-operating revenue. The unrealized gain on investments held at June 30, 2020 and 2019 was \$99,850 and \$81,464, respectively.

G. Inventories

Inventories are valued at the latest invoice price which approximates the lower of cost (first-in, first-out method) or market.

H. Net Patient Service Revenues

The Hospital Service District has agreements with third-party payors, which includes government programs which the Hospital Service District is paid based upon established charges, the cost of providing services, predetermined diagnosis rates, fixed per diem rates or discounts from established charges. Revenues are recorded at established charges. Revenues are recorded at estimated amounts due from patients and third-party payors for the services provided.

Net patient service revenues are reported at the estimated amounts realizable from patients, the third-party payer, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital Service District provides care to patients even though they are covered by contractual payment arrangements that do not pay full charges or may lack adequate insurance. As a result, the Hospital Service District is exposed to credit risks. The Hospital Service District manages such risks by providing appropriate allowances. The allowances are evaluated on a regular basis and are based upon management's periodic review of the collectability of the accounts considering historical experience, the nature and volume of the accounts and the agreement with the prospective third-party payor.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

I. Property, Plant and Equipment

The Hospital Service District records all property, plant and equipment acquisitions at historical cost, except for assets donated to the Hospital Service District. Donated assets are recorded at fair market value at the date of donation.

The Hospital Service District provides for depreciation of its plant and equipment using the straight-line method over the estimated useful lives of each class of depreciable assets. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation expense in the financial statements. The following estimated useful lives are generally used:

Building and improvements	15-20 years
Equipment	3-20 years

J. Grants and Donations

Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and donations 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 other operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expense.

K. Operating Revenues and Expenses

The Hospital Service District's statements of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital Service District's principal activity. Non-exchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

L. Unearned Revenue

Unearned revenue on the statement of net position represents funding received as a result of CARES Act subsidies and consist of \$4,025,182 from Provider Relief Funds and \$3,225,232 from Medicare Accelerated and Advance Payment Program.

M. Advertising

The Hospital Service District expenses advertising cost as incurred. Advertising expense for the years ended June 30, 2020 and 2019 totaled \$43,016 and \$10,777, respectively.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

N. Risk Management

The Hospital Service District is exposed to various risks of loss from tort; theft of, damage to and destruction of assets; business interpretation; errors or omissions; employee injuries and illnesses; natural disasters; medical malpractice and employee health. Commercial insurance coverage is purchased for claims arising from such matters.

O. Restricted Resources

When the Hospital Service District has both restricted and unrestricted resources available to finance a particular program, it is the Hospital Service District's policy to use restricted resources before unrestricted resources.

P. Environmental Matters

The Hospital Service District is subject to laws and regulations relating to the protection of the environment. The Hospital Service District'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 Service District'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 Service District. At June 30, 2020 and 2019, management is not aware of any liability resulting from environmental matters.

(2) Deposits and Investments

Under state law the Hospital Service District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Hospital Service District may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the Hospital Service District had demand deposits (book balances) totaling \$10,343,426.

Custodial credit risk is the risk that in the event of a bank failure of a depository financial institution, the Hospital Service District's deposits may not be recovered or the collateral securities that are in the possession of the outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Hospital Service District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

Deposit balances (bank balances) at June 30, 2020, are secured as follows:

Bank balances	<u>\$ 10,459,107</u>
Federal deposit insurance	\$ 750,000
Pledged securities	<u>9,709,107</u>
Total federal deposit insurance and pledged securities	<u>\$ 10,459,107</u>

Deposits in the amount of \$9,709,107 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Hospital Service District's name. The Hospital Service District does not have a policy for custodial credit risk.

The Hospital Service District's investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in time deposits, money market investment accounts or certificates of deposit with financial institutions insured by FDIC; direct obligations of the United States Government and its agencies; investment grade (A-1/P-1) commercial paper of domestic United States corporations; one of the two highest short-term rating categories of either Standards & Poor's Corporation or Moody's Investors Service; government backed mutual trust funds; and mutual funds which invest in equities and fixed income securities.

Effective July 1, 2012, R.S. 33:2957 was enacted by the Legislature of Louisiana relative to the investments of hospital service districts, stating that any hospital service district may invest its funds as provided by R.S. 46:1073.1, except as provided therein. R.S. 46:1073.1 allows hospital service districts to invest funds as provided by law for investment of funds of the Louisiana State Employee Retirement System (LASERS), including but not limited to R.S. 11:263; however, any such investment may be made only in compliance with rules and regulations established by the hospital service district commission and in compliance with the provisions of R.S. 11:263 and any other law which provides for investments in which funds of LASERS may be invested.

The Hospital Service District's investments generally are reported at fair value, as discussed in Note 1. At June 30, 2020 and 2019, the Hospital Service District had the following investments, all of which were held in the Hospital Service District's name by a custodial bank that is an agent of the Hospital Service District.

Investment Type	June 30, 2020	
	% of Portfolio	Fair Value
Mutual funds:		
Equities	55%	\$ 543,088
Fixed income	<u>45%</u>	<u>444,249</u>
Total	<u>100%</u>	<u>\$ 987,337</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

Investment Type	June 30, 2019	
	% of Portfolio	Fair Value
Mutual funds:		
Equities	65%	\$ 774,943
Fixed income	<u>35%</u>	<u>425,794</u>
Total	<u>100%</u>	<u>\$ 1,200,737</u>

Interest Rate Risk – The state law does not address specific policies for managing interest rate risk. The Hospital Service District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk – Statutes authorize the Hospital Service District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, equities and fixed income mutual funds. At June 30, 2020 and 2019, the Hospital Service District did not have any rated investments.

Concentration of Credit Risk – In compliance with State statutes, the Hospital Service District “may invest more than 55% of the total portfolio in equities, so long as not more than 65% of the total portfolio is invested in equities and at least 10% of the total equity portfolio is invested in one or more index funds which seek to replicate the performance of the chosen index or indices.” The Hospital Service District may place no more than 5% of the market value of the fixed income portion of the portfolio in any one issuer at the time of purchase. However, there is no limit on the holdings of the direct obligations issued or guaranteed by the United States Government or its agencies.

(3) Patient Accounts Receivable

Patient accounts receivable at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Medicare	\$ 1,378,564	\$ 2,088,523
Medicaid	222,917	275,599
Other third-party payors	275,349	133,036
Patients	<u>165,254</u>	<u>468,913</u>
Total patient accounts receivable	2,042,084	2,966,071
Less allowance for uncollectible amounts	<u>(353,225)</u>	<u>(1,485,563)</u>
Patient accounts receivable, net	<u>\$ 1,688,859</u>	<u>\$ 1,480,508</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(4) Estimated Third-Party Settlements

The estimated third-party payors settlements receivable consisted of the following:

June 30, 2020:				
<u>Cost Report Year</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>UCC</u>	<u>Total</u>
2014	\$ -	\$ 27,107	\$ -	\$ 27,107
2015	-	51,649	-	51,649
2016	-	114,948	-	114,948
2017	-	212,838	-	212,838
2018	-	247,761	-	247,761
2019	-	345,095	-	345,095
2020	-	466,809	73,690	540,499
Totals	<u>\$ -</u>	<u>\$ 1,466,207</u>	<u>\$ 73,690</u>	<u>\$ 1,539,897</u>

June 30, 2019:				
<u>Cost Report Year</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>UCC</u>	<u>Total</u>
2015	\$ -	\$ 40,124	\$ -	\$ 40,124
2016	-	130,842	-	130,842
2017	-	226,065	-	226,065
2018	-	412,650	-	412,650
2019	11,480	490,319	306,303	808,102
Totals	<u>\$ 11,480</u>	<u>\$ 1,300,000</u>	<u>\$ 306,303</u>	<u>\$ 1,617,783</u>

(5) Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 were as follows:

	<u>7/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2020</u>
Capital assets not being depreciated:				
Land	\$ 120,025	\$ 176,326	\$ -	\$ 296,351
Construction in progress	11,950	374	-	12,324
Other capital assets:				
Land improvements	51,882	-	-	51,882
Buildings and improvements	3,428,497	233,299	-	3,661,796
Equipment	2,960,284	88,282	-	3,048,566
Total	<u>6,572,638</u>	<u>498,281</u>	<u>-</u>	<u>7,070,919</u>
Less accumulated depreciation:				
Land improvements	46,535	1,192	-	47,727
Buildings and improvements	2,542,145	96,974	-	2,639,119
Equipment	2,527,402	81,851	-	2,609,253
Total depreciation	<u>5,116,082</u>	<u>180,017</u>	<u>-</u>	<u>5,296,099</u>
Capital assets, net	<u>\$ 1,456,556</u>	<u>\$ 318,264</u>	<u>\$ -</u>	<u>\$ 1,774,820</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

	<u>7/1/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2019</u>
Capital assets not being depreciated:				
Land	\$ 120,025	\$ -	\$ -	\$ 120,025
Construction in progress	20,046	1,725	9,821	11,950
Other capital assets:				
Land improvements	51,882	-	-	51,882
Buildings and improvements	3,259,229	169,268	-	3,428,497
Equipment	<u>2,836,798</u>	<u>145,932</u>	<u>22,446</u>	<u>2,960,284</u>
Total	<u>6,287,980</u>	<u>316,925</u>	<u>32,267</u>	<u>6,572,638</u>
Less accumulated depreciation:				
Land improvements	44,954	1,581	-	46,535
Buildings and improvements	2,451,308	90,837	-	2,542,145
Equipment	<u>2,473,842</u>	<u>76,006</u>	<u>22,446</u>	<u>2,527,402</u>
Total depreciation	<u>4,970,104</u>	<u>168,424</u>	<u>22,446</u>	<u>5,116,082</u>
Capital assets, net	<u>\$ 1,317,876</u>	<u>\$ 148,501</u>	<u>\$ 9,821</u>	<u>\$ 1,456,556</u>

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to \$180,017 and \$168,424, respectively.

(6) Compensated Absences

Effective February 2002, full-time employees accrued four (4) hours of paid time off (PTO) per pay period, while part-time employees accrued PTO at a rate of four (4) percent of total hours worked per pay period until April of 2006. On that date, full-time employees with years of service of one (1) to five (5) years began accruing 5.23 hours of PTO per pay period, while full-time employees with years of service of five (5) or more years began accruing 6.77 hours of PTO per pay period. Part-time employees accrue PTO at a rate of four (4) percent of total hours worked per pay period and may accumulate up to a maximum of 300 PTO hours. Full-time employees may accumulate PTO hours to a maximum of 350 hours. When the employee reaches the maximum, further accumulation is ceased until PTO time is used; there is no cash option associated with this maximum bank. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital Service District's policy is to recognize the cost of unvested sick pay when actually paid to employees. At June 30, 2020 and 2019, accrued compensated absences, which are included in accrued expenses, totaled \$240,718 and \$193,603, respectively.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(7) Changes in Noncurrent Liabilities

The following is a summary of noncurrent liabilities transactions for the year ended June 30, 2020:

	<u>Balance 7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2020</u>	<u>Due Within One Year</u>
Capital lease	\$ 49,900	\$ -	\$ 16,189	\$ 33,711	\$ 16,629
Notes payable	<u>41,368</u>	<u>1,164,200</u>	<u>8,617</u>	<u>1,196,951</u>	<u>456,337</u>
Total	<u>\$ 91,268</u>	<u>\$1,164,200</u>	<u>\$ 24,806</u>	<u>\$1,230,662</u>	<u>\$472,966</u>

Capital lease -

Note payable in the amount of \$81,000 to BancorpSouth Equipment Finance, dated June 19, 2017, due in monthly installments of \$1,444 through June 27, 2022, interest at 2.69%, secured by equipment with a carrying value of \$32,400. \$ 33,711

Note payable -

Note payable in the amount of \$46,830 to Farmers State Bank, dated November 30, 2019, due in monthly installments of \$907 through October 30, 2023, interest at 6.06%, secured by equipment with a carrying value of \$26,598. 32,751

Note payable in the amount of \$1,164,200 to Home Bank, dated May 5, 2020, due in monthly installments of \$65,530 through May 7, 2022, interest at 1.00%. Under the terms of the Paycheck Protection Program, the principal and accrued interest may be partially or completely forgiven. 1,164,200

Total noncurrent liabilities \$1,230,662

Leased assets under a capital lease are included in capital assets, net in the statement of net position at June 30, 2020. The leased asset consists of equipment with a cost of \$81,000 and accumulated depreciation of \$48,600 for a net book value of \$32,400. Depreciation of the leased assets in the amount of \$16,200 for the year ended June 30, 2020 is included in depreciation expense.

Schedule maturities of noncurrent liabilities as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 472,966	\$ 13,963
2022	743,824	5,002
2023	10,331	557
2024	<u>3,541</u>	<u>45</u>
	<u>\$1,230,662</u>	<u>\$ 19,567</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(8) Net Patient Service Revenues

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

Medicare – On November 1, 2004, the Hospital Service District converted to a Critical Access Hospital (CAH) with a Distinct Part Psychiatric Unit. Inpatient acute care services and swing bed services rendered to Medicare program beneficiaries are reimbursed at cost plus 1%. Outpatient services are reimbursed at cost plus 1% (subject to limits and rules), while other outpatient laboratory services are reimbursed on a fee schedule. Inpatient Psychiatric services are reimbursed on a blended cost and PPS reimbursement methodology subject to certain limitations.

The Hospital Service District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital Service District and audits thereof by the Medicare fiscal intermediary. The Hospital Service District's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2018.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, subject to certain limits, while other outpatient services are reimbursed on a fee schedule. The Hospital Service District is reimbursed for outpatient services at an interim rate with final settlement determined after submission of annual cost reports by the Hospital Service District and audits thereof by the Medicaid fiscal intermediary. The Hospital Service District's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2014.

During the years ended June 30, 2020 and 2019, approximately 92.2% and 83.3%, respectively, of the Hospital Service District's gross patient service revenues were furnished to Medicare and Medicaid beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. As a result of retroactive adjustments of certain prior year cost reports, the Hospital Service District recorded changes in estimates resulting in a decrease in net patient service revenues of approximately \$0 and \$94,167 for the years ending June 30, 2020 and 2019, respectively.

Current regulations limit uncompensated care cost incurred by the Hospital Service District in each fiscal year. These amounts are subject to audit by Medicaid and any overpayments will be recouped. Management has not estimated a reserve liability for the possible recoupment of these uncompensated care cost payments for June 30, 2020 and 2019, respectively. To the extent management's estimate differs from actual results, the differences will be used to adjust income in the period when such differences arise.

Future uncompensated cost payments are dependent upon state appropriations, which require approval by the state legislature. If the state should not fund or substantially change this program, it could have a significant impact on the Hospital Service District's revenue.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

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

(9) Ad Valorem Taxes

The Hospital Service District's property tax is levied by the parish on the taxable real property in the district in late October of each year. Bills are sent out in November of each year, at which time the Hospital Service District records the tax revenue and become a lien in the following March. The taxes are based on assessed values determined by the Tax Assessor and are collected by the Sheriff. The Hospital Service District levied 7.64 mills for the fiscal years ended 2020 and 2019. For the years ended June 30, 2020 and 2019, property tax revenues, net of pension deductions, totaled \$338,663 and \$321,906, respectively.

(10) Concentration of Credit Risks

The Hospital Service District grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2020 and 2019 was as follows:

	2020	2019
Medicare	67.5%	70.4%
Medicaid	10.9%	9.3%
Other third-party payors	13.5%	4.5%
Patients	8.1%	15.8%
	100.0%	100.0%

(11) Operating Leases

The Hospital Service District leases various equipment under operating leases expiring at various dates through 2025. Total rental expense for the years ended June 30, 2020 and 2019 for all operating leases was approximately \$412,826 and \$379,936, respectively.

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

Years Ending June 30,	Amount
2021	\$ 53,211
2022	51,008
2023	15,915
2024	14,928
2025	1,243
Total	\$ 136,305

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(12) Deferred Compensation

The Hospital Service District offers employees a deferred compensation plan (Plan), which all employees are eligible to participate. The Plan was adopted under the provisions of Internal Revenue Code Section 457, and is administered by Security Benefit. The Hospital Service District does not have managerial or financial responsibility for plan assets. The Hospital Service District will match half (50%) of the employees' contributions to the plan up to a maximum of 5% of the employees gross income per pay period. The Hospital Service District contributed \$66,166 and \$55,225 as of June 30, 2020 and 2019, respectively.

(13) Professional and General Liability Risk

The Hospital Service District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 for which the Hospital Service 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 healthcare provided settlement for professional liability to \$100,000 per occurrence and limiting the Patient's Compensation Fund's exposure to \$400,000 per occurrence.

The Hospital Service District has acquired additional coverage for professional medical malpractice and general liability through the Louisiana Hospital Association Trust Fund by purchasing a claims-made policy. Losses on medical malpractice and general liability claims are estimated based on deductibles and claims in excess of per-claim or aggregate coverage and incurred but not reported during the claim year. These estimates reflect the Hospital Service District's best estimates of the ultimate costs of reported and unreported claims, using the Hospital Service District's past experience, industry experience and identified asserted claims and reported incidents. No provision for losses on medical malpractice and general liability claims are recorded based on management's estimates that these matters will be resolved without material adverse effect on the Hospital Service District's future financial position or results from operations. There have been no significant reductions in insurance coverage during the fiscal year, nor have settlements exceeded coverage in the past three years.

(14) Contingencies

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

The principle contingencies are described below:

Third-party Government Revenues (Note 8) – Cost reimbursements are subject to examination by agencies administering the programs. The Hospital Service 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 statues, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

The healthcare industry is subject 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, government 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 statues and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Hospital Service District is in compliance with fraud and abuse statues as well as other applicable governmental 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.

The Patient Protection and Affordable Healthcare Act (PPACA) was signed into law on March 23, 2010. In addition, the Health Care and Education Affordability Reconciliation Act (Reconciliation Act), which contains a number of amendments to the PPACA, was signed into law on March 30, 2010. These healthcare bills (collectively, the "Reform Legislation") seek to increase the number of persons with access to health insurance coverage. The reform legislation makes a number of other changes to Medicare and Medicaid, such as reductions to the annual market basket update for federal fiscal years 2010 through 2019, a productivity offset to the market basket update beginning October 1, 2011, and a reduction to disproportionate share payments. The various provisions in the Reform Legislation that directly or indirectly affect reimbursement are scheduled to take effect over a number of years.

Also included in the Reform Legislation are provisions aimed at reducing fraud, waste and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Reform Legislation amends several existing federal laws, including the Medicare Anti-Kickback Statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against healthcare providers. These amendments also make it easier for potentially severe fines and penalties to be imposed on healthcare providers accused of violating applicable laws and regulations.

Management cannot predict the impact that Reform Legislation may have on the Hospital's financial position, results of operations or changes in net position or cash flows.

(15) Grant Revenue

The Hospital Service District collaborated with the Rural Hospital Coalition, a nonprofit organization, to design and implement a grant program funded by various sources to ensure that adequate and essential medically necessary healthcare services are accessible and available to the service population subject to the availability of such grant funds. On February 3, 2015, the Hospital Service District entered into a cooperative endeavor agreement (CEA) with other public Louisiana hospital service districts whereby the Hospital Service District receives grant funding and awards intergovernmental transfer grants (IGT) to be used in accordance with the grant program. As of June 30, 2020 and 2019, the District received \$17,403,709 and \$18,328,589 of grant program funding and provided intergovernmental transfer grants to other hospital service districts in the amount of \$16,287,767 and \$16,678,473, respectively.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(16) CARES Act Subsidies

In response to the economic fallout of the COVID-19 pandemic in the United States, the 116th U.S. Congress passed an economic stimulus bill that was signed into law by the President on March 27, 2020. The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized \$2.2 trillion to combat COVID-19 and its economic effects, including providing loan programs for small businesses, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. As a result of the CARES Act, the Hospital Service District received funding from the following programs:

Provider Relief Funds – The Hospital Service District received approximately \$4,161,233 in Provider Relief Funds during the fiscal year ending June 30, 2020. This payment was 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 Hospital Service District recognized \$136,051 as nonoperating revenue for lost revenues of \$107,346 and COVID-19 related expenses of \$28,705 during the fiscal year ending June 30, 2020. The unrecognized amount of \$4,025,182 is reported as unearned revenue in the accompanying statement of net position. The Hospital Service District will be required to submit an initial report of healthcare related expenses and lost revenues attributable to coronavirus from inception through December 31, 2020 by February 15, 2021, and a final report from January 1, 2021 through June 30, 2021 by July 31, 2021. Funds received in excess of the reported expenses and lost revenues, if any, will be returned to HHS.

Medicare Accelerated and Advance Payment Program – On March 28, 2020, the Centers for Medicare and Medicaid Services (CMS) expanded the existing Accelerated and Advance Payments Program (Program) to a broader group of Medicare Part A providers and Part B suppliers. An accelerated or advance payment is a payment intended to provide necessary funds when there is a disruption in claims submission and/or claims processing. Additionally, these payments can be offered in circumstances of national emergencies to accelerate cash flow to the impacted health care providers and suppliers. For the year ended June 30, 2020, the Hospital Service District received accelerated Medicare payments in the amount of \$3,225,232. The accelerated payment is reported as unearned revenue in the accompanying statement of net position. In accordance with the terms of the Program, recoupment of the funds will begin in one year from the date the payment was issued.

Paycheck Protection Program – On May 7, 2020, the Hospital Service District entered into a promissory note in the amount of \$1,164,200 through the U.S. Small Business Administration's Paycheck Protection Program (Program). The purpose of the Program was to provide funding for employee salaries and certain limited nonpayroll expenses. In accordance with the Program, the loan can be partially or completely forgiven if certain criteria are met. Any amounts not forgiven will be repaid bearing an interest rate of 1 percent. The terms of the note are described in Note 7 to the financial statements.

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(17) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- c. Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the District in estimating fair values of financial instruments:

- a. The carrying amount reported in the statement of net position for the following approximates fair value due to the short maturities of these instruments: cash, accounts receivable, and accounts payable.
- b. The fair value for investment securities are based on quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2020 and 2019:

Description	June 30, 2020			
	Total	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 543,088	\$ -	\$ 543,088	\$ -
Fixed income	444,249	-	444,249	-
	<u>\$ 987,337</u>	<u>\$ -</u>	<u>\$ 987,337</u>	<u>\$ -</u>

Description	June 30, 2019			
	Total	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 774,943	\$ -	\$ 774,943	\$ -
Fixed income	425,794	-	425,794	-
	<u>\$ 1,200,737</u>	<u>\$ -</u>	<u>\$ 1,200,737</u>	<u>\$ -</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Notes to Financial Statements (Continued)

(18) Tax Abatement

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millage in force at that time. The future value to this exempt property could be subject to significant fluctuations from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. Because these taxes are not assessed, no adjustments have been made to the Hospital Service District's financial statements to record the exempt amounts. At June 30, 2020 and 2019, the District's ad valorem revenues were reduced by \$136,336 and \$158,701, respectively, as a result of these abatements.

(19) Schedule of Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation and benefits paid to Cindy Walters, Chief Executive Officer, for the year ended June 30, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 105,518
Benefits - insurance	21,258
Benefits - retirement	1,319
Benefits - disability insurance	2,305
Car Allowance	3,900
Travel	510
Registration fees & dues	1,877
Special meal	710
Cellular phone	1,647

(20) Uncertainties Arising During and After Financial Statement Date

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Hospital Service District's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

(21) Subsequent Event

On August 15, 2020, the voters in Acadia and St. Landry parishes approved an increase in the Hospital Service District's ad valorem tax millage from 7.64 mills to 10 mills for a period of 10 years, beginning with the year 2020 and ending in the year 2029. The effect of the increase on the Hospital Service District's financial statements has not been determined.

SUPPLEMENTARY INFORMATION

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Net Patient Service Revenues
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Gross patient direct services	\$ 16,441,989	\$ 15,853,483
Less:		
Contractual allowances	(685,115)	(1,017,928)
Uncollectible accounts	(1,032,182)	(230,092)
Discounts	<u>(473,185)</u>	<u>(384,117)</u>
Total contractual allowances, discounts and uncollectible accounts	<u>(2,190,482)</u>	<u>(1,632,137)</u>
Net patient service revenues	<u>\$ 14,251,507</u>	<u>\$ 14,221,346</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Other Operating Revenues
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cafeteria	\$ 41,630	\$ 57,530
Rent income	26,640	27,248
Medical record income	3,870	3,911
Intergovernmental transfers - access grants	17,403,709	18,328,589
Miscellaneous	<u>3,386</u>	<u>10,550</u>
Total other operating revenues	<u>\$ 17,479,235</u>	<u>\$ 18,427,828</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Other Operating Revenues and Expenses
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Direct operating revenues	\$ 16,441,989	\$ 15,853,483
Direct operating expenses	<u>9,947,156</u>	<u>10,072,996</u>
Excess of direct operating revenues over direct operating expenses	6,494,833	5,780,487
Contractual allowances, discounts and uncollectible accounts	<u>2,190,482</u>	<u>1,632,137</u>
Net excess of direct operating revenues over direct operating expenses	<u>4,304,351</u>	<u>4,148,350</u>
General operating expenses:		
General services	1,461,235	1,361,905
Financial and administrative services	<u>4,170,239</u>	<u>3,818,342</u>
Total general operating expenses	<u>5,631,474</u>	<u>5,180,247</u>
Other operating revenues	<u>17,479,235</u>	<u>18,427,828</u>
Other operating expenses:		
Depreciation and amortization	180,017	168,424
Intergovernmental transfers - access grants	<u>16,287,767</u>	<u>16,678,473</u>
	<u>16,467,784</u>	<u>16,846,897</u>
Excess (deficiency) of operating revenues over operating expenses	<u>\$ (315,672)</u>	<u>\$ 549,034</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Departmental Direct
Operating Revenues and Expenses
For the Years Ended June 30, 2020 and 2019

	Inpatient Revenues		Outpatient Revenues	
	2020	2019	2020	2019
Direct services:				
Central Supply	\$ 846,327	\$ 1,252,025	\$ 214,795	\$ 158,481
CT Scan	40,232	6,912	664,267	710,829
Daily patient services	1,747,260	839,210	-	-
Electrocardiology	7,755	2,700	64,650	61,320
Emergency room	25,912	9,594	723,711	371,586
Emergency room physician	-	-	323,335	394,090
Hyperbaric	17,112	59,785	-	-
Laboratory	416,101	393,621	1,743,191	1,674,985
MRI	1,951	2,120	43,864	60,040
Occupational therapy	280,010	295,381	53,407	54,678
Operating room and Gastro	-	-	-	-
Other	-	125	1,825	780
Pharmacy	1,062,823	1,039,622	356,671	599,725
Physical therapy	160,052	227,845	191,246	560,437
Psychiatric therapy group	1,778,558	1,349,302	3,075,715	4,059,615
Psychiatric unit	-	-	-	-
Radiology	23,638	18,260	211,888	237,137
Respiratory therapy	1,418,126	1,035,082	53,854	67,171
Rural health clinic	168,063	-	-	-
Speech therapy	56,758	49,244	18,306	34,592
Ultrasound	47,043	31,358	175,340	195,831
Wound care	53,042	-	375,161	-
Total direct services	<u>\$ 8,150,763</u>	<u>\$ 6,612,186</u>	<u>\$ 8,291,226</u>	<u>\$ 9,241,297</u>

Total Direct Revenues				Excess (Deficiency) of Direct Revenues Over Direct Operating Expenses	
2020	2019	2020	2019	2020	2019
\$ 1,061,122	\$ 1,410,506	\$ 255,927	\$ 206,375	\$ 805,195	\$ 1,204,131
704,499	717,741	154,800	154,800	549,699	562,941
1,747,260	839,210	2,996,006	2,804,930	(1,248,746)	(1,965,720)
72,405	64,020	-	-	72,405	64,020
749,623	381,180	102,541	93,689	647,082	287,491
323,335	394,090	1,015,272	1,025,398	(691,937)	(631,308)
17,112	59,785	(4,050)	128,154	21,162	(68,369)
2,159,292	2,068,606	838,510	771,306	1,320,782	1,297,300
45,815	62,160	44,000	47,000	1,815	15,160
333,417	350,059	154,964	167,880	178,453	182,179
-	-	348	365	(348)	(365)
1,825	905	-	-	1,825	905
1,419,494	1,639,347	664,490	819,648	755,004	819,699
351,298	788,282	186,862	232,855	164,436	555,427
4,854,273	5,408,917	1,358,370	2,017,102	3,495,903	3,391,815
-	-	897,024	840,984	(897,024)	(840,984)
235,526	255,397	347,688	326,110	(112,162)	(70,713)
1,471,980	1,102,253	393,097	288,766	1,078,883	813,487
168,063	-	105,416	-	62,647	-
75,064	83,836	64,565	73,769	10,499	10,067
222,383	227,189	79,558	73,865	142,825	153,324
428,203	-	291,768	-	136,435	-
<u>\$ 16,441,989</u>	<u>\$ 15,853,483</u>	<u>\$ 9,947,156</u>	<u>\$ 10,072,996</u>	<u>\$ 6,494,833</u>	<u>\$ 5,780,487</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Departmental Direct
and General Operating Expenses
For the Years Ended June 30, 2020 and 2019

	Salaries		Professional Fees	
	2020	2019	2020	2019
Direct services:				
Central Supply	\$ 44,820	\$ 37,989	\$ -	\$ -
CT Scan	-	-	-	-
Daily patient services	2,133,739	2,022,961	87,415	118,475
Electrocardiology	-	-	-	-
Emergency room	-	-	-	-
Emergency room physician	-	-	1,015,272	1,025,398
Hyperbaric	-	-	-	-
Laboratory	457,789	415,023	(1,340)	15,505
MRI	-	-	44,000	47,000
Nuclear medicine	-	-	-	-
Occupational therapy	-	-	-	-
Operating room and Gastro	-	-	-	-
Pharmacy	26,674	27,104	-	-
Physical therapy	-	-	-	-
Psychiatric therapy group	-	-	-	-
Psychiatric unit	-	-	-	-
Radiology	326,235	303,985	-	-
Respiratory therapy	322,479	235,955	6,300	5,675
Rural health clinic	70,260	-	8,162	-
Speech therapy	-	-	64,558	73,750
Ultrasound	-	-	-	-
Wound care	141,818	-	-	-
Total direct services	<u>3,523,814</u>	<u>3,043,017</u>	<u>1,224,367</u>	<u>1,285,803</u>
General services:				
Dietary	227,579	213,481	-	-
Housekeeping	146,934	122,155	-	-
Laundry and linen	-	-	-	-
Plant engineering	297,845	273,396	-	-
Total general services	<u>672,358</u>	<u>609,032</u>	<u>-</u>	<u>-</u>
Subtotals forward	<u>\$ 4,196,172</u>	<u>\$ 3,652,049</u>	<u>\$ 1,224,367</u>	<u>\$ 1,285,803</u>

Other Expenses		Total	
2020	2019	2020	2019
\$ 211,107	\$ 168,386	\$ 255,927	\$ 206,375
154,800	154,800	154,800	154,800
774,852	663,494	2,996,006	2,804,930
-	-	-	-
102,541	93,689	102,541	93,689
-	-	1,015,272	1,025,398
(4,050)	128,154	(4,050)	128,154
382,061	340,778	838,510	771,306
-	-	44,000	47,000
-	-	-	-
154,964	167,880	154,964	167,880
348	365	348	365
637,816	792,544	664,490	819,648
186,862	232,855	186,862	232,855
1,358,370	2,017,102	1,358,370	2,017,102
897,024	840,984	897,024	840,984
21,453	22,125	347,688	326,110
64,318	47,136	393,097	288,766
26,994	-	105,416	-
7	19	64,565	73,769
79,558	73,865	79,558	73,865
<u>149,950</u>	<u>-</u>	<u>291,768</u>	<u>-</u>
<u>5,198,975</u>	<u>5,744,176</u>	<u>9,947,156</u>	<u>10,072,996</u>
300,858	298,564	528,437	512,045
43,153	19,347	190,087	141,502
34,077	34,252	34,077	34,252
<u>410,789</u>	<u>400,710</u>	<u>708,634</u>	<u>674,106</u>
<u>788,877</u>	<u>752,873</u>	<u>1,461,235</u>	<u>1,361,905</u>
<u>\$ 5,987,852</u>	<u>\$ 6,497,049</u>	<u>\$ 11,408,391</u>	<u>\$ 11,434,901</u>

(continued)

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Departmental Direct
and General Operating Expenses (Continued)
For the Years Ended June 30, 2020 and 2019

	Salaries		Professional Fees	
	2020	2019	2020	2019
Subtotals forwarded	<u>\$ 4,196,172</u>	<u>\$ 3,652,049</u>	<u>\$ 1,224,367</u>	<u>\$ 1,285,803</u>
Financial and administrative services				
Accounting	111,071	102,131	-	-
Administration	253,697	191,853	-	51,205
Business office	203,831	214,589	-	-
Medical records	160,846	161,635	-	-
Risk management	95,632	116,056	-	-
Payroll taxes	-	-	-	-
Employee benefits	-	-	-	-
Other general and administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial and administrative expenses	<u>825,077</u>	<u>786,264</u>	<u>-</u>	<u>51,205</u>
Total direct operating expenses	<u>\$ 5,021,249</u>	<u>\$ 4,438,313</u>	<u>\$ 1,224,367</u>	<u>\$ 1,337,008</u>

Other Expenses		Total	
2020	2019	2020	2019
<u>\$ 5,987,852</u>	<u>\$ 6,497,049</u>	<u>\$ 11,408,391</u>	<u>\$ 11,434,901</u>
34,220	43,320	145,291	145,451
238,004	110,559	491,701	353,617
802,988	860,254	1,006,819	1,074,843
54,343	59,521	215,189	221,156
457	3,756	96,089	119,812
358,999	333,708	358,999	333,708
1,056,710	997,659	1,056,710	997,659
<u>799,441</u>	<u>572,096</u>	<u>799,441</u>	<u>572,096</u>
<u>3,345,162</u>	<u>2,980,873</u>	<u>4,170,239</u>	<u>3,818,342</u>
<u>\$ 9,333,014</u>	<u>\$ 9,477,922</u>	<u>\$ 15,578,630</u>	<u>\$ 15,253,243</u>

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Schedules of Board Fees
For the Years Ended June 30, 2020 and 2019

<u>Board Members</u>	<u>2020</u>	<u>2019</u>
Benjamin Bellard	\$ 360	\$ 360
Myra Lewis	120	120
Claire Jackson	240	320
Roger Boudreaux	280	200
Michael Williams, M.D.	320	360
Candy Leger	360	320

The schedule of compensation paid to the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature. In accordance with Louisiana Revised Statute 46:1053(C)(2)(a), the Hospital Service District's board members receive \$40 for each day of attendance at meetings of the commission, not to exceed 12 meetings per year.

**INTERNAL CONTROL,
COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Robert S. Carter, CPA*
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Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

INDEPENDENT AUDITOR'S 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*

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Board of Commissioners
Acadia-St. Landry Hospital Service District
Church Point, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Acadia-St. Landry Hospital Service District, a component unit of the Acadia Parish Police Jury, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Acadia-St. Landry Hospital Service District's basic financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Acadia-St. Landry Hospital Service 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Acadia-St. Landry Hospital Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Acadia-St. Landry Hospital Service District's internal control.

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

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

Compliance and Other Matters

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 30, 2020

ACADIA-ST. LANDRY HOSPITAL SERVICE DISTRICT
Church Point, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

There are no findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.

Part II. Prior Year Findings

A. Internal Control Findings -

There are not findings to report under this section.

B. Compliance Findings -

There are no findings to report under this section.