

POINTE COUPEE GENERAL HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED
OCTOBER 31, 2013, 2012, AND 2011

Hospital Service District No. 1
 Of the Parish of Pointe Coupee and Affiliate
 Years Ended October 31, 2013, 2012, and 2011

Table of Contents

	<u>Page No.</u>
Management's Discussion and Analysis	i-vi
Independent Auditors' Report on the Financial Statements and Supplementary Information	1-3
Financial Statements	
Enterprise Funds	
Combined Statements of Net Position	4-5
Combined Statements of Revenue, Expenses, and Changes in Net Position	6
Combined Statements of Cash Flows	7-8
Notes to Combined Financial Statements	9-25
Supplementary Information	
Schedules of Net Patient Service Revenue	27
Schedules of Other Revenue	28
Schedules of Expenses – Salaries and Benefits	29
Schedules of Expenses – Medical Supplies and Drugs	30
Schedules of Expenses – Professional Fees	31
Schedules of Expenses – Other Expenses	32
Combining Statements of Net Position	33-38
Combining Statements of Revenue, Expenses, and Changes in Net Position	39-41
Combining Statements of Operations by Service Component	42-44
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 <u>GOVERNMENT AUDITING STANDARDS</u>	45-50

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, 2013. Please read it in conjunction with the financial statements in this report.

Financial Highlights

- Total assets decreased \$849,735 or 2.59% in fiscal year 2013. In fiscal year 2012, the District's total assets increased by \$2,050,559 or 6.67%. This follows an increase during fiscal year 2011 of \$1,262,733, or approximately 4.28% compared to an increase of \$754,823 in fiscal year 2010, a percentage increase of 2.63%.
- Net operating revenues increased \$7,373 in fiscal year 2013 compared to a \$2,309,084 increase for fiscal year 2012. Operating expenses decreased \$561,833 and increased \$1,225,186 in fiscal years 2013 and 2012, respectively. During fiscal year 2011, the District's net operating revenues increased \$493,788 while expenses increased \$581,108. The District had profits from operations in 2013 of \$1,642,513 compared to a profit of \$1,073,307 and loss of \$10,591 during 2012, and 2011, respectively.
- The District recorded revenues for Uncompensated Costs Reimbursement in the amounts of \$(465,000), \$1,055,725, and \$1,939,914 in 2013, 2012, and 2011, respectively. In 2010, the amount received was \$2,017,245.
- The District received sales tax revenues of \$1,888,155 in fiscal year 2013, \$1,939,211 in fiscal year 2012, \$1,683,342 in fiscal year 2011, and \$1,781,959 in fiscal year 2010.
- The District made \$323,686 in capital acquisitions for the fiscal year compared to \$685,823 for fiscal year 2012. The majority of these acquisitions were related to various equipment.

Required Financial Statements

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

Financial Analysis of the Hospital Service District

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

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

Net Position

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

TABLE 1
Condensed Statements of Net Position

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total current assets	\$ 5,930,164	\$ 5,628,533	\$ 6,758,390	\$ 7,469,915
Capital assets - net	7,910,380	8,660,792	9,171,543	10,657,444
Other assets	<u>18,093,965</u>	<u>18,494,919</u>	<u>14,803,752</u>	<u>11,343,593</u>
 Total Assets	 \$ <u>31,934,509</u>	 \$ <u>32,784,244</u>	 \$ <u>30,733,685</u>	 \$ <u>29,470,952</u>
 Current liabilities	 \$ 1,834,762	 \$ 3,674,857	 \$ 2,939,015	 \$ 1,756,000
Long-term liabilities	949,892	955,794	961,305	966,450
Net position	<u>29,149,855</u>	<u>28,153,593</u>	<u>26,833,365</u>	<u>26,748,502</u>
 Total Liabilities and Net Position	 \$ <u>31,934,509</u>	 \$ <u>32,784,244</u>	 \$ <u>30,733,685</u>	 \$ <u>29,470,952</u>

In Table 1 it can be seen that total assets decreased by 2.59% or \$849,735 in fiscal year 2013. An increase of \$2,050,559, \$1,262,733, and \$754,823, occurred in fiscal year 2012, 2011, and 2010, respectively. Current liabilities have decreased \$1,840,095 or 50.07% during fiscal year 2013.

Summary of Revenue, Expenses, and Changes in Net Assets

The following table presents a summary of the District's historical revenues and expenses for each of the fiscal years ended October 31, 2013, 2012, 2011, and 2010.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenue:				
Net patient service revenue	\$ 17,451,883	\$ 18,817,770	\$ 18,167,494	\$ 17,858,215
Sales tax revenue	1,888,155	1,939,211	1,683,342	1,781,959
Other revenues	<u>3,711,018</u>	<u>2,286,702</u>	<u>883,763</u>	<u>600,637</u>
 Total revenue	 \$ <u>23,051,056</u>	 \$ <u>23,043,683</u>	 \$ <u>20,734,599</u>	 \$ <u>20,240,811</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses:				
Salaries and benefits	\$ 11,604,216	\$ 11,319,113	\$ 11,085,618	\$ 10,197,422
Medical supplies and drugs	1,599,992	1,880,159	1,826,318	2,041,192
Insurance	408,029	441,663	429,816	429,395
Professional fees	3,044,610	3,122,790	2,994,202	2,881,508
Depreciation	1,074,098	1,106,020	1,058,614	1,027,721
Other expenses	<u>3,677,598</u>	<u>4,100,631</u>	<u>3,350,622</u>	<u>3,586,844</u>
 Total expenses	 <u>21,408,543</u>	 <u>21,970,376</u>	 <u>20,745,190</u>	 <u>20,164,082</u>
 Operating income (loss)	 <u>1,642,513</u>	 <u>1,073,307</u>	 <u>(10,591)</u>	 <u>76,729</u>
Nonoperating income (loss):				
Interest income and expense, net	269,753	177,500	186,922	174,864
Gain (loss) on disposal of assets	20,000	-0-	100,127	8,712
Payments to Police Jury	<u>(249,679)</u>	<u>(195,451)</u>	<u>(186,200)</u>	<u>(201,200)</u>
 Nonoperating income, net	 <u>40,074</u>	 <u>(17,951)</u>	 <u>100,849</u>	 <u>(17,624)</u>
Excess of revenues (expenses) before capital grants	1,682,587	1,055,356	90,258	59,105
Capital grants	<u>139,971</u>	<u>264,872</u>	<u>66,497</u>	<u>754,849</u>
Excess of revenues (expenses)	1,822,558	1,320,228	156,755	813,954
Other comprehensive income	<u>(793,111)</u>	<u>-0-</u>	<u>(71,892)</u>	<u>32,801</u>
Comprehensive income (loss)	1,029,447	1,320,228	84,863	846,755
Beginning net position	28,153,593	26,833,365	26,748,502	25,901,747
Prior period adjustment	<u>(33,185)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending net position	 <u>\$ 29,149,855</u>	 <u>\$ 28,153,593</u>	 <u>\$ 26,833,365</u>	 <u>\$ 26,748,502</u>

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

Sources of Revenue

Operating Revenue

During fiscal year 2013, 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.

Table 3 presents the relative percentages of gross charges billed for patient services by payer for the fiscal years ended October 31, 2013, 2012, 2011, and 2010.

TABLE 3
Payer Mix by Percentage

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Medicare	34%	36%	38%	37%
Medicaid	9%	10%	18%	17%
Commercial Insurance	45%	43%	34%	35%
Self Pay	12%	11%	11%	11%

Non-operating Income

The District holds designated and restricted funds in its Statements of Net Position that are invested primarily in the Louisiana Asset Management Pool, Merrill Lynch, and, in previous years, State Farm. Interest income in 2013 was \$335,640 compared to \$243,754 in fiscal year 2012. Total cash and investments in fiscal years 2013 and 2012 respectively are \$18,157,142 and \$18,145,008 with an increase of \$12,134. For fiscal year 2011, these cash and investments were \$16,566,787 in total that earned \$253,519 interest income. In 2010, the cash and investment's carrying amounts were \$14,552,914, with interest income of \$243,754.

Operating and Financial Performance

The following summarizes the Hospital's Statements of Revenue, Expenses, and Changes in Net Assets between 2013, 2012, 2011, and 2010:

In fiscal year 2013 patient admissions totaled 492 or a percentage decrease of 32.3%. Overall activity at the Hospital, as measured by patient admissions, decreased by 94 patients to 727, a percentage decrease of 11.4% in fiscal year 2012, compared to a decrease of 13.2% to 821 in 2011. This follows a decrease of 3.8% to 946 patient admissions in fiscal year 2010. In 2013, patient days decreased to 1,741 from 2,439 in 2012 and 2,546 in 2011, or percentage decrease of 28.6% and 4.2% in 2013 and 2012, respectively. Patient days decreased 8.5% to 2,546 in 2011 from 2,784 in 2010.

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

Operating and Financial Performance (Continued)

Average length of stay in 2013 was 3.53 for acute and 10.93 for swing. In 2012 and 2011, the average length of stays for acute were 3.54 and 3.10 and for swing were 7.75 and 6.49 days, respectively. Average length of stay of 2.95 in fiscal year 2010 decreased from 2.86 in 2009.

In 2013, total net patient service revenue decreased by 7.26% or \$1,365,887. Total net patient service revenue in fiscal year 2012 increased by \$650,276 or 3.58%, over 2011 net patient service revenue, and increased by \$309,279 in 2011 over 2010. In 2010, there was an increase of \$909,434 over 2009 revenue.

Gross accounts receivable increased in 2013 for the Hospital by \$82,948 and net accounts receivable increased for Home Health / Hospice by \$19,298. In 2012, gross accounts receivable increased by \$586,761 for the Hospital and net accounts receivable decreased by \$91,049 for Home Health / Hospice. Average days in net accounts receivable have increased to 44 in 2013 compared to 41 in 2012. In 2011 and 2010, average days in net accounts receivable were 37 and 32, respectively. The Hospital continues to exert every effort to assist patients in finding funding sources for health care.

Salaries continued to increase in 2013 by \$199,599 compared to an increase in 2012 of \$167,076, in fiscal year 2011 by \$702,461 over 2010 costs. A corresponding increase in benefits of \$85,504, \$66,419, and \$185,735 occurred between 2013, 2012, and 2011, respectively. Benefits increased mainly due to the increase in health insurance premiums.

The costs of medical supplies decreased by \$280,167 in 2013 compared to an increase of \$53,841 in 2012 and a decrease of \$214,874 in 2011 and an increase of \$423,435 in 2010.

Medical professional fees decreased by \$78,180 during fiscal year 2013. In fiscal year 2012, an increase of \$128,588 occurred following an increase of \$112,694 in fiscal year 2011.

For fiscal year 2013 the provision for bad debts increased by \$394,243 compared to a decrease of \$60,927 in 2012 and an increase of \$292,508 in 2011. In 2010, provision for bad debts increased by \$310,724 from 2009 amounts.

Capital Assets

During fiscal year 2013, the District invested approximately \$324,000 in capital assets. Net property, plant, and equipment decreased \$750,412 in 2013.

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

Capital Assets (Continued)

TABLE 4
Capital Assets

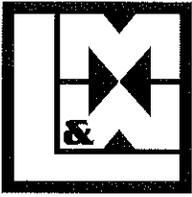
	October 31, <u>2013</u>	October 31, <u>2012</u>	October 31, <u>2011</u>	October 31, <u>2010</u>
Land and improvements	\$ 74,590	\$ 74,590	\$ 74,590	\$ 74,590
Buildings and fixed equipment	14,914,470	14,924,157	15,004,297	13,281,964
Moveable equipment	<u>6,014,008</u>	<u>5,697,273</u>	<u>5,031,310</u>	<u>5,434,686</u>
 Total	 21,003,068	 20,696,020	 20,110,197	 18,791,240
Less: accumulated depreciation	<u>13,092,688</u>	<u>12,035,228</u>	<u>10,938,654</u>	<u>9,880,040</u>
Net property, plant, and equipment	 \$ <u>7,910,380</u>	 \$ <u>8,660,792</u>	 \$ <u>9,171,543</u>	 \$ <u>8,911,200</u>

Long-Term Debt

At 2013 fiscal year end, the District had \$955,794 in short-term and long-term debt.

Contacting the Hospital Service District's Financial Manager

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



LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Rd. • Alexandria, LA 71303

Members:

American Institute of CPA's

Society of Louisiana CPA's

Bobby G. Lester, CPA
John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA
Mary L. Carroll, CPA

Brenda J. Lloyd, CPA
Emily C. Lohman, CPA

Mailing Address: Post Office Box 8758 • Alexandria, Louisiana 71306-1758 • Telephone (318) 487-1450 • Facsimile (318) 445-1184

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 consolidated 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, as of and for the years ended October 31, 2013, 2012, and 2011, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Maison Pointe Coupee Apartments, which represent 5.5 percent, 2.7 percent and 1.2 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. Those standards require that we plan and perform the audits 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 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of October 31, 2013, 2012 and 2011, and the respective changes in net position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Hospital's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated 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.



The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 28, 2014, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



Certified Public Accountants
Alexandria, Louisiana

April 28, 2014



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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current			
Cash and cash equivalents (Notes 2 & 3)	\$ 2,144,995	\$ 1,731,907	\$ 3,844,853
Patient accounts receivable, net of estimated uncollectibles (Note 5)	2,108,652	2,099,858	1,832,520
Estimated third-party payor settlements	808,729	1,112,242	285,782
Other receivables	242,079	48,648	65,208
Inventory	495,561	518,567	593,398
Prepaid expenses	<u>130,148</u>	<u>117,311</u>	<u>136,629</u>
 Total Current Assets	 5,930,164	 5,628,533	 6,758,390
 Assets limited as to use (Note 4)	 1,736,681	 1,678,995	 1,676,656
 Land	 1,859,295	 1,859,295	 1,859,295
 Capital assets, net (Note 6)	 7,910,380	 8,660,792	 9,171,543
 Other assets			
Investments	14,275,466	14,734,106	11,045,278
LHA investment	<u>222,523</u>	<u>222,523</u>	<u>222,523</u>
 Total Assets	 \$ <u>31,934,509</u>	 \$ <u>32,784,244</u>	 \$ <u>30,733,685</u>

LIABILITIES AND NET POSITION

Current			
Accounts payable	\$ 291,344	\$ 489,225	\$ 490,753
Accrued expenses and withholdings payable (Note 7)	992,516	1,186,813	1,208,261
Estimated third-party payor settlements	545,000	80,000	179,130
Unearned revenue	-0-	1,913,308	1,055,725
Current portion of long-term debt (Note 8)	<u>5,902</u>	<u>5,511</u>	<u>5,146</u>
 Total Current Liabilities	 1,834,762	 3,674,857	 2,939,015
 Long-term			
Long-term debt (Note 8)	<u>949,892</u>	<u>955,794</u>	<u>961,305</u>
 Total Liabilities	 \$ <u>2,784,654</u>	 \$ <u>4,630,651</u>	 \$ <u>3,900,320</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>2013</u>	<u>2012</u>	<u>2011</u>
Net Position			
Invested in capital assets, net of related debt	\$ 6,954,586	\$ 7,699,487	\$ 8,205,092
Unrestricted	<u>22,195,269</u>	<u>20,454,106</u>	<u>18,628,273</u>
 Total Net Position	 <u>29,149,855</u>	 <u>28,153,593</u>	 <u>26,833,365</u>
 Total Liabilities and Net Position	 <u>\$ 31,934,509</u>	 <u>\$ 32,784,244</u>	 <u>\$ 30,733,685</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>2013</u>	<u>2012</u>	<u>2011</u>
Revenue			
Net patient service revenue (Note 12)	\$ 17,451,883	\$ 18,817,770	\$ 18,167,494
Sales tax revenue	1,888,155	1,939,211	1,683,342
Donations	434	5,551	-0-
Grants	2,964,381	1,635,753	290,972
Other operating revenue	<u>746,203</u>	<u>645,398</u>	<u>592,791</u>
 Total Revenue	 <u>23,051,056</u>	 <u>23,043,683</u>	 <u>20,734,599</u>
Expenses			
Salaries and benefits	11,604,216	11,319,113	11,085,618
Medical supplies and drugs	1,599,992	1,880,159	1,826,318
Insurance	408,029	441,663	429,816
Professional fees	3,044,610	3,122,790	2,994,202
Depreciation	1,074,098	1,106,020	1,058,614
Other expenses	<u>3,677,598</u>	<u>4,100,631</u>	<u>3,350,622</u>
 Total Expenses	 <u>21,408,543</u>	 <u>21,970,376</u>	 <u>20,745,190</u>
 Operating Income (Loss)	 <u>1,642,513</u>	 <u>1,073,307</u>	 <u>(10,591)</u>
Nonoperating Income (Loss)			
Investment income	335,640	243,754	253,519
Interest expense	(65,887)	(66,254)	(66,597)
Gain (loss) on disposal of assets	20,000	-0-	100,127
Payments to Police Jury	<u>(249,679)</u>	<u>(195,451)</u>	<u>(186,200)</u>
 Nonoperating Income (Loss), net	 <u>40,074</u>	 <u>(17,951)</u>	 <u>100,849</u>
 Excess of Revenue (Expenses) before Capital Grants	 1,682,587	 1,055,356	 90,258
Capital grants	<u>139,971</u>	<u>264,872</u>	<u>66,497</u>
 Excess of Revenues (Expenses)	 1,822,558	 1,320,228	 156,755
 Unrealized investment gains (losses)	 <u>(793,111)</u>	 <u>-0-</u>	 <u>(71,892)</u>
Changes in net position	1,029,447	1,320,228	84,863
 Beginning Net Position	 28,153,593	 26,833,365	 26,748,502
Prior period adjustment	<u>(33,185)</u>	<u>-0-</u>	<u>-0-</u>
 Ending Net Position	 <u>\$ 29,149,855</u>	 <u>\$ 28,153,593</u>	 <u>\$ 26,833,365</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>2013</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:			
Cash receipts from patients and third-party payors	\$ 16,298,294	\$ 18,481,175	\$ 19,637,427
Cash receipts from other operating revenues	5,372,557	4,153,169	3,440,525
Cash payments to employees and for employee-related cost	(11,798,513)	(11,340,561)	(10,950,252)
Cash payments for other operating expenses	<u>(8,917,941)</u>	<u>(9,362,068)</u>	<u>(8,772,469)</u>
Net cash provided (used) by operating activities	<u>954,397</u>	<u>1,931,715</u>	<u>3,355,231</u>
Cash flows from investing activities:			
Income on investments whose use is limited	-0-	275	5,905
Other investment income	335,640	243,479	247,614
Assets limited as to use	(57,686)	(2,339)	(16,629)
Unrestricted investments	<u>(334,471)</u>	<u>(3,688,828)</u>	<u>(1,656,127)</u>
Net cash provided (used) by investing activities	<u>(56,517)</u>	<u>(3,447,413)</u>	<u>(1,419,237)</u>
Cash flows from non-capital financing activities:			
Payments to Police Jury	<u>(249,679)</u>	<u>(195,451)</u>	<u>(186,200)</u>
Net cash provided (used) by non-capital financing activities	<u>(249,679)</u>	<u>(195,451)</u>	<u>(186,200)</u>
Cash flows from capital and related financing activities:			
Purchases of property, plant, and equipment	(323,686)	(685,823)	(1,673,977)
Proceeds from capital grants	139,971	264,872	66,497
Proceeds from sale of assets	20,000	90,554	342,096
Principal payments on long-term debt	(5,511)	(5,146)	(4,804)
Interest paid on long-term debt	<u>(65,887)</u>	<u>(66,254)</u>	<u>(66,597)</u>
Net cash provided (used) by capital and related financing activities	<u>(235,113)</u>	<u>(401,797)</u>	<u>(1,336,785)</u>
Net increase (decrease) in cash and cash equivalents	413,088	(2,112,946)	413,009
Beginning cash and cash equivalents	<u>1,731,907</u>	<u>3,844,853</u>	<u>3,431,844</u>
Ending cash and cash equivalents	\$ <u>2,144,995</u>	\$ <u>1,731,907</u>	\$ <u>3,844,853</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>2013</u>	<u>2012</u>	<u>2011</u>
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	\$ <u>65,887</u>	\$ <u>66,254</u>	\$ <u>66,597</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 1,642,513	\$ 1,073,307	\$ (10,591)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Prior period adjustment	(33,185)	-0-	-0-
Depreciation	1,074,098	1,106,020	1,058,614
Provision for bad debts	3,952,137	3,557,894	3,618,821
(Increase) decrease in:			
Net patient accounts receivable	(3,960,931)	(3,825,232)	(3,864,107)
Estimated third-party payor settlements	303,513	(826,460)	560,364
Other receivables	(193,431)	16,560	873,420
Inventory	23,006	74,831	(45,152)
Prepaid expenses	(12,837)	19,318	(18,812)
Increase (decrease) in:			
Accounts payable	(197,881)	(1,528)	(107,547)
Accrued expenses and withholdings payable	(194,297)	(21,448)	135,366
Estimated third-party payor settlements	465,000	(99,130)	99,130
Unearned revenue	<u>(1,913,308)</u>	<u>857,583</u>	<u>1,055,725</u>
Net cash provided (used) by operating activities	\$ <u>954,397</u>	\$ <u>1,931,715</u>	\$ <u>3,355,231</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, 2013, 2012, and 2011

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, 2013, 2012, and 2011

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

Inventory is stated at the lower of cost or market value. Cost is determined by the first-in, first-out method.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

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 consist 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 consist 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 receivable 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, 2013, 2012, and 2011

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.

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.

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.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risks – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District’s deposits were entirely insured or entirely collateralized by securities held by the pledging bank’s trust department in the District’s name at October 31, 2013, 2012, and 2011.

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.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Carrying amount			
Deposits	\$ 3,881,676	\$ 3,410,902	\$ 5,521,509
Investments	<u>14,497,989</u>	<u>14,956,629</u>	<u>11,267,801</u>
	<u>\$ 18,379,665</u>	<u>\$ 18,367,531</u>	<u>\$ 16,789,310</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 2,144,995	\$ 1,731,907	\$ 3,844,853
Assets whose use is limited	1,736,681	1,678,995	1,676,656
Investments	<u>14,497,989</u>	<u>14,956,629</u>	<u>11,267,801</u>
	<u>\$ 18,379,665</u>	<u>\$ 18,367,531</u>	<u>\$ 16,789,310</u>

Account balances according to banks’ records at October 31, 2013, for the Hospital are as follows:

	<u>Regions Bank</u>	<u>Merrill Lynch</u>
Cash in bank	\$ <u>2,152,090</u>	\$ <u>13,566,745</u>
Insured by FDIC	\$ <u>250,000</u>	\$ <u>163,507</u>
Collateralization by fair market value	\$ <u>1,902,090</u>	\$ <u>13,403,238</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The District has 14% of its investments invested in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a 2a7 like-investment pool. LAMP's portfolio includes only securities and other obligations in which the District is authorized to invest in accordance with LA – R.S. 33:2955.

Credit Risk – LAMP is rated AAAM by Standard & Poor's.

The District's investments are generally reported at fair value. At October 31, 2013, 2012, and 2011, the District had the following investments and maturities, all of which were held in the District's name by a custodial bank that is an agent of the District.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
LAMP	\$ 2,212,142	\$ 2,212,142	\$ -0-	\$ -0-	\$ -0-
Federal National Mortgage Association	2,027,918	899,608	1,128,310	-0-	-0-
Federal Home Loan Mortgage Corporation	1,499,592	-0-	1,499,592	-0-	-0-
Federal Home Loan Mortgage Bank	562,128	-0-	562,128	-0-	-0-
Federal Home Loan Bank	<u>9,217,720</u>	<u>182,562</u>	<u>2,908,271</u>	<u>2,900,370</u>	<u>3,226,517</u>
Total	\$ <u>15,519,500</u>	\$ <u>3,294,312</u>	\$ <u>6,098,301</u>	\$ <u>2,900,370</u>	\$ <u>3,226,517</u>

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
LAMP	\$ 2,210,600	\$ 2,210,600	\$ -0-	\$ -0-	\$ -0-
Federal National Mortgage Association	2,031,559	861,479	-0-	1,170,080	-0-
Federal Home Loan Mortgage Corporation	1,523,526	-0-	-0-	1,523,526	-0-
Federal Home Loan Mortgage Bank	460,944	-0-	-0-	460,944	-0-
Federal Home Loan Bank	9,048,939	97,363	2,287,960	2,978,280	3,685,336
Treasury Inflation	<u>834,025</u>	<u>-0-</u>	<u>834,025</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>16,109,593</u>	\$ <u>3,169,442</u>	\$ <u>3,121,985</u>	\$ <u>6,132,830</u>	\$ <u>3,685,336</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

<u>October 31, 2011</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	\$ 2,607,320	\$ 2,607,320	\$ -0-	\$ -0-	\$ -0-
Federal National Mortgage Association	2,129,170	64,220	2,064,950	-0-	-0-
Federal Home Loan Mortgage Corporation	3,043,436	-0-	954,441	2,088,995	-0-
Federal Farm Credit Bank	440,683	-0-	-0-	440,683	-0-
Federal Home Loan Bank	2,161,119	70,157	2,090,962	-0-	-0-
Treasury Inflation	<u>59,652</u>	<u>59,652</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>10,441,380</u>	\$ <u>2,801,349</u>	\$ <u>5,110,353</u>	\$ <u>2,529,678</u>	\$ <u>-0-</u>

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>2013</u>	<u>2012</u>	<u>2011</u>
Limited by board for capital improvements	\$ 1,025,164	\$ 1,024,449	\$ 1,022,929
Limited by board for third-party payor contingencies	478,817	478,483	477,774
Limited by board for elderly housing project	<u>232,700</u>	<u>176,063</u>	<u>175,953</u>
Total	\$ <u>1,736,681</u>	\$ <u>1,678,995</u>	\$ <u>1,676,656</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 5 - ACCOUNTS RECEIVABLE

A summary of patient accounts receivable is presented below.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Hospital patient receivables	\$ 3,759,564	\$ 3,676,616	\$ 3,089,855
Home Health patient receivables	270,862	286,527	320,287
Hospice patient receivables	<u>149,538</u>	<u>114,575</u>	<u>171,864</u>
	4,179,964	4,077,718	3,582,006
Estimated uncollectibles	<u>(2,071,312)</u>	<u>(1,977,860)</u>	<u>(1,749,486)</u>
Net patient accounts receivable	\$ <u>2,108,652</u>	\$ <u>2,099,858</u>	\$ <u>1,832,520</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Medicare	22%	20%	23%
Medicaid	1%	3%	4%
Commercial and other third-party payors	20%	21%	16%
Patients	<u>57%</u>	<u>56%</u>	<u>57%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

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>2012</u>	<u>Additions</u>	<u>Deductions</u>	October 31, <u>2013</u>
Land improvements	\$ 74,590	\$ -0-	\$ -0-	\$ 74,590
Buildings & improvements	14,924,157	3,026	12,713	14,914,470
Equipment	<u>5,697,273</u>	<u>320,660</u>	<u>3,925</u>	<u>6,014,008</u>
Total	20,696,020	323,686	16,638	21,003,068
Accumulated depreciation	<u>12,035,228</u>	<u>1,074,098</u>	<u>16,638</u>	<u>13,092,688</u>
Net capital assets	\$ <u>8,660,792</u>	\$ <u>(750,412)</u>	\$ <u>-0-</u>	\$ <u>7,910,380</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 6 - CAPITAL ASSETS (Continued)

	October 31, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	October 31, <u>2012</u>
Land improvements	\$ 74,590	\$ -0-	\$ -0-	\$ 74,590
Buildings & improvements	15,004,297	19,860	100,000	14,924,157
Equipment	<u>5,031,310</u>	<u>665,963</u>	<u>-0-</u>	<u>5,697,273</u>
 Total	 20,110,197	 685,823	 100,000	 20,696,020
Accumulated depreciation	<u>10,938,654</u>	<u>1,106,020</u>	<u>9,446</u>	<u>12,035,228</u>
 Net capital assets	 \$ <u>9,171,543</u>	 \$ <u>(420,197)</u>	 \$ <u>90,554</u>	 \$ <u>8,660,792</u>
	October 31, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	October 31, <u>2011</u>
Land improvements	\$ 74,590	\$ -0-	\$ -0-	\$ 74,590
Buildings & improvements	13,281,964	1,722,333	-0-	15,004,297
Equipment	4,458,406	572,904	-0-	5,031,310
Construction in progress	<u>976,280</u>	<u>-0-</u>	<u>976,280</u>	<u>-0-</u>
 Total	 18,791,240	 2,295,237	 976,280	 20,110,197
Accumulated depreciation	<u>9,880,040</u>	<u>1,058,614</u>	<u>-0-</u>	<u>10,938,654</u>
 Net capital assets	 \$ <u>8,911,200</u>	 \$ <u>1,236,623</u>	 \$ <u>976,280</u>	 \$ <u>9,171,543</u>

NOTE 7 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

A summary of accrued expenses follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Salaries and wages	\$ 120,537	\$ 363,918	\$ 385,579
Compensated absences	608,458	600,653	625,413
Payroll taxes and withholdings	252,313	210,702	186,150
Other accrued expenses	<u>11,208</u>	<u>11,540</u>	<u>11,119</u>
 Total accrued expenses	 \$ <u>992,516</u>	 \$ <u>1,186,813</u>	 \$ <u>1,208,261</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 8 - LONG-TERM DEBT

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

	October 31, <u>2012</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2013</u>	Due Within <u>One Year</u>
USDA note payable	\$ <u>961,305</u>	\$ <u>-0-</u>	\$ <u>5,511</u>	\$ <u>955,794</u>	\$ <u>5,902</u>
Total	\$ <u>961,305</u>	\$ <u>-0-</u>	\$ <u>5,511</u>	\$ <u>955,794</u>	\$ <u>5,902</u>
	October 31, <u>2011</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2012</u>	Due Within <u>One Year</u>
USDA note payable	\$ <u>966,451</u>	\$ <u>-0-</u>	\$ <u>5,146</u>	\$ <u>961,305</u>	\$ <u>5,511</u>
Total	\$ <u>966,451</u>	\$ <u>-0-</u>	\$ <u>5,146</u>	\$ <u>961,305</u>	\$ <u>5,511</u>
	October 31, <u>2010</u>	<u>Additions</u>	<u>Payments</u>	October 31, <u>2011</u>	Due Within <u>One Year</u>
USDA note payable	\$ <u>971,255</u>	\$ <u>-0-</u>	\$ <u>4,804</u>	\$ <u>966,451</u>	\$ <u>5,146</u>
Total	\$ <u>971,255</u>	\$ <u>-0-</u>	\$ <u>4,804</u>	\$ <u>966,451</u>	\$ <u>5,146</u>

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

USDA note payable at 6.875%, due in 359 monthly installments of \$5,952 through September 30, 2032, with the balance due at that date. The loan is collateralized by two parcels of land owned by the District.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

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>
2014	\$ 5,902	\$ 65,522	\$ 71,424
2015	6,321	65,103	71,424
2016	6,769	64,655	71,424
2017	7,249	64,175	71,424
2018	7,764	63,660	71,424
2019-2023	44,693	312,427	357,120
2024-2028	62,966	294,154	357,120
2029-2032	<u>814,130</u>	<u>204,910</u>	<u>1,019,040</u>
Totals	\$ <u>955,794</u>	\$ <u>1,134,606</u>	\$ <u>2,090,400</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 300 hours may be carried over from year to year. Any excess must be paid or used by January 31, 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

The District participates in the Parochial Employees' Retirement System (a contributory, governmental, and multi-employer plan). Although the plan is obligated to the District's employees under a defined benefit formula, the District is obligated to the plan for a defined contribution amount (15.75%, 15.75%, and 15.75% of gross wages for 2013, 2012, and 2011, respectively). Employees also contribute 9.5% of salary to the plan. The District's pension plan expenses were \$1,294,481, \$1,237,265, and \$1,204,975 in 2013, 2012, and 2011, respectively.

There is no age exclusion for participation in the pension plan. An employee is vested after seven years of service. Withdrawal from the plan prior to the seven years results in refund of only the employee contribution, without interest.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 11 - CHARITY CARE

The Hospital 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 Hospital does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital 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 \$607,000, \$443,000 and \$509,000 for the years ended October 31, 2013, 2012 and 2011, respectively. Funds received through UCC and grants, which pay part of the cost of charity care and uninsured care, were approximately \$310,000, \$366,000 and \$486,000 for the years ended October 31, 2013, 2012 and 2011, 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, 2010. 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, 2010.

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.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Gross patient service charges	\$ 34,013,210	\$ 29,541,454	\$ 29,694,704
Medicare and Medicaid contractual adjustments	(3,269,207)	(3,075,781)	(4,927,253)
Provision for bad debt	(3,952,137)	(3,557,894)	(3,618,821)
Uncompensated care reimbursement	(465,000)	1,055,725	1,939,914
Physician fee revenue	408,556	999,271	-0-
Employee discounts	(29,135)	(27,798)	(32,264)
Charity care	(958,342)	(595,791)	(728,295)
Other contractual adjustments	<u>(8,296,062)</u>	<u>(5,521,416)</u>	<u>(4,160,491)</u>
 Net patient service revenue	 \$ <u>17,451,883</u>	 \$ <u>18,817,770</u>	 \$ <u>18,167,494</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>2013</u>	<u>2012</u>	<u>2011</u>
Medicare and Medicaid gross patient charges	\$ 14,546,385	\$ 13,450,391	\$ 15,896,333
Contractual adjustments, net of UCC	<u>(3,734,207)</u>	<u>(2,020,056)</u>	<u>(2,987,339)</u>
 Program patient service revenue	 \$ <u>10,812,178</u>	 \$ <u>11,430,335</u>	 \$ <u>12,908,994</u>
 Percent of total patient gross charges	 <u>43%</u>	 <u>46%</u>	 <u>54%</u>
 Percent of total net patient revenues	 <u>62%</u>	 <u>61%</u>	 <u>71%</u>

NOTE 13 - GRANT REVENUE

The Hospital received a grant of \$2,725,921, \$1,286,956 and \$290,972 in 2013, 2012 and 2011, respectively, to be used solely to provide adequate and essential medically necessary health care services to the citizens in its community who are low income and/or indigent patients. As a condition of the grant agreement, the Hospital, along with the other participating hospitals, has agreed to indemnify the grantors for claims that may arise out of this grant agreement. Various other grants were received during the year for other uses.

The Hospital recognized operating grant income of approximately \$238,000 for Medicare in 2013 and \$349,000 for Medicaid in 2012, as an incentive for implementing electronic health records (EHR). The key component of receiving the EHR incentive payment is "demonstrating meaningful use", which is meeting a series of objectives that make sure of an EHR's potential related to the improvement of quality, efficiency and patient safety. The Centers for Medicare and Medicaid has indicated that demonstrating meaningful use will

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 13 - GRANT REVENUE (Continued)

be phased in during the next few years in three stages, with each progressive stage incorporating more stringent measures. The Hospital's policy is to record the incentive payments once various stages have been met rather than recognizing ratably throughout the attestation period. In order to receive the incentive payments under each stage, a hospital must attest through a secure mechanism that they have met the meaningful use criteria. The EHR payments each year are based on management's best estimate. The payments can be retained and additional payments can be earned for each stage if the Hospital meets certain criteria in future implementation. The EHR incentive payments are reimbursed at a tentative rate with final settlement determined after submittal of the annual cost reports and audits thereof by the fiscal intermediaries.

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.

NOTE 16 - 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:

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 16 - CONTINGENCIES (Continued)

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 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.

Medicaid Uncompensated Cost - The District recorded revenue in the amounts of \$(465,000), \$1,055,725 and \$1,939,914 for Medicaid and self-pay uncompensated care services (UCC) for the years ended October 31, 2013, 2012, and 2011, respectively, which represents -0-%, 6%, and 11%, of the net patient service revenue. The interim amounts received are based upon uncompensated cost incurred in previous years. Current regulations require retroactive audit of the claimed uncompensated cost and comparison to the interim amounts paid by Medicaid in each fiscal year. Any overpayments will be recouped by Medicaid and the District has not made any provisions for such recoupments. Current regulation does not provide for settlement of underpayments by Medicaid. The Hospital has made provisions for recoupment of \$465,000 for fiscal 2011 year. With the exception of 2011, management contends interim amounts paid reasonably estimate final settlement. To the extent Management's estimates differ from actual results, the differences will be used to adjust income for the period when differences arise. Future UCC payments are dependent upon State appropriations, which require annual approval by the State legislature. Should the State not fund or substantially change this program, it would have a significant impact on the Hospital's revenue.

Patient Protection and Affordable Care Act (PPACA) - The PPACA was passed into law in 2010. This federal legislation is extremely complex and will substantially change the landscape of the healthcare industry. The PPACA has the potential to affect both payment rates and coverage issues for all healthcare payors. While the overall impact of the PPACA cannot currently be estimated, it would have a negative impact on the District's revenues.

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.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

NOTE 16 - CONTINGENCIES (Continued)

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.

Bonne Santé Center Obligation - The Board of Commissioners of Pointe Coupee Parish Hospital Service District No. 1, with consent from the District Attorney's office, approved payments to the Pointe Coupee Parish Police Jury for reimbursement of the Bonne Santé Center's expenditures. These payments are evaluated on a year to year basis. The District paid \$-0-, \$171,830, and \$241,197, for Bonne Santé Center's expenditures in 2013, 2012, and 2011, respectively.

Payments to Police Jury - During 2013, 2012, and 2011, the District transferred \$249,679, \$195,451, and \$186,200, respectively, to the Police Jury for the District's portion of 911 service. These transfers were funded from interest income.

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

NOTE 17 - BOARD OF COMMISSIONERS

The following schedule presents a list of the members of the Board of Commissioners of Pointe Coupee General Hospital at October 31, 2013.

Dr. Carl McLemore, M.D., Chairman
Mr. Maurice Picard, Vice Chairman
Ms. Janet Vosburg, Secretary
Dr. Donald Doucet, M.D., Finance Chair
Mr. Joseph Bergeron
Mr. Frank Foti
Mr. John Pourciau
Mr. William Vercher
Ms. Juliet Williams

These commissioners serve the District without compensation, per diem or reimbursement of expense, except actual cash out-of-pocket expenses incurred in the performance of their duties.

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. Those tax revenues are distributed to the parish Council on Aging. The remaining tax revenues are designated by the District to be distributed to hospital operations.

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Notes to Combined Financial Statements
Years Ended October 31, 2013, 2012, and 2011

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 \$29,795, \$26,697 and \$30,205 for October 31, 2013, 2012, and 2011, respectively.

The District has engaged in transactions with Pointe Coupee Better Access Community Health (BACH), 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 \$64,995, \$19,795, and \$85,927 for October 31, 2013, 2012, and 2011, respectively.

NOTE 20 - SUBSEQUENT EVENTS

Events have been evaluated through April 28, 2014, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

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>2013</u>	<u>2012</u>	<u>2011</u>
Routine services:			
Adult and pediatric	\$ <u>1,263,203</u>	\$ <u>1,169,256</u>	\$ <u>1,042,925</u>
 Total routine services	 <u>1,263,203</u>	 <u>1,169,256</u>	 <u>1,042,925</u>
Other professional services:			
Operating room	965,030	837,653	868,233
Recovery room	-0-	-0-	14,064
Anesthesiology	297,348	282,163	257,850
Radiology	7,709,408	6,845,379	7,003,063
Laboratory	10,143,595	6,546,818	6,643,182
Cardio pulmonary	944,666	1,033,734	801,061
Physical therapy	1,492,185	1,416,375	1,378,662
Occupational therapy	321,039	248,117	148,574
Speech therapy	297,440	167,572	129,693
Medical supply	851,671	1,119,296	899,405
Pharmacy	1,233,602	1,357,251	1,411,856
Emergency service	5,422,031	5,677,814	5,891,270
Hospice	1,008,876	1,415,177	1,430,765
Wound care	19,204	28,927	20,655
Chemical dependency services	65,934	-0-	-0-
Home health	<u>1,977,978</u>	<u>1,395,922</u>	<u>1,753,446</u>
 Total other professional services	 <u>32,750,007</u>	 <u>28,372,198</u>	 <u>28,651,779</u>
 Total patient service revenue	 <u>34,013,210</u>	 <u>29,541,454</u>	 <u>29,694,704</u>
Deductions from revenue:			
Medicare and Medicaid contractual adjustments	3,269,207	3,075,781	4,927,253
Provision for bad debt	3,952,137	3,557,894	3,618,821
Uncompensated care reimbursement	465,000	(1,055,725)	(1,939,914)
Physician fee revenue	(408,556)	(999,271)	-0-
Employee discounts	29,135	27,798	32,264
Charity care	958,342	595,791	728,295
Other contractual adjustments	<u>8,296,062</u>	<u>5,521,416</u>	<u>4,160,491</u>
 Total deductions from revenue	 <u>16,561,327</u>	 <u>10,723,684</u>	 <u>11,527,210</u>
 Net patient service revenue	 \$ <u>17,451,883</u>	 \$ <u>18,817,770</u>	 \$ <u>18,167,494</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Rent	\$ 398,019	\$ 432,440	\$ 438,105
Medical record abstracts	16,729	16,506	17,596
Cafeteria	128,899	137,502	114,303
Miscellaneous revenue	<u>202,556</u>	<u>58,950</u>	<u>22,787</u>
 Total other operating revenue	 <u>\$ 746,203</u>	 <u>\$ 645,398</u>	 <u>\$ 592,791</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>2013</u>	<u>2012</u>	<u>2011</u>
Salaries:			
Administration	\$ 1,237,137	\$ 1,182,411	\$ 1,135,113
Plant operations and maintenance	362,806	355,112	358,295
Laundry	50,827	58,543	49,660
Housekeeping	321,604	305,669	312,078
Dietary and cafeteria	318,219	295,687	284,896
Nursing administration	120,918	110,536	111,714
Medical records	226,948	226,680	226,229
Nursing services	1,806,953	1,875,552	1,704,443
Central supply	56,528	56,135	54,172
Operating room	106,082	128,181	165,305
Radiology	677,283	639,940	598,140
Laboratory	807,931	787,774	761,941
Cardio pulmonary	258,031	235,987	217,782
Pharmacy	224,037	213,233	197,146
Wound care	-0-	-0-	4,581
Emergency room	418,145	439,554	478,628
Home health	1,429,812	1,258,254	1,394,016
District	163,646	53,842	-0-
Health unit	100,724	110,440	89,815
Hospice	<u>575,838</u>	<u>730,340</u>	<u>752,840</u>
 Total salaries	 <u>9,263,469</u>	 <u>9,063,870</u>	 <u>8,896,794</u>
Benefits:			
Employee benefits	1,518,586	1,464,759	1,421,845
Hospitalization insurance	<u>822,161</u>	<u>790,484</u>	<u>766,979</u>
 Total benefits	 <u>2,340,747</u>	 <u>2,255,243</u>	 <u>2,188,824</u>
 Total salaries and benefits	 \$ <u>11,604,216</u>	 \$ <u>11,319,113</u>	 \$ <u>11,085,618</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>2013</u>		<u>2012</u>		<u>2011</u>
Nursing services	\$ 165,756	\$	146,082	\$	166,020
Operating room	24,870		24,527		55,190
Anesthesiology	2,128		1,552		2,638
Radiology	53,954		62,143		50,899
Laboratory and blood	571,092		756,548		770,317
Cardio pulmonary	64,483		76,007		77,012
Physical therapy	40,440		17,257		15,700
Central supply	116,031		131,479		113,719
Pharmacy	343,990		391,328		335,694
Emergency room	92,413		108,380		81,002
Wound care	-0-		-0-		1,127
Home health	43,826		41,078		59,640
Hospice	<u>81,009</u>		<u>123,778</u>		<u>97,360</u>
 Total medical supplies and drugs	 \$ <u>1,599,992</u>	 \$	 <u>1,880,159</u>	 \$	 <u>1,826,318</u>

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

	<u>2013</u>		<u>2012</u>		<u>2011</u>
Nursing services	\$ 295,898	\$	267,454	\$	254,872
Operating room	-0-		1,060		5,085
Anesthesiology	143,040		136,060		124,930
Radiology	344,357		346,252		436,817
Laboratory and blood	304,338		367,854		395,595
Physical therapy	950,058		939,774		743,611
Cardio pulmonary	46,502		73,672		64,469
Pharmacy	4,825		12,397		3,565
Hospice	31,357		39,964		46,167
Wound care	-0-		-0-		2,021
Emergency room	722,599		780,095		734,706
Ambulance	72,398		26,206		26,747
Home health	120,034		121,709		127,042
Physician clinic	<u>9,204</u>		<u>10,293</u>		<u>28,575</u>
 Total professional fees	 \$ <u>3,044,610</u>	\$	 <u>3,122,790</u>	\$	 <u>2,994,202</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Purchased services	\$ 1,488,825	\$ 1,609,346	\$ 1,207,925
Medical specialist	6,000	6,250	8,650
Collection fees	38,578	44,185	45,655
Supplies	628,993	575,631	558,991
Repairs and maintenance	235,479	266,537	223,061
Utilities	294,668	320,287	318,017
Telephone	123,559	89,683	57,348
Travel	179,497	170,125	190,055
Rentals	175,017	161,054	149,628
Advertising	117,642	99,183	80,948
Dues and subscriptions	102,074	104,604	95,270
Bonne Santé	-0-	80,124	239,146
Inter-governmental transfer	126,779	242,309	-0-
Miscellaneous	<u>160,487</u>	<u>331,313</u>	<u>175,928</u>
 Total other expenses	 \$ <u>3,677,598</u>	 \$ <u>4,100,631</u>	 \$ <u>3,350,622</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Net Position
October 31, 2013

<u>Assets</u>	<u>Pointe Coupee General Hospital</u>	<u>Pointe Coupee Home Health & Hospice</u>	<u>Maison Pointe Coupee Apartments</u>	<u>Eliminating Entries</u>	<u>Combined</u>
Current assets:					
Cash and cash equivalents (Note 3)	\$ 2,102,197	\$ 2,654	\$ 40,144	\$ -0-	\$ 2,144,995
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,697,958	400,770	9,924	-0-	2,108,652
Estimated third-party payor settlements	808,729	-0-	-0-	-0-	808,729
Other receivables	215,071	27,008	-0-	-0-	242,079
Inventory	482,264	13,297	-0-	-0-	495,561
Prepaid expenses	<u>118,613</u>	<u>10,742</u>	<u>793</u>	<u>-0-</u>	<u>130,148</u>
 Total current assets	 5,424,832	 454,471	 50,861	 -0-	 5,930,164
 Assets limited as to use (Note 4)	 1,503,981	 -0-	 232,700	 -0-	 1,736,681
 Land	 1,759,295	 -0-	 100,000	 -0-	 1,859,295
 Capital assets, net (Note 6)	 6,508,439	 24,577	 1,377,364	 -0-	 7,910,380
Other assets:					
Investments	14,272,761	2,705	-0-	-0-	14,275,466
LHA investment	<u>222,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>222,523</u>
 Total assets	 \$ <u>29,691,831</u>	 \$ <u>481,753</u>	 \$ <u>1,760,925</u>	 \$ <u>-0-</u>	 \$ <u>31,934,509</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Net Position (Continued)
October 31, 2013

	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	\$ 185,355	\$ 101,603	\$ 4,386	\$ -0-	\$ 291,344
Accrued expenses and withholdings payable (Note 7)	766,832	214,476	11,208	-0-	992,516
Estimated third-party payor settlements	545,000	-0-	-0-	-0-	545,000
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>5,902</u>	<u>-0-</u>	<u>5,902</u>
Total current liabilities	\$ <u>1,497,187</u>	\$ <u>316,079</u>	\$ <u>21,496</u>	\$ <u>-0-</u>	\$ <u>1,834,762</u>
Long-term debt, net of current maturities (Note 8)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>949,892</u>	\$ <u>-0-</u>	\$ <u>949,892</u>
Total liabilities	<u>1,497,187</u>	<u>316,079</u>	<u>971,388</u>	<u>-0-</u>	<u>2,784,654</u>
Net position:					
Invested in capital assets, net of related debt	6,508,439	24,577	421,570	-0-	6,954,586
Unrestricted	<u>21,686,205</u>	<u>141,097</u>	<u>367,967</u>	<u>-0-</u>	<u>22,195,269</u>
Total net position	<u>28,194,644</u>	<u>165,674</u>	<u>789,537</u>	<u>-0-</u>	<u>29,149,855</u>
Total liabilities and net position	\$ <u>29,691,831</u>	\$ <u>481,753</u>	\$ <u>1,760,925</u>	\$ <u>-0-</u>	\$ <u>31,934,509</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Net Position
October 31, 2012

<u>Assets</u>	<u>Pointe Coupee General Hospital</u>	<u>Pointe Coupee Home Health & Hospice</u>	<u>Maison Pointe Coupee Apartments</u>	<u>Eliminating Entries</u>	<u>Combined</u>
Current assets:					
Cash and cash equivalents (Note 3)	\$ 1,673,445	\$ (37,361)	\$ 95,823	\$ -0-	\$ 1,731,907
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,766,347	332,448	1,063	-0-	2,099,858
Estimated third-party payor settlements	1,112,242	-0-	-0-	-0-	1,112,242
Other receivables	48,648	26,933	-0-	(26,933)	48,648
Inventory	503,287	15,280	-0-	-0-	518,567
Prepaid expenses	<u>116,518</u>	<u>-0-</u>	<u>793</u>	<u>-0-</u>	<u>117,311</u>
 Total current assets	 5,220,487	 337,300	 97,679	 (26,933)	 5,628,533
 Assets limited as to use (Note 4)	 1,502,932	 -0-	 176,063	 -0-	 1,678,995
 Land	 1,759,295	 -0-	 100,000	 -0-	 1,859,295
 Capital assets, net (Note 6)	 7,178,745	 37,534	 1,444,513	 -0-	 8,660,792
Other assets:					
Investments	14,731,362	2,744	-0-	-0-	14,734,106
LHA investment	<u>222,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>222,523</u>
 Total assets	 \$ <u>30,615,344</u>	 \$ <u>377,578</u>	 \$ <u>1,818,255</u>	 \$ <u>(26,933)</u>	 \$ <u>32,784,244</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Net Position (Continued)
October 31, 2012

	<u>Pointe Coupee General Hospital</u>	<u>Pointe Coupee Home Health & Hospice</u>	<u>Maison Pointe Coupee Apartments</u>	<u>Eliminating Entries</u>	<u>Combined</u>
<u>Liabilities and Net Position</u>					
Current liabilities:					
Accounts payable	\$ 453,112	\$ 59,489	\$ 3,557	\$ (26,933)	\$ 489,225
Accrued expenses and withholdings payable (Note 7)	987,248	188,025	11,540	-0-	1,186,813
Estimated third-party payor settlements	80,000	-0-	-0-	-0-	80,000
Unearned revenue	1,913,308	-0-	-0-	-0-	1,913,308
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>5,511</u>	<u>-0-</u>	<u>5,511</u>
 Total current liabilities	 \$ <u>3,433,668</u>	 \$ <u>247,514</u>	 \$ <u>20,608</u>	 \$ <u>(26,933)</u>	 \$ <u>3,674,857</u>
 Long-term debt, net of current maturities (Note 8)	 \$ <u>-0-</u>	 \$ <u>-0-</u>	 \$ <u>955,794</u>	 \$ <u>-0-</u>	 \$ <u>955,794</u>
 Total liabilities	 <u>3,433,668</u>	 <u>247,514</u>	 <u>976,402</u>	 <u>(26,933)</u>	 <u>4,630,651</u>
Net position					
Invested in capital assets, net of related debt	7,178,745	37,534	483,208	-0-	7,699,487
Unrestricted	<u>20,002,931</u>	<u>92,530</u>	<u>358,645</u>	<u>-0-</u>	<u>20,454,106</u>
 Total net position	 <u>27,181,676</u>	 <u>130,064</u>	 <u>841,853</u>	 <u>-0-</u>	 <u>28,153,593</u>
 Total liabilities and net position	 \$ <u>30,615,344</u>	 \$ <u>377,578</u>	 \$ <u>1,818,255</u>	 \$ <u>(26,933)</u>	 \$ <u>32,784,244</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Net Position
October 31, 2011

<u>Assets</u>	<u>Pointe Coupee General Hospital</u>	<u>Pointe Coupee Home Health & Hospice</u>	<u>Maison Pointe Coupee Apartments</u>	<u>Eliminating Entries</u>	<u>Combined</u>
Current assets:					
Cash and cash equivalents (Note 3)	\$ 3,649,658	\$ 140,337	\$ 54,858	\$ -0-	\$ 3,844,853
Patient accounts receivable, net of estimated uncollectibles (Note 5)	1,407,018	425,502	-0-	-0-	1,832,520
Estimated third-party payor settlements	285,782	-0-	-0-	-0-	285,782
Other receivables	65,208	56,846	-0-	(56,846)	65,208
Inventory	574,061	19,337	-0-	-0-	593,398
Prepaid expenses	<u>114,309</u>	<u>22,320</u>	<u>-0-</u>	<u>-0-</u>	<u>136,629</u>
 Total current assets	 6,096,036	 664,342	 54,858	 (56,846)	 6,758,390
 Assets limited as to use (Note 4)	 1,500,703	 -0-	 175,953	 -0-	 1,676,656
 Land	 1,759,295	 -0-	 100,000	 -0-	 1,859,295
 Capital assets, net (Note 6)	 7,623,943	 66,027	 1,481,573	 -0-	 9,171,543
Other assets:					
Investments	10,612,588	432,690	-0-	-0-	11,045,278
LHA investment	<u>222,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>222,523</u>
 Total assets	 \$ <u>27,815,088</u>	 \$ <u>1,163,059</u>	 \$ <u>1,812,384</u>	 \$ <u>(56,846)</u>	 \$ <u>30,733,685</u>

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Net Position (Continued)
October 31, 2011

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee Apartments	Eliminating Entries	<u>Combined</u>
<u>Liabilities and Net Position</u>					
Current liabilities:					
Accounts payable	\$ 484,533	\$ 60,065	\$ 3,001	\$ (56,846)	\$ 490,753
Accrued expenses and withholdings payable (Note 7)	907,201	289,941	11,119	-0-	1,208,261
Estimated third-party payor settlements	179,130	-0-	-0-	-0-	179,130
Unearned revenue	1,055,725	-0-	-0-	-0-	1,055,725
Current maturities of long-term debt (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>5,146</u>	<u>-0-</u>	<u>5,146</u>
 Total current liabilities	 \$ <u>2,626,589</u>	 \$ <u>350,006</u>	 \$ <u>19,266</u>	 \$ <u>(56,846)</u>	 \$ <u>2,939,015</u>
 Long-term debt, net of current maturities (Note 8)	 \$ <u>-0-</u>	 \$ <u>-0-</u>	 \$ <u>961,305</u>	 \$ <u>-0-</u>	 \$ <u>961,305</u>
 Total liabilities	 <u>2,626,589</u>	 <u>350,006</u>	 <u>980,571</u>	 <u>(56,846)</u>	 <u>3,900,320</u>
Net position:					
Invested in capital assets, net of related debt	7,623,943	66,027	515,122	-0-	8,205,092
Unrestricted	<u>17,564,556</u>	<u>747,026</u>	<u>316,691</u>	<u>-0-</u>	<u>18,628,273</u>
 Total net position	 <u>25,188,499</u>	 <u>813,053</u>	 <u>831,813</u>	 <u>-0-</u>	 <u>26,833,365</u>
 Total liabilities and net position	 \$ <u>27,815,088</u>	 \$ <u>1,163,059</u>	 \$ <u>1,812,384</u>	 \$ <u>(56,846)</u>	 \$ <u>30,733,685</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, 2013

	Pointe Coupee General Hospital	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee Apartments	Eliminating Entries	Combined
Revenue:					
Net patient service revenue	\$ 14,540,375	\$ 2,911,508	\$ -0-	\$ -0-	\$ 17,451,883
Sales tax revenue	1,888,155	-0-	-0-	-0-	1,888,155
Donations	37	397	-0-	-0-	434
Grants	2,964,381	-0-	-0-	-0-	2,964,381
Other operating revenue	<u>382,260</u>	<u>80,904</u>	<u>283,039</u>	<u>-0-</u>	<u>746,203</u>
Total revenue	<u>19,775,208</u>	<u>2,992,809</u>	<u>283,039</u>	<u>-0-</u>	<u>23,051,056</u>
Expenses:					
Salaries and benefits	9,052,402	2,489,109	62,705	-0-	11,604,216
Medical supplies and drugs	1,477,241	122,751	-0-	-0-	1,599,992
Insurance	349,311	42,459	16,259	-0-	408,029
Professional fees	2,896,359	148,251	-0-	-0-	3,044,610
Depreciation	992,403	23,523	58,172	-0-	1,074,098
Other expenses	<u>2,876,445</u>	<u>702,006</u>	<u>99,147</u>	<u>-0-</u>	<u>3,677,598</u>
Total expenses	<u>17,644,161</u>	<u>3,528,099</u>	<u>236,283</u>	<u>-0-</u>	<u>21,408,543</u>
Operating income (loss)	<u>2,131,047</u>	<u>(535,290)</u>	<u>46,756</u>	<u>-0-</u>	<u>1,642,513</u>
Nonoperating income (loss):					
Investment income	335,638	2	-0-	-0-	335,640
Interest expense	-0-	-0-	(65,887)	-0-	(65,887)
Gain (loss) on disposal of assets	20,000	-0-	-0-	-0-	20,000
Intergovernmental transfers	(565,000)	565,000	-0-	-0-	-0-
Payments to Police Jury	<u>(249,679)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(249,679)</u>
Nonoperating income (loss), net	<u>(459,041)</u>	<u>565,002</u>	<u>(65,887)</u>	<u>-0-</u>	<u>40,074</u>
Excess of revenues (expenses)					
before capital grants	1,672,006	29,712	(19,131)	-0-	1,682,587
Capital grants	<u>134,073</u>	<u>5,898</u>	<u>-0-</u>	<u>-0-</u>	<u>139,971</u>
Excess of revenues (expenses)	1,806,079	35,610	(19,131)	-0-	1,822,558
Other comprehensive income					
Unrealized investment gains (losses)	<u>(793,111)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(793,111)</u>
Comprehensive income (loss)	1,012,968	35,610	(19,131)	-0-	1,029,447
Beginning net position					
Prior period adjustment	<u>-0-</u>	<u>-0-</u>	<u>(33,185)</u>	<u>-0-</u>	<u>(33,185)</u>
Ending net position	<u>\$ 28,194,644</u>	<u>\$ 165,674</u>	<u>\$ 789,537</u>	<u>\$ -0-</u>	<u>\$ 29,149,855</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, 2012

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating Entries	<u>Combined</u>
Revenue:					
Net patient service revenue	\$ 16,025,451	\$ 2,792,319	\$ -0-	\$ -0-	\$ 18,817,770
Sales tax revenue	1,939,211	-0-	-0-	-0-	1,939,211
Donations	-0-	5,551	-0-	-0-	5,551
Grants	1,635,753	-0-	-0-	-0-	1,635,753
Other operating revenue	<u>298,109</u>	<u>286,053</u>	<u>297,093</u>	<u>(235,857)</u>	<u>645,398</u>
Total revenue	<u>19,898,524</u>	<u>3,083,923</u>	<u>297,093</u>	<u>(235,857)</u>	<u>23,043,683</u>
Expenses:					
Salaries and benefits	8,776,396	2,488,096	54,621	-0-	11,319,113
Medical supplies and drugs	1,722,105	158,054	-0-	-0-	1,880,159
Insurance	342,884	82,425	16,354	-0-	441,663
Professional fees	2,972,589	150,201	-0-	-0-	3,122,790
Depreciation	1,016,024	33,550	56,446	-0-	1,106,020
Other expenses	<u>3,380,889</u>	<u>862,221</u>	<u>93,378</u>	<u>(235,857)</u>	<u>4,100,631</u>
Total expenses	<u>18,210,887</u>	<u>3,774,547</u>	<u>220,799</u>	<u>(235,857)</u>	<u>21,970,376</u>
Operating income (loss)	<u>1,687,637</u>	<u>(690,624)</u>	<u>76,294</u>	<u>-0-</u>	<u>1,073,307</u>
Nonoperating income (loss):					
Investment income	243,479	275	-0-	-0-	243,754
Interest expense	-0-	-0-	(66,254)	-0-	(66,254)
Payments to Police Jury	<u>(195,451)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(195,451)</u>
Nonoperating income (loss), net	<u>48,028</u>	<u>275</u>	<u>(66,254)</u>	<u>-0-</u>	<u>(17,951)</u>
Excess of revenues (expenses)					
before capital grants	1,735,665	(690,349)	10,040	-0-	1,055,356
Capital grants	<u>257,512</u>	<u>7,360</u>	<u>-0-</u>	<u>-0-</u>	<u>264,872</u>
Excess of revenues (expenses)	1,993,177	(682,989)	10,040	-0-	1,320,228
Other comprehensive income					
Unrealized investment gains (losses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Comprehensive income (loss)	1,993,177	(682,989)	10,040	-0-	1,320,228
Beginning net position	<u>25,188,499</u>	<u>813,053</u>	<u>831,813</u>	<u>-0-</u>	<u>26,833,365</u>
Ending net position	\$ <u>27,181,676</u>	\$ <u>130,064</u>	\$ <u>841,853</u>	\$ <u>-0-</u>	\$ <u>28,153,593</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, 2011

	Pointe Coupee General <u>Hospital</u>	Pointe Coupee Home Health & Hospice	Maison Pointe Coupee <u>Apartments</u>	Eliminating Entries	<u>Combined</u>
Revenue:					
Net patient service revenue	\$ 15,049,933	\$ 3,117,561	\$ -0-	\$ -0-	\$ 18,167,494
Sales tax revenue	1,683,342	-0-	-0-	-0-	1,683,342
Donations	-0-	-0-	-0-	-0-	-0-
Grants	290,972	-0-	-0-	-0-	290,972
Other operating revenue	<u>281,002</u>	<u>267,557</u>	<u>296,440</u>	<u>(252,208)</u>	<u>592,791</u>
Total revenue	<u>17,305,249</u>	<u>3,385,118</u>	<u>296,440</u>	<u>(252,208)</u>	<u>20,734,599</u>
Expenses:					
Salaries and benefits	8,368,868	2,660,818	55,932	-0-	11,085,618
Medical supplies and drugs	1,676,960	149,358	-0-	-0-	1,826,318
Insurance	345,819	68,786	15,211	-0-	429,816
Professional fees	2,853,316	140,886	-0-	-0-	2,994,202
Depreciation	967,557	35,917	55,140	-0-	1,058,614
Other expenses	<u>2,695,785</u>	<u>815,271</u>	<u>91,774</u>	<u>(252,208)</u>	<u>3,350,622</u>
Total expenses	<u>16,908,305</u>	<u>3,871,036</u>	<u>218,057</u>	<u>(252,208)</u>	<u>20,745,190</u>
Operating income (loss)	<u>396,944</u>	<u>(485,918)</u>	<u>78,383</u>	<u>-0-</u>	<u>(10,591)</u>
Nonoperating income (loss):					
Investment income	247,614	5,905	-0-	-0-	253,519
Interest expense	-0-	-0-	(66,597)	-0-	(66,597)
Gain (loss) on disposal of assets	100,127	-0-	-0-	-0-	100,127
Payments to Police Jury	<u>(186,200)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(186,200)</u>
Nonoperating income (loss), net	<u>161,541</u>	<u>5,905</u>	<u>(66,597)</u>	<u>-0-</u>	<u>100,849</u>
Excess of revenues (expenses)					
before capital grants	558,485	(480,013)	11,786	-0-	90,258
Capital grants	<u>58,888</u>	<u>7,609</u>	<u>-0-</u>	<u>-0-</u>	<u>66,497</u>
Excess of revenues (expenses)	617,373	(472,404)	11,786	-0-	156,755
Other comprehensive income					
Unrealized investment gains (losses)	<u>(71,892)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(71,892)</u>
Comprehensive income (loss)	545,481	(472,404)	11,786	-0-	84,863
Beginning net position	<u>24,643,018</u>	<u>1,285,457</u>	<u>820,027</u>	<u>-0-</u>	<u>26,748,502</u>
Ending net position	\$ <u>25,188,499</u>	\$ <u>813,053</u>	\$ <u>831,813</u>	\$ <u>-0-</u>	\$ <u>26,833,365</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, 2013

	Hospital	COA*	Home Health & Hospice	BACH***	Substance Abuse	Innis	Elderly Housing	District**	Total
Revenue:									
Net patient service revenue	\$ 14,540,375	\$ -	\$ 2,911,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,451,883
Sales tax revenue	1,888,155	-	-	-	-	-	-	-	1,888,155
Donations	434	-	-	-	-	-	-	-	434
Grants	2,964,381	-	-	-	-	-	-	-	2,964,381
Other	280,503	-	80,904	-	-	-	283,039	101,757	746,203
Total revenue	19,673,848	-	2,992,412	-	-	-	283,039	101,757	23,051,056
Expenses:									
Salaries and benefits	9,052,402	-	2,489,109	-	-	-	62,705	-	11,604,216
Medical supplies and drugs	1,477,241	-	122,751	-	-	-	-	-	1,599,992
Insurance	349,311	-	42,459	-	-	-	16,259	-	408,029
Professional fees	2,831,456	-	148,251	64,903	-	-	-	-	3,044,610
Depreciation	977,800	-	23,523	-	-	14,603	58,172	-	1,074,098
Other expenses	2,561,528	299,633	702,006	92	-	15,192	99,147	-	3,677,598
Total expenses	17,249,738	299,633	3,528,099	64,995	-	29,795	236,283	-	21,408,543
Operating income (loss)	2,424,110	(299,633)	(535,687)	(64,995)	-	(29,795)	46,756	101,757	1,642,513
Nonoperating income (loss):									
Investment income	335,638	-	2	-	-	-	-	-	335,640
Interest expense	-	-	-	-	-	-	(65,887)	-	(65,887)
Gain (loss) on disposal of asset	20,000	-	-	-	-	-	-	-	20,000
Payments to Police Jury	(249,679)	-	-	-	-	-	-	-	(249,679)
Nonoperating income (loss), net	105,959	-	2	-	-	-	(65,887)	-	40,074
Excess of revenues (expenses) before capital grants	2,530,069	(299,633)	(535,685)	(64,995)	-	(29,795)	(19,131)	101,757	1,682,587
Capital grants	139,971	-	-	-	-	-	-	-	139,971
Excess of revenues (expenses)	\$ 2,670,040	\$ (299,633)	\$ (535,685)	\$ (64,995)	\$ -	\$ (29,795)	\$ (19,131)	\$ 101,757	\$ 1,822,558

* Council on Aging

** Remaining non-hospital activities of the District

***BACH Pointe Coupee Better Access Community Health

Hospital Service District No. 1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Operations by Service Component
Year Ended October 31, 2012

	Hospital	COA*	Home Health & Hospice	District Summary				Elderly Housing	District**	Total
				BACH***	Substance Abuse	Innis				
Revenue:										
Net patient service revenue	\$ 16,025,451	\$ -	\$ 2,792,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,817,770	
Sales tax revenue	1,939,211	-	-	-	-	-	-	-	1,939,211	
Donations	-	-	5,551	-	-	-	-	-	5,551	
Grants	1,635,753	-	-	-	-	-	-	-	1,635,753	
Other	190,362	-	50,196	-	-	-	-	107,747	645,398	
Total revenue	19,790,777	-	2,848,066	-	-	-	-	107,747	23,043,683	
Expenses:										
Salaries and benefits	8,654,753	-	2,488,096	-	-	-	-	121,643	11,319,113	
Medical supplies and drugs	1,722,105	-	158,054	-	-	-	-	-	1,880,159	
Insurance	342,884	-	82,425	-	-	-	-	-	441,663	
Professional fees	2,954,426	-	150,201	-	-	-	-	18,163	3,122,790	
Depreciation	888,043	-	33,550	-	-	14,603	-	113,378	1,106,020	
Other expenses	2,273,854	279,328	862,221	-	171,830	12,094	-	407,926	4,100,631	
Total expenses	16,836,065	279,328	3,774,547	-	171,830	26,697	-	661,110	21,970,376	
Operating income (loss)	2,954,712	(279,328)	(926,481)	-	(171,830)	(26,697)	-	(553,363)	1,073,307	
Nonoperating income (loss):										
Investment income	243,479	-	275	-	-	-	-	-	243,754	
Interest expense	-	-	-	-	-	-	-	-	(66,254)	
Gain (loss) on disposal of asset	-	-	-	-	-	-	-	-	-	
Payments to Police Jury	(195,451)	-	-	-	-	-	-	-	(195,451)	
Nonoperating income (loss), net	48,028	-	275	-	-	-	-	-	(17,951)	
Excess of revenues (expenses) before capital grants	3,002,740	(279,328)	(926,206)	-	(171,830)	(26,697)	-	(553,363)	1,055,356	
Capital grants	264,872	-	-	-	-	-	-	-	264,872	
Excess of revenues (expenses)	\$ 3,267,612	\$ (279,328)	\$ (926,206)	\$ -	\$ (171,830)	\$ (26,697)	\$ 10,040	\$ (553,363)	\$ 1,320,228	

* Council on Aging

** Remaining non-hospital activities of the District

*** BACH Pointe Coupee Better Access Community Health

Hospital Service District No.1
Of the Parish of Pointe Coupee and Affiliate
Combining Statements of Operations by Service Component
Year Ended October 31, 2011

	Hospital	District Summary					Elderly Housing	District**	Total
		COA*	Home Health & Hospice	BACH***	Substance Abuse	Innis			
Revenue:									
Net patient service revenue	\$ 15,049,933	\$ -	\$ 3,117,561	\$ -	\$ -	\$ -	\$ -	\$ 18,167,494	
Sales tax revenue	1,683,342	-	-	-	-	-	-	1,683,342	
Grants	290,972	-	-	-	-	-	-	290,972	
Other	180,145	-	15,349	-	-	-	100,857	592,791	
Total revenue	17,204,392	-	3,132,910	-	-	-	100,857	20,734,599	
Expenses:									
Salaries and benefits	8,264,968	-	2,660,818	-	-	-	103,900	11,085,618	
Medical supplies and drugs	1,676,960	-	149,358	-	-	-	-	1,826,318	
Insurance	345,819	-	68,786	-	-	-	15,211	429,816	
Professional fees	2,773,590	-	140,886	79,726	-	-	-	2,994,202	
Depreciation	839,137	-	35,917	-	-	14,603	113,817	1,058,614	
Other expenses	1,643,118	189,874	815,271	241,197	6,201	15,602	347,585	3,350,622	
Total expenses	15,543,592	189,874	3,871,036	241,197	85,927	30,205	565,302	20,745,190	
Operating income (loss)	1,660,800	(189,874)	(738,126)	(241,197)	(85,927)	(30,205)	(464,445)	(10,591)	
Nonoperating income (loss):									
Investment income	247,614	-	5,905	-	-	-	-	253,519	
Interest expense	-	-	-	-	-	-	(66,597)	(66,597)	
Gain (loss) on disposal of asset	100,127	-	-	-	-	-	-	100,127	
Payments to Police Jury	(186,200)	-	-	-	-	-	-	(186,200)	
Nonoperating income (loss), net	161,541	-	5,905	-	-	-	(66,597)	100,849	
Excess of revenues (expenses) before capital grants	1,822,341	(189,874)	(732,221)	(241,197)	(85,927)	(30,205)	(464,445)	90,258	
Capital grants	66,497	-	-	-	-	-	-	66,497	
Excess of revenues (expenses)	\$ 1,888,838	\$ (189,874)	\$ (732,221)	\$ (241,197)	\$ (85,927)	\$ (30,205)	\$ 11,786	\$ 156,755	

* Council on Aging

** Remaining non-hospital activities of the District

*** BACH Pointe Coupee Better Access Community Health



LESTER, MILLER & WELLS

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Rd. • Alexandria, LA 71303

Members:

American Institute of CPA's

Society of Louisiana CPA's

Bobby G. Lester, CPA
John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA
Mary L. Carroll, CPA

Brenda J. Lloyd, CPA
Emily C. Lohman, CPA

Mailing Address: Post Office Box 8758 • Alexandria, Louisiana 71306-1758 • Telephone (318) 487-1450 • Facsimile (318) 445-1184

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 consolidated financial statements of the business-type activities of the Hospital Service District No. 1, Parish of Pointe Coupee, (the "District" or the "Hospital") and its affiliate, a component unit of the Richland Parish Police Jury, as of and for the years ended October 31, 2013, 2012, and 2011, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 28, 2014.

Internal Control Over Financial Reporting

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

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 were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2013-1, 2013-2 and 2013-3.

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

This report is intended solely for the information and use of management, the Board of Commissioners, and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Alexandria, Louisiana

April 28, 2014



POINTE COUPEE GENERAL HOSPITAL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED OCTOBER 31, 2013

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 2013-1 - Draft of Financial Statements

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

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

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

FINDING 2013-2 - 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.

POINTE COUPEE GENERAL HOSPITAL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED OCTOBER 31, 2013

Section II. Financial Statement Findings (Continued)

FINDING 2013-2 - Segregation of Duties (Continued)

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

FINDING 2013-03 - Estimate of Cost Report Receivable

Finding: The Hospital did not record an accurate estimate for the current year Medicare and Louisiana Medicaid cost report settlement. Since interim reimbursement rates were understated, the amount due from Medicare and Louisiana Medicaid and the related revenue were materially understated.

Recommendation: An interim cost report projection should be made and an estimate of the Medicare and Medicaid cost report should be recorded to accurately reflect the revenue.

Response: Management will make a mid-year projection based on current cost report data to more accurately determine cost report receivable/payable and related contractual allowances.

POINTE COUPEE GENERAL HOSPITAL
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED OCTOBER 31, 2013

Section I. Financial Statement Findings

2012-01 - Draft of Financial Statements

Fiscal Year Initially Reported: October 31, 2007

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

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

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

Current Status: Not resolved - See finding 2013-1

2012-02 - 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 2013-2

2012-03 - Estimate of Cost Report Receivable

Fiscal Year Initially Reported: October 31, 2012

Finding: The Hospital did not record an accurate estimate for the current year Medicare and Louisiana Medicaid cost report settlement. Since interim reimbursement rates were understated, the amount due from Medicare and Louisiana Medicaid and the related revenue were materially understated.

POINTE COUPEE GENERAL HOSPITAL
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED OCTOBER 31, 2013

Section I. Financial Statement Findings (Continued)

2012-03 - Estimate of Cost Report Receivable (Continued)

Recommendation: An interim cost report projection should be made and an estimate of the Medicare and Medicaid cost report should be recorded to accurately reflect the revenue.

Response: Management will make a mid-year projection based on current cost report data to more accurately determine cost report receivable/payable and related contractual allowances.

Current Status: Not resolved - See finding 2013-3

Section II. Management Letter

Not Applicable

Section III. Federal Award Findings and Questioned Costs

Not Applicable