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NATCHITOCHEs REGIONAL MEDICAL CENTER

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2015, 2014 AND 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 09 2015



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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LESTER, MILLER & WELLS

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Independent Auditors' Report

To the Board of Commissioners
Natchitoches Parish Hospital Service District
Natchitoches, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Natchitoches Parish Hospital Service District and its Affiliates (the "Hospital"), a component unit of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the years ended June 30, 2015, 2014 and 2013, 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital, as of June 30, 2015, 2014 and 2013, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages "i" through "ix" 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.



Board of Commissioners
Natchitoches Parish Hospital Service District
Natchitoches, Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2015, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hospital's internal control over financial reporting and compliance.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

November 19, 2015



NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF NET POSITION
JUNE 30,

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current			
Cash and cash equivalents	\$ 7,899,843	\$ 5,843,890	\$ 11,609,500
Limited use assets (Note 4)	533,661	520,036	492,327
Patient accounts receivable, net (Note 3)	8,913,647	8,191,689	7,839,286
Estimated third-party payor settlements	385,490	713,001	586,560
Other receivables	819,119	-0-	50,903
Inventory	1,679,348	1,450,989	1,377,954
Prepaid expenses	1,253,688	774,729	803,370
Notes receivable - current (Note 15)	70,389	114,698	363,421
Total Current Assets	<u>21,555,185</u>	<u>17,609,032</u>	<u>23,123,321</u>
Other			
Limited use assets (Note 4)	15,162,132	15,451,529	9,131,083
Land	1,118,948	1,118,948	1,118,948
Depreciable capital assets, net (Note 5)	37,374,721	35,664,099	37,712,993
Bond issue cost, net (Note 6)	48,608	54,897	61,186
Capitalized construction interest, net (Note 6)	1,789,888	1,847,331	1,904,775
Notes receivable (Note 15)	54,304	146,027	156,078
Other	598,348	1,020,914	468,767
Total Assets	<u>\$ 77,702,134</u>	<u>\$ 72,912,777</u>	<u>\$ 73,677,151</u>
<u>LIABILITIES AND NET POSITION</u>			
Current			
Accounts payable	\$ 3,313,697	\$ 1,640,693	\$ 1,988,727
Accrued expenses	2,107,132	1,539,937	1,244,252
Unearned revenue	-0-	-0-	8,010
Estimated third-party payor settlements	273,885	317,745	350,000
Current portion of long-term debt (Note 8)	1,115,000	1,055,000	995,000
Total Current Liabilities	<u>6,809,714</u>	<u>4,553,375</u>	<u>4,585,989</u>
Long-term Liabilities			
Long-term debt (Note 8)	8,645,000	9,760,000	10,815,000
Total Liabilities	<u>15,454,714</u>	<u>14,313,375</u>	<u>15,400,989</u>
Net Position			
Invested in capital assets, net of related debt	28,733,669	25,968,047	27,021,941
Restricted	963,958	950,333	889,326
Unrestricted	31,177,504	31,026,594	29,719,193
Total Controlling Net Position	<u>60,875,131</u>	<u>57,944,974</u>	<u>57,630,460</u>
Noncontrolling interest in subsidiary	1,372,289	654,428	645,702
Total Net Position	<u>62,247,420</u>	<u>58,599,402</u>	<u>58,276,162</u>
Total Liabilities and Net Position	<u>\$ 77,702,134</u>	<u>\$ 72,912,777</u>	<u>\$ 73,677,151</u>

See accompanying notes to financial statements.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues			
Net patient service revenue	\$ 48,152,126	\$ 41,403,531	\$ 38,501,108
Other revenue	<u>9,553,426</u>	<u>7,695,892</u>	<u>7,796,945</u>
Total Revenues	<u>57,705,552</u>	<u>49,099,423</u>	<u>46,298,053</u>
Expenses			
Salaries and benefits	26,753,965	23,406,061	21,465,006
Medical supplies and drugs	4,556,800	3,892,227	3,616,605
Medical, professional and consulting	5,285,099	4,513,118	3,921,090
Other expenses	12,116,185	11,155,516	10,282,534
Insurance	1,296,288	1,070,189	1,068,881
Depreciation and amortization	<u>4,388,490</u>	<u>4,525,136</u>	<u>3,634,499</u>
Total Expenses	<u>54,396,827</u>	<u>48,562,247</u>	<u>43,988,615</u>
Operating Income (Loss)	<u>3,308,725</u>	<u>537,176</u>	<u>2,309,438</u>
Nonoperating Revenues (Expenses)			
Noncapital grants	-0-	90,876	35,321
Interest income	1,921	7,729	6,655
Interest income from limited use assets	115,083	106,729	64,880
Gain on sale of equipment	72,836	-0-	-0-
Interest expense	<u>(430,981)</u>	<u>(476,999)</u>	<u>(517,832)</u>
Total Nonoperating Revenues (Expenses)	<u>(241,141)</u>	<u>(271,665)</u>	<u>(410,976)</u>
Excess of Revenue Over Expenses	3,067,584	265,511	1,898,462
Less: Consolidated net income attributable to noncontrolling interest	(268,053)	(131,476)	(49,451)
Other Comprehensive Income			
Unrealized holding gains (losses)	<u>130,626</u>	<u>180,479</u>	<u>(110,430)</u>
Comprehensive Income (Loss)	2,930,157	314,514	1,738,581
Beginning net position	<u>57,944,974</u>	<u>57,630,460</u>	<u>55,891,879</u>
Ending net position	\$ <u>60,875,131</u>	\$ <u>57,944,974</u>	\$ <u>57,630,460</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 47,713,819	\$ 40,892,432	\$ 39,545,938
Other receipts from operations	8,807,143	7,738,785	7,793,454
Investment income received - nonrestricted	1,921	7,729	6,655
Cash payments to employees and for employee-related cost	(26,186,770)	(23,110,376)	(21,309,801)
Cash payments for other operating expenses	<u>(22,173,988)</u>	<u>(20,628,780)</u>	<u>(18,479,680)</u>
Net cash provided (used) by operating activities	<u>8,162,125</u>	<u>4,899,790</u>	<u>7,556,566</u>
Cash flows from investing activities:			
Cash invested in assets limited as to use - investment	(117,004)	(114,458)	(71,535)
Redemption of investments/principal return	523,402	(6,053,218)	4,438,256
Loans to physicians	(10,000)	(144,468)	(126,783)
Collection on physician loans	31,334	8,544	6,000
Cash invested in joint venture	398,696	(576,016)	(14,700)
Dividends paid to joint venture owners	(73,651)	(122,750)	(249,900)
Cash received for noncontrolling interest in subsidiary	523,459	-0-	-0-
Investment earnings	<u>115,083</u>	<u>106,729</u>	<u>64,880</u>
Net cash provided (used) by investing activities	<u>1,391,319</u>	<u>(6,895,637)</u>	<u>4,046,218</u>
Cash flows from financing activities:			
Proceeds from noncapital grants	<u>-0-</u>	<u>90,876</u>	<u>35,321</u>
Net cash provided (used) by financing activities	<u>-0-</u>	<u>90,876</u>	<u>35,321</u>
Cash flows from capital and related financing activities:			
Interest expense	(430,981)	(476,999)	(517,832)
Sales price of assets	80,959	-0-	-0-
Principal payments on long-term debt	(1,055,000)	(995,000)	(940,000)
Acquisition of capital assets	<u>(6,092,469)</u>	<u>(2,388,640)</u>	<u>(4,045,071)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (7,497,491)</u>	<u>\$ (3,860,639)</u>	<u>\$ (5,502,903)</u>

See accompanying notes to financial statements.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,055,953	\$ (5,765,610)	\$ 6,135,202
Beginning cash and cash equivalents	<u>5,843,890</u>	<u>11,609,500</u>	<u>5,474,298</u>
Ending cash and cash equivalents	\$ <u>7,899,843</u>	\$ <u>5,843,890</u>	\$ <u>11,609,500</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	\$ <u>442,347</u>	\$ <u>486,518</u>	\$ <u>528,210</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 3,308,725	\$ 537,176	\$ 2,309,438
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:			
Provision for bad debts	11,172,121	8,783,790	6,958,444
Depreciation and amortization	4,388,490	4,525,136	3,634,499
Physician loan amortization	114,698	394,698	386,987
Interest income	1,921	7,729	6,655
Gain/loss on sale of assets	72,836	-0-	(7,000)
Changes in current assets (increase) decrease:			
Patient accounts receivable, net	(11,894,079)	(9,136,193)	(5,732,210)
Estimated third-party payor settlements	327,511	(126,441)	(163,870)
Other receivables	(819,119)	50,903	12,613
Inventory	(228,359)	(73,035)	(45,404)
Prepaid expenses	(478,959)	28,641	62,428
Changes in current liabilities (increase) decrease:			
Accounts payable	1,673,004	(348,034)	5,420
Accrued expenses	567,195	295,685	155,205
Unearned revenue	-0-	(8,010)	(9,104)
Estimated third-party payor settlements	<u>(43,860)</u>	<u>(32,255)</u>	<u>(17,535)</u>
Net cash provided by operating activities	\$ <u>8,162,125</u>	\$ <u>4,899,790</u>	\$ <u>7,556,566</u>

See accompanying notes to financial statements.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Legal Organizations

The Natchitoches Parish Hospital Service District (referred to as "the District" or "the Hospital") was created by an ordinance of the Natchitoches Parish Police Jury (the "Jury") on October 19, 1955. The governing board of the District consists of seven members appointed by the Jury. Because the Jury appoints all commissioners of the Natchitoches Parish Hospital Service District, the District is a component unit of the Natchitoches Parish Police Jury, which is the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Jury, or the other governmental units that comprise the financial reporting entity.

An affiliate, Natchitoches Outpatient Services, LLC (referred to as "NOP, LLC"), was organized January 22, 2004, as a Louisiana limited liability company. NOP, LLC is a perpetual limited liability company. The District has 50.9% ownership in NOP, LLC.

An affiliate, Natchitoches Assisted Living, LLC (referred to as "NAL, LLC"), was organized July 16, 2007, as a Louisiana limited liability company. NAL, LLC is a perpetual limited liability company. The District has 100% ownership in NAL, LLC.

An affiliate, Regional Cardiology Clinic, LLC (referred to as "RCC, LLC"), was organized March 2, 2009, as a Louisiana limited liability company. RCC, LLC is a perpetual limited liability company. The District has 50.1% ownership in RCC, LLC.

An affiliate, Natchitoches Regional Medical Center Foundation (referred to as "NRMC Foundation"), was incorporated November 3, 2005, as a Louisiana nonprofit corporation. NRMC Foundation has one class of members, consisting of two members, the District and Christus Health Central Louisiana. The District appoints six of the ten-member Board for NRMC Foundation, however two-thirds (2/3) vote is needed for certain major decisions. Therefore, the financials of NRMC Foundation are not consolidated in the District's financials.

An affiliate, NRMC Comprehensive Wound Care, LLC (referred as "Wound Care, LLC"), was organized November 11, 2013, as a Louisiana limited liability company. Wound Care, LLC is a perpetual limited liability company. The District has 56.0% ownership in Wound Care, LLC.

An affiliate, NRMC Walk-In Clinic Ventures, LLC (referred as "Walk-In Clinic, LLC"), was organized March 19, 2015, as a Louisiana limited liability company. Walk-In Clinic, LLC is a perpetual limited liability company. The District has 60.0% ownership in Walk-In Clinic, LLC.

Nature of Business

The District provides outpatient, ambulance, emergency and inpatient acute services through its hospital unit. The District also provides inpatient intermediate and skilled nursing services through its long-term care unit and hospital "swing-beds". In June 1995, the District opened a unit to provide geriatric psychiatric services and was recognized as a "distinct part" unit effective July 1, 1995.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Nature of Business (Continued)

NOP, LLC provides outpatient therapy and MRI services.

NAL, LLC provides housing and limited care for elderly residents as an assisted living center.

RCC, LLC provides outpatient cardiology diagnostic and testing services.

Wound Care, LLC provides wound care and hyperbaric services.

Walk-In Clinic, LLC provides urgent care services.

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.

Basis of Accounting

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

Cash and Cash Equivalents

Cash represents coin, currency, bank demand deposits and other negotiable instruments that are readily acceptable in lieu of currency. Cash equivalents are time deposits, certificates of deposit, treasury bills and mortgage backed securities purchased with a maturity of three months or less. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out method, or market basis.

Investments

The Hospital classifies their investments as available-for-sale in response to changes in interest rates, liquidity needs and for other purposes. Available-for-sale securities are reported at fair value. Unrealized holdings gains and losses are reported as other comprehensive income.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Capital Assets

Purchased fixed assets are recorded at cost and donated fixed assets, if received, at fair market value on the date of any donation. Depreciation is calculated over estimated useful lives, using the straight-line method. Land was initially donated for hospital use, and it is recorded at the fair market value at the time of donation. Additional land was purchased, and it is recorded at cost.

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 consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, 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 capital assets net of related debt or restricted.

Revenue and Expenses

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

Income Taxes

The District is a political subdivision of the State of Louisiana and exempt from taxation.

NOP, LLC, NAL, LLC, RCC, LLC, Wound Care, LLC and Walk-In Clinic, LLC do not pay federal corporate income taxes on its taxable income or are not allowed a net operating loss carryover or carryback as a deduction. Instead, the members are liable for individual federal income taxes on their respective shares of these companies' taxable income or include their respective shares of these companies' net operating loss in their individual income tax returns.

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 nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Credit Risk

The Hospital provides medical care primarily to Natchitoches Parish residents and grants credit to patients, substantially all of whom are local residents. The Hospital's estimate of collectibility is based on evaluation of historical collections compared to gross charges 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 Medicare and Medicaid as sources of payments as shown in the table in Note 9. Changes in federal or state legislation or interpretations of rules have a significant impact on the Hospital.

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.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charge for the services provided, less an estimate 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 the allowance for doubtful accounts by utilizing a historical experience applied to an aging of accounts. Patient account receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off as bad debt expenses are recorded as a reduction of bad debt expense when received.

Restricted Revenues

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

Reclassifications

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

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 1 - THE ORGANIZATION AND A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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 establish 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.

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.

Principles of Consolidation

The consolidated financial statements include the accounts of the District and its affiliates, after elimination of all significant intercompany balances and transactions. The District has recorded a minority interest for the portion of equity and income attributable to other investors in NOP, LLC, RCC, LLC, Wound Care, LLC and Walk-In Clinic, LLC.

NOTE 2 - 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 fund institutions. Louisiana statutes also require that all of the deposits of the District be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

Custodial Credit Risks - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at June 30, 2015, 2014, and 2013.

NATCHITOCHE'S PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risks - The District has 12.9% in Federal Home Loan Bank, 16.4% in Exchange-traded products, 25.0% in Federal Home Loan Mortgage Corporation and 39.4% in Federal National Mortgage Association.

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 to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

The District's investments are reported at fair value. At June 30, 2015, 2014 and 2013, 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. The table below is with the assumption that the bonds are held until maturity.

<u>June 30, 2015</u>	<u>Investment Maturities (In Years)</u>				
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 173,599	\$ 173,599	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	5,803,227	-0-	4,490,959	1,312,268	-0-
Federal Home Loan Bank	1,898,470	-0-	1,898,470	-0-	-0-
Federal Home Loan Mortgage	3,684,935	-0-	3,684,935	-0-	-0-
Financing Corp	366,666	-0-	366,666	-0-	-0-
Corporate Bond	394,436	-0-	394,436	-0-	-0-
Exchange-Traded Products	<u>2,410,502</u>	<u>2,410,502</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>14,731,835</u>	\$ <u>2,584,101</u>	\$ <u>10,835,466</u>	\$ <u>1,312,268</u>	\$ <u>-0-</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

<u>June 30, 2014</u>	<u>Investment Maturities (In Years)</u>				
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	\$ 83,255	\$ 83,255	\$ -0-	\$ -0-	\$ -0-
Fed National Mortgage Assoc.	5,809,764	-0-	2,554,748	2,951,107	303,909
Federal Home Loan Bank	3,886,155	-0-	3,886,155	-0-	-0-
Federal Home Loan Mortgage Financing Corp	1,168,521	-0-	1,168,521	-0-	-0-
Corporate Bond	362,681	-0-	362,681	-0-	-0-
Certificates of Deposit	388,668	-0-	388,668	-0-	-0-
Exchange-Traded Products	902,383	225,795	676,588	-0-	-0-
	<u>2,419,925</u>	<u>2,419,925</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>15,021,352</u>	\$ <u>2,728,975</u>	\$ <u>9,037,361</u>	\$ <u>2,951,107</u>	\$ <u>303,909</u>

<u>June 30, 2013</u>	<u>Investment Maturities (In Years)</u>				
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money Markets	22,877	22,977	-0-	-0-	-0-
Fed National Mortgage Assoc.	1,075,391	-0-	1,071,930	3,461	-0-
Federal Home Loan Bank	2,458,075	-0-	2,458,075	-0-	-0-
Federal Home Loan Mortgage Financing Corp	1,153,824	-0-	1,153,824	-0-	-0-
Corporate Bond	356,336	-0-	356,336	-0-	-0-
Certificates of Deposit	381,104	-0-	381,104	-0-	-0-
Exchange-Traded Products	885,338	566,196	319,142	-0-	-0-
	<u>2,401,140</u>	<u>2,401,140</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>8,734,085</u>	\$ <u>2,990,313</u>	\$ <u>5,740,411</u>	\$ <u>3,461</u>	\$ <u>-0-</u>

Credit Risks - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2015, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's Investor's Service</u>
Federal National Mortgage Association	AAA	AA+
Federal Home Loan Bank	AAA	AA+
Exchange-Traded Products	Treasury Bond Funds/	Not Rated
Federal Home Loan Mortgage Association	AAA	AA+
Mutual Funds	Not Rated	Not Rated
Corporate Bond: Gov't	Treasury Bond Fund/	Not Rated

Account balances according to banks' records at June 30, 2015, for the District are as follows:

	City Bank & Trust	People's State Bank
Cash in banks	\$ <u>61,782</u>	\$ <u>6,995,071</u>
Insured by FDIC	\$ <u>61,782</u>	\$ <u>250,000</u>
Collateralization by fair market value	\$ <u>-0-</u>	\$ <u>6,745,071</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Carrying amount			
Deposits	\$ 8,433,504	\$ 6,363,926	\$ 12,101,827
Investments	<u>14,731,835</u>	<u>15,021,232</u>	<u>8,734,084</u>
	<u>\$ 23,165,339</u>	<u>\$ 21,385,158</u>	<u>\$ 20,835,911</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 7,899,843	\$ 5,843,890	\$ 11,609,500
Current limited use assets	533,661	520,036	492,327
Other limited use assets	<u>14,731,835</u>	<u>15,021,232</u>	<u>8,734,084</u>
	<u>\$ 23,165,339</u>	<u>\$ 21,385,158</u>	<u>\$ 20,835,911</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 3 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2015</u>		<u>2014</u>		<u>2013</u>
Patient accounts receivable	\$ 16,122,776	\$	13,569,733	\$	12,177,154
Less provision for uncollectibles	<u>(7,209,129)</u>		<u>(5,378,044)</u>		<u>(4,337,868)</u>
Net accounts receivable	\$ <u>8,913,647</u>	\$	<u>8,191,689</u>	\$	<u>7,839,286</u>

The following is a summary of the mix of receivables from patient and third-party payors at June 30:

	<u>2015</u>		<u>2014</u>		<u>2013</u>
Medicare	15%		16%		17%
Medicaid and Medicaid managed care plans	15%		15%		22%
Blue Cross Blue Shield	5%		7%		10%
Commercial and other third-party payors	12%		18%		17%
Patients	<u>53%</u>		<u>44%</u>		<u>34%</u>
Total	<u>100%</u>		<u>100%</u>		<u>100%</u>

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

NOTE 4 - LIMITED USE ASSETS

A summary of limited use assets is presented below:

<u>By Third Parties</u>	<u>2015</u>		<u>2014</u>		<u>2013</u>
Cash with paying agent - interest and principal, due 10/01 (Series 2000 Bonds)	\$ 507,632	\$	487,690	\$	467,366
Patient trust funds	26,029		32,346		24,961
LHA trust deposits	430,297		430,297		396,999

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 4 - LIMITED USE ASSETS (Continued)

By Board

Repair and replacement - cash and cash equivalents	8,422,484	2,433,530	2,404,615
Repair and replacement - investments	6,309,351	12,587,702	6,329,469
Less limited use assets required for current liabilities	<u>(533,661)</u>	<u>(520,036)</u>	<u>(492,327)</u>
 Non-current limited use assets	 \$ <u>15,162,132</u>	 \$ <u>15,451,529</u>	 \$ <u>9,131,083</u>

NOTE 5 - DEPRECIABLE CAPITAL ASSETS, NET

The following is a summary of capital assets and related accumulated depreciation for the year ended:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
Land improvements	\$ 766,886	\$ -0-	\$ -0-	\$ 766,886
Buildings	56,222,286	5,932	-0-	56,228,218
Furniture, fixtures & equipment	32,309,521	1,392,960	183,912	33,518,569
Construction in progress	<u>805,531</u>	<u>4,693,577</u>	<u>-0-</u>	<u>5,499,108</u>
 Total	 90,104,224	 6,092,469	 183,912	 96,012,781
Accumulated depreciation	<u>54,440,125</u>	<u>4,300,888</u>	<u>102,953</u>	<u>58,638,060</u>
 Net	 \$ <u>35,664,099</u>	 \$ <u>1,791,581</u>	 \$ <u>80,959</u>	 \$ <u>37,374,721</u>
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
Land improvements	\$ 747,386	\$ 19,500	\$ -0-	\$ 766,886
Buildings	55,734,279	488,007	-0-	56,222,286
Furniture, fixtures & equipment	26,826,233	5,483,288	-0-	32,309,521
Construction in progress	<u>4,407,684</u>	<u>3,157,621</u>	<u>6,759,774</u>	<u>805,531</u>
 Total	 87,715,582	 9,148,416	 6,759,774	 90,104,224
Accumulated depreciation	<u>50,002,589</u>	<u>4,437,536</u>	<u>-0-</u>	<u>54,440,125</u>
 Net	 \$ <u>37,712,993</u>	 \$ <u>4,710,880</u>	 \$ <u>6,759,774</u>	 \$ <u>35,664,099</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 5 - DEPRECIABLE CAPITAL ASSETS, NET (Continued)

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
Land improvements	\$ 751,337	\$ -0-	\$ 3,951	\$ 747,386
Buildings	55,058,969	768,769	93,459	55,734,279
Furniture, fixtures & equipment	27,674,888	1,018,333	1,866,988	26,826,233
Construction in progress	<u>2,140,161</u>	<u>2,936,062</u>	<u>668,539</u>	<u>4,407,684</u>
 Total	 85,625,355	 4,723,164	 2,632,937	 87,715,582
Accumulated depreciation	<u>48,417,536</u>	<u>3,546,938</u>	<u>1,961,885</u>	<u>50,002,589</u>
 Net	 \$ <u>37,207,819</u>	 \$ <u>1,176,226</u>	 \$ <u>671,052</u>	 \$ <u>37,712,993</u>

Depreciation was calculated using the straight-line method. Useful lives for the purpose of calculating depreciation by class are:

Buildings	10 - 40 years
Furniture, fixtures and equipment	3 - 15 years

NOTE 6 - OTHER ASSETS

Bond issue costs of \$46,609 were incurred for the 2000 Revenue Bonds and is being amortized using the straight-line method over the remaining life of the bonds (20 years) beginning in the fiscal year 2006.

Capitalized interest of \$1,814,579 was accumulated as of June 30, 2006 for the 2000 Revenue Bonds and is being amortized using the straight-line method over the life of the building beginning in the fiscal year 2006.

Bond issue costs of \$47,730 were incurred for the 2008 Revenue Bonds and is being amortized over the remaining life of the bonds (20 years) beginning in 2010.

Capitalized interest of \$428,142 was accumulated as of June 30, 2010 for the 2008 Revenue Bonds and is being amortized using the straight-line method over the life of the building beginning in the fiscal year 2010.

NOTE 7 - COMPENSATED ABSENCES

Employees of the District are entitled to paid days off and sick days depending on length of service. The District accrued \$811,079, \$795,201, and \$659,845 of vacation pay at June 30, 2015, 2014, and 2013. It is impractical to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The District's policy is to recognize the cost of unvested sick pay when actually paid to employees.

**NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013**

NOTE 8 - LONG-TERM DEBT

A summary of long-term debt, including capital lease obligations follows:

	June 30, <u>2014</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2015</u>	Due Within <u>One Year</u>
Series 2000 Bonds Payable	\$ 4,845,000	\$ -0-	\$ 580,000	\$ 4,265,000	\$ 615,000
Series 2008 Bonds Payable	<u>5,970,000</u>	<u>-0-</u>	<u>475,000</u>	<u>5,495,000</u>	<u>500,000</u>
Total	\$ <u>10,815,000</u>	\$ <u>-0-</u>	\$ <u>1,055,000</u>	\$ <u>9,760,000</u>	\$ <u>1,115,000</u>
	June 30, <u>2013</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2014</u>	Due Within <u>One Year</u>
Series 2000 Bonds Payable	\$ 5,390,000	\$ -0-	\$ 545,000	\$ 4,845,000	\$ 580,000
Series 2008 Bonds Payable	<u>6,420,000</u>	<u>-0-</u>	<u>450,000</u>	<u>5,970,000</u>	<u>475,000</u>
Total	\$ <u>11,810,000</u>	\$ <u>-0-</u>	\$ <u>995,000</u>	\$ <u>10,815,000</u>	\$ <u>1,055,000</u>
	June 30, <u>2012</u>	<u>Additions</u>	<u>Payments</u>	June 30, <u>2013</u>	Due Within <u>One Year</u>
Series 2000 Bonds Payable	\$ 5,905,000	\$ -0-	\$ 515,000	\$ 5,390,000	\$ 545,000
Series 2008 Bonds Payable	<u>6,845,000</u>	<u>-0-</u>	<u>425,000</u>	<u>6,420,000</u>	<u>450,000</u>
Total	\$ <u>12,750,000</u>	\$ <u>-0-</u>	\$ <u>940,000</u>	\$ <u>11,810,000</u>	\$ <u>995,000</u>

The following are the terms and due dates of the Hospital's long-term debt at June 30:

- Series 2000 Hospital Revenue Bond at 6% collateralized by a pledge and dedication of hospital revenue. Effective April 27, 2010, the rate has been changed to 4.35%.
- Series 2008 Hospital Revenue Bonds at 4.26% collateralized by a pledge and dedication of hospital revenue.

On June 14, 2000, the Series 2000 Hospital Revenue Bonds were issued. The bonds are secured by the full faith and credit of the Hospital as well as a lien and privilege on its revenues.

On July 29, 2008, the Series 2008 Hospital Revenue Bonds were issued. The bonds are secured by the full faith and credit of the Hospital.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 8 - LONG-TERM DEBT (Continued)

The Hospital has covenanted to set rates so that revenues are sufficient to pay all reasonable and necessary expenses of operating and maintaining the Hospital, certain multiples of the largest amount of principal and interest maturing on the Bonds in any future fiscal year and on any pari passu additional bonds hereafter issued. Those multiples range from 120% to 200%.

Other requirements under the terms of indebtedness are as follows:

- * Sale or disposition of Hospital property, plant and equipment is limited. Future debt agreements may not take priority over this series of debt.
- * Make monthly deposits equal to the pro-rata portion of the next principal and/or interest payment, which are to be maintained in fully backed or government securities investments, with market values greater than invested dollars.
- * Collect payment on all services rendered, except for an undisclosed, reasonable amount of charity care.
- * Maintain all assets in good working order.
- * Carry full insurance coverage with a responsible licensed Louisiana company.
- * Maintain complete and accurate records and have an annual audit.
- * Maintain cash on hand of not less than 60 days of operating expenses net of depreciation and amortization.
- * Provide quarterly statements to the purchaser.
- * Protect tax exempt status and refrain from activities that would require payment of arbitrage to the IRS.

Scheduled principal and interest repayments on the long-term debt follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 1,115,000	\$ 395,588	\$ 1,510,588
2017	1,175,000	346,242	1,521,242
2018	1,235,000	294,308	1,529,308
2019	1,305,000	239,570	1,544,570
2020	1,375,000	181,810	1,556,810
2021-2024	<u>3,555,000</u>	<u>258,204</u>	<u>3,813,204</u>
Totals	\$ <u>9,760,000</u>	\$ <u>1,715,722</u>	\$ <u>11,475,722</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 9 - 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 - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital qualified for a Medicare low volume add-on for inpatient payments. These payments are effective for discharges occurring October 1, 2010 until September 30, 2017, if not extended by Congress. The additional payment received under the Medicare low volume add-on was \$760,784, \$689,816 and \$432,997 for the years ended June 30, 2015, 2014 and 2013, respectively. Outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis. Swing bed and skilled nursing facility routine services are reimbursed based on a prospectively determined rate per patient day. Geriatric psychiatry services are reimbursed based on a prospective method based on length of stay, diagnosis, and other factors. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's Medicare cost reports have been examined by the Medicare fiscal intermediary through June 30, 2012.

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. Geriatric psychiatry services are reimbursed on a prospectively determined per diem rate. In fiscal year 2015, 2014 and 2013, a Medicaid supplemental physician payment of \$254,253, \$405,448 and \$301,668 was received after payments of \$14,450, \$20,136 and \$13,667, respectively, in administrative fees and inter-governmental transfer payments. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been examined by the Medicaid fiscal intermediary through June 30, 2011.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 16%, 15% and 14% of the total gross charges for the years ended June 30, 2015, 2014 and 2013, respectively.

The Hospital experienced differences between the amounts initially recorded on its cost settlements with Medicare and Medicaid and the finalized amounts. The adjustments resulted in an increase of \$115,548 in the FY 2014 net patient service revenue.

The Patient Protection and Affordable Care Act (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.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 9 - NET PATIENT SERVICE REVENUE (Continued)

The following is a summary of the Hospital's net patient service revenue for the years ended June 30:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Gross patient service charges	\$ 131,356,268	\$ 109,978,373	\$ 93,713,107
Contractual adjustments - Medicare and Medicaid	(47,095,276)	(43,231,106)	(35,729,328)
Contractual adjustments - other third parties	(24,945,802)	(16,619,920)	(12,471,054)
Provision for bad debts	(11,172,121)	(8,783,790)	(6,958,445)
Free care	(175,745)	(148,652)	(147,373)
Other deductions	(69,451)	(196,822)	(207,467)
Professional fee revenue	<u>254,253</u>	<u>405,448</u>	<u>301,668</u>
 Net patient service revenue	 \$ <u>48,152,126</u>	 \$ <u>41,403,531</u>	 \$ <u>38,501,108</u>

The Hospital 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 patient revenues for the years ended June 30:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Medicare and Medicaid gross patient charges	\$ 76,977,132	\$ 68,195,135	\$ 59,334,791
Contractual adjustments	<u>(47,095,276)</u>	<u>(43,231,106)</u>	<u>(35,729,328)</u>
 Program patient service revenue	 \$ <u>29,881,856</u>	 \$ <u>24,964,029</u>	 \$ <u>23,605,463</u>
 Percent of gross patient charges	 59%	 62%	 63%
Percent of total net patient revenue	62%	60%	61%

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 10 - RETIREMENT PROGRAM

Employees may participate in a qualified defined contribution retirement plan, which is administered by VALIC. Each employee is eligible to join the plan immediately upon employment. Employees become vested in the employer's contribution 25% per year until 100% vested at 4 years of employment. The District must make contributions equal to 25% of the employee's required contribution and can elect to contribute up to 100% of the employee's required contribution.

Total payroll	\$	23,153,110
Total covered payroll		12,791,025
Employee contributions		511,641
Employer contributions	\$	127,402
Less forfeitures		<u>1,913</u>
Net employer contributions	\$	<u>125,489</u>

NOTE 11 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides for \$400,000 in 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 \$500,000 per occurrence. Legal action in an attempt to overturn this legislation on constitutional grounds is in process.

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 prorated to member hospitals. The District has included these allocations and equity amounts assigned to the District by the Trust Fund in its financial statements.

NOTE 12 - 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. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The District has included these allocations and equity amounts assigned to the District by the Trust Fund in its financial statements.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 13 - 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 the charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal Poverty Guidelines based on a 150% scale. Accordingly, the Hospital does not report the amount it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies and other operating expenses. Amounts identified as charity care charges are \$175,745, \$148,652 and \$147,373 for the years ended June 30, 2015, 2014 and 2013, respectively. The related cost of care was approximately \$75,000, \$66,000 and \$69,000, for the fiscal years ended in 2015, 2014 and 2013, respectively. Funds received through grants, which pay part of the cost of charity and uninsured care, were approximately \$66,000, \$68,000 and \$152,000 for the years ended June 30, 2015, 2014 and 2013, respectively.

NOTE 14 – EMPLOYEE MEDICAL BENEFIT PLAN

The District is self-insured to provide group medical/dental coverage for its employees. A third-party, IMA of Louisiana, administers the group medical coverage for the District. The District funds its losses based on actual claims. A stop-loss insurance contract executed with an insurance carrier that provides for payment of 100% of claims in excess of \$80,000 per year up to specific individual maximums of \$1,000,000. A liability is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term. The following is a summary of changes in the Hospital's claims liability for the year ended June 30:

	<u>2015</u>		<u>2014</u>		<u>2013</u>
Beginning of the year	\$ 74,386	\$	433,970	\$	555,392
Plus: Claims incurred and changes in estimate	1,790,642		939,586		768,383
Less: Claims paid	<u>1,558,968</u>		<u>1,299,170</u>		<u>889,805</u>
End of the year	\$ <u>306,060</u>	\$	<u>74,386</u>	\$	<u>433,970</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 15 - NOTES RECEIVABLE AND PHYSICIAN CONTRACT GUARANTEES

The following is a summary of notes receivable and physician contract guarantees at June 30. Management asserts no allowances for uncollectible accounts are needed.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Physician notes	\$ 49,304	\$ 80,638	\$ -0-
Physician contract guarantees	<u>75,389</u>	<u>180,087</u>	<u>519,499</u>
	124,693	260,725	519,499
Less current maturities	<u>(70,389)</u>	<u>(114,698)</u>	<u>(363,421)</u>
Long-term notes receivable	\$ <u>54,304</u>	\$ <u>146,027</u>	\$ <u>156,078</u>

NOTE 16 - CONTINGENCIES

The District evaluates contingencies based upon the best available evidence. The District believes that no allowances for loss contingencies are 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:

Third-Party Government-Based Revenues (Note 1) - Cost reimbursements are subject to examination by agencies administering the programs. Effective October 1, 1983, the Medicare program discontinued its cost-based reimbursement system for inpatient services. Under the program, the District receives a fixed fee for each patient, which is determined by the government. 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.

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 privacy, licensure, accreditation, 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 applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 11) - 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.

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 16 – CONTINGENCIES (Continued)

Workmen's Compensation Risk (Note 12) - The District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

Hill-Burton Uncompensated Service and Community Service Obligations - As a result of the District receiving a Federal Hill-Burton program grant, the District is required to provide a reasonable volume of uncompensated services to patients who are unable to pay for their medical care. The District's obligation for uncompensated services was fulfilled on July 17, 1998. Additionally, the District is obligated to provide community service.

NOTE 17 - AD VALOREM TAXES

The District levies a property tax on all property subject to taxation in the service district. A 5.53 mill tax is approved for a period of ten years, beginning with the year 2003 and ending with the year 2012, to be dedicated and used for operating, maintaining, renovating, and improving emergency medical services. Beginning in year 2013, a 5.31 mil tax was approved for a period of ten years for the same purposes. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District. Property tax notices are mailed by November 15 each year, are due by December 31, and become delinquent on January 31.

NOTE 18 - COMMITMENTS

The District entered into various construction contracts, which totaled \$4,558,035, including change orders as of June 30, 2015. The Hospital paid \$4,235,371 towards these commitments as of June 30, 2015.

NOTE 19 - GRANTS

The District received a grant of \$2,339,632 and \$2,992,502 in 2014 and 2013, respectively, to be used solely to provide adequate and essential medically necessary healthcare services to the citizens in its community who are low income and/or indigent patients. As a condition of the grant agreement, the District, along with the other participating hospitals, has agreed to indemnify the grantors for claims that may arise out of this grant agreement.

In 2015 the Hospital (Grantee) entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to Grantee's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$4,755,127 for fiscal year 2015.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015, 2014 AND 2013

NOTE 19 - GRANTS (Continued)

The District recognized operating grant income of approximately \$891,000 and \$1,160,000 for Medicare during the years ended June 30, 2015 and 2014, respectively, as an incentive for implementing electronic health records (EHR). The District also recognized operating grant income of approximately \$347,000 and \$731,000 for Medicaid during the years ended June 30, 2015 and 2012, respectively. The key component of receiving the EHR incentive payment is "demonstrating meaningful use", which is meeting a series of objectives that make use 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 be phased in during the next few years in three stages, with each progressive stage incorporating more stringent measures. The District'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 District 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.

Various other grants were received during the year for other uses.

NOTE 20 - OPERATING LEASES

The Hospital is committed under various noncancelable operating leases, all of which are for equipment or buildings. These expire in various years through 2020. Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2016	\$ 400,160
2017	400,160
2018	349,425
2019	114,704
2020	<u>89,062</u>
Total minimum lease payments	\$ <u>1,353,511</u>

NOTE 21 - SUBSEQUENT EVENTS

The Hospital entered into a construction contract for \$586,000 on August 6, 2015.

Events have been evaluated through November 19, 2015, for subsequent event disclosure. This date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENTS OF NET POSITION
JUNE 30, 2015

<u>ASSETS</u>	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Current								
Cash and cash equivalents	\$ 5,709,646	\$ 406,805	\$ 65,716	\$ 657,277	\$ 1,028,626	\$ 31,773	\$ -0-	\$ 7,899,843
Limited use assets	533,661	-0-	-0-	-0-	-0-	-0-	-0-	533,661
Patient accounts receivable, net	8,605,193	38,406	-0-	88,982	-0-	181,066	-0-	8,913,647
Estimated third-party payor settlements	385,490	-0-	-0-	-0-	-0-	-0-	-0-	385,490
Other receivables	1,059,852	(6,583)	210	-0-	99,709	-0-	(334,069)	819,119
Inventory	1,679,348	-0-	-0-	-0-	-0-	-0-	-0-	1,679,348
Prepaid expenses	1,198,831	22,124	6,983	25,750	-0-	-0-	-0-	1,253,688
Notes receivable - current	70,389	-0-	-0-	-0-	-0-	-0-	-0-	70,389
Total Current Assets	<u>19,242,410</u>	<u>460,752</u>	<u>72,909</u>	<u>772,009</u>	<u>1,128,335</u>	<u>212,839</u>	<u>(334,069)</u>	<u>21,555,185</u>
Other								
Limited use assets	15,162,132	-0-	-0-	-0-	-0-	-0-	-0-	15,162,132
Land	1,073,049	-0-	45,899	-0-	-0-	-0-	-0-	1,118,948
Depreciable capital assets, net	35,753,708	10,879	1,597,805	12,329	-0-	-0-	-0-	37,374,721
Bond issue cost, net	48,608	-0-	-0-	-0-	-0-	-0-	-0-	48,608
Capitalized construction interest	1,789,888	-0-	-0-	-0-	-0-	-0-	-0-	1,789,888
Notes receivable	54,304	-0-	-0-	-0-	-0-	-0-	-0-	54,304
Other	3,322,969	233,200	-0-	111,389	-0-	177,319	(3,246,529)	598,348
Total Assets	<u>\$ 76,447,068</u>	<u>\$ 704,831</u>	<u>\$ 1,716,613</u>	<u>\$ 895,727</u>	<u>\$ 1,128,335</u>	<u>\$ 390,158</u>	<u>\$ (3,580,598)</u>	<u>\$ 77,702,134</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENTS OF NET POSITION (Continued)
JUNE 30, 2015

<u>LIABILITIES AND NET POSITION</u>	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Current								
Accounts payable	\$ 3,436,589	\$ (48,337)	\$ 27,936	\$ (2,782)	\$ 70,255	\$ 164,105	\$ (334,069)	\$ 3,313,697
Accrued expenses	2,101,447	-0-	2,077	3,608	-0-	-0-	-0-	2,107,132
Estimated third-party payor settlements	273,885	-0-	-0-	-0-	-0-	-0-	-0-	273,885
Current portion of long-term debt	1,115,000	-0-	-0-	-0-	-0-	-0-	-0-	1,115,000
Total Current Liabilities	<u>6,926,921</u>	<u>(48,337)</u>	<u>30,013</u>	<u>826</u>	<u>70,255</u>	<u>164,105</u>	<u>(334,069)</u>	<u>6,809,714</u>
Long-term Liabilities								
Long-term debt	8,645,000	-0-	-0-	-0-	-0-	-0-	-0-	8,645,000
Total Liabilities	<u>15,571,921</u>	<u>(48,337)</u>	<u>30,013</u>	<u>826</u>	<u>70,255</u>	<u>164,105</u>	<u>(334,069)</u>	<u>15,454,714</u>
Net Position								
Invested in capital assets, net of related debt	27,066,757	-0-	-0-	-0-	-0-	-0-	1,666,912	28,733,669
Restricted	963,958	-0-	-0-	-0-	-0-	-0-	-0-	963,958
Unrestricted	32,844,432	-0-	-0-	-0-	-0-	-0-	(1,666,928)	31,177,504
Total Controlling Net Position	60,875,147	-0-	-0-	-0-	-0-	-0-	(16)	60,875,131
Noncontrolling interest in subsidiary	-0-	-0-	-0-	-0-	-0-	-0-	1,372,289	1,372,289
Total Net Position	<u>60,875,147</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,372,273</u>	<u>62,247,420</u>
Members' Equity	-0-	753,168	1,686,600	894,901	1,058,080	226,053	(4,618,802)	-0-
Total Liabilities and Net Position	<u>\$ 76,447,068</u>	<u>\$ 704,831</u>	<u>\$ 1,716,613</u>	<u>\$ 895,727</u>	<u>\$ 1,128,335</u>	<u>\$ 390,158</u>	<u>\$ (3,580,598)</u>	<u>\$ 77,702,134</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	Consolidated
Revenues								
Net patient service revenue	\$ 47,444,168	\$ 495,868	\$ (749)	\$ -0-	\$ 99,709	\$ 212,839	\$ (99,709)	\$ 48,152,126
Other revenue	9,398,575	180	382,309	1,025,964	-0-	-0-	(1,253,602)	9,553,426
Total Revenues	56,842,743	496,048	381,560	1,025,964	99,709	212,839	(1,353,311)	57,705,552
Expenses								
Salaries and benefits	25,972,583	-0-	202,257	391,082	42,923	145,120	-0-	26,753,965
Medical supplies and drugs	4,396,034	18,777	-0-	112,671	23,470	5,848	-0-	4,556,800
Medical, professional and consulting	5,200,840	84,259	-0-	-0-	-0-	-0-	-0-	5,285,099
Other expenses	12,771,748	131,976	135,305	211,058	3,862	13,137	(1,150,901)	12,116,185
Insurance	1,263,729	585	23,100	8,874	-0-	-0-	-0-	1,296,288
Depreciation and amortization	4,197,114	5,112	104,854	81,410	-0-	-0-	-0-	4,388,490
Total Expenses	53,802,048	240,709	465,516	805,095	70,255	164,105	(1,150,901)	54,396,827
Operating Income (Loss)	3,040,695	255,339	(83,956)	220,869	29,454	48,734	(202,410)	3,308,725
Nonoperating Revenues (Expenses)								
Interest income	1,911	1	9	-0-	-0-	-0-	-0-	1,921
Interest income from limited use assets	115,083	-0-	-0-	-0-	-0-	-0-	-0-	115,083
Gain on sale of equipment	72,836	-0-	-0-	-0-	-0-	-0-	-0-	72,836
Interest expense	(430,981)	-0-	-0-	-0-	-0-	-0-	-0-	(430,981)
Total Nonoperating Rev (Exp)	(241,151)	1	9	-0-	-0-	-0-	-0-	(241,141)
Excess of Revenue over Expenses	\$ 2,799,544	\$ 255,340	\$ (83,947)	\$ 220,869	\$ 29,454	\$ 48,734	\$ (202,410)	\$ 3,067,584

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
YEAR ENDED JUNE 30, 2015

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(268,053)	\$ (268,053)
Other comprehensive income								
Unrealized holding gains (losses)	<u>130,626</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>130,626</u>
Comprehensive income (loss)	2,930,170	255,340	(83,947)	220,869	29,454	48,734	(470,463)	2,930,157
Beginning net position	57,944,977	647,828	1,820,547	674,032	-0-	-0-	(3,142,410)	57,944,974
Capital contribution	-0-	-0-	-0-	-0-	1,028,626	177,319	(1,205,945)	-0-
Distribution paid	<u>-0-</u>	<u>(150,000)</u>	<u>(50,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>200,000</u>	<u>-0-</u>
Ending net position	\$ <u>60,875,147</u>	\$ <u>753,168</u>	\$ <u>1,686,600</u>	\$ <u>894,901</u>	\$ <u>1,058,080</u>	\$ <u>226,053</u>	\$ <u>(4,618,818)</u>	\$ <u>60,875,131</u>

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENTS OF NET POSITION
JUNE 30, 2014

ASSETS	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-in Clinic Ventures, LLC	Eliminating Entries	Consolidated
Current								
Cash and cash equivalents	\$ 5,034,807	\$ 308,978	\$ 116,183	\$ 383,922	\$ -0-	\$ -0-	\$ -0-	\$ 5,843,890
Limited use assets	520,036	-0-	-0-	-0-	-0-	-0-	-0-	520,036
Patient accounts receivable, net	8,016,484	92,679	-0-	82,526	-0-	-0-	-0-	8,191,689
Estimated third-party payor settlements	713,001	-0-	-0-	-0-	-0-	-0-	-0-	713,001
Other receivables	3,482	(3,692)	210	-0-	-0-	-0-	-0-	-0-
Inventory	1,450,989	-0-	-0-	-0-	-0-	-0-	-0-	1,450,989
Prepaid expenses	766,842	1,100	5,291	1,496	-0-	-0-	-0-	774,729
Notes receivable - current	114,698	-0-	-0-	-0-	-0-	-0-	-0-	114,698
Total Current Assets	16,620,339	399,065	121,684	467,944	-0-	-0-	-0-	17,609,032
Other								
Limited use assets	15,451,529	-0-	-0-	-0-	-0-	-0-	-0-	15,451,529
Land	1,073,049	-0-	45,899	-0-	-0-	-0-	-0-	1,118,948
Depreciable capital assets, net	33,891,006	15,991	1,687,232	69,870	-0-	-0-	-0-	35,664,099
Bond issue cost, net	54,897	-0-	-0-	-0-	-0-	-0-	-0-	54,897
Capitalized construction interest	1,847,331	-0-	-0-	-0-	-0-	-0-	-0-	1,847,331
Notes receivable	146,027	-0-	-0-	-0-	-0-	-0-	-0-	146,027
Other	3,140,438	233,200	-0-	135,258	-0-	-0-	(2,487,982)	1,020,914
Total Assets	\$ 72,224,616	\$ 648,256	\$ 1,854,815	\$ 673,072	\$ -0-	\$ -0-	\$ (2,487,982)	\$ 72,912,777

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENTS OF NET POSITION (Continued)
JUNE 30, 2014

<u>LIABILITIES AND NET POSITION</u>	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Current								
Accounts payable	\$ 1,618,278	\$ 428	\$ 25,955	\$ (3,968)	\$ -0-	\$ -0-	\$ -0-	\$ 1,640,693
Accrued expenses	1,528,616	-0-	8,313	3,008	-0-	-0-	-0-	1,539,937
Unearned revenue	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Estimated third-party payor settlements	317,745	-0-	-0-	-0-	-0-	-0-	-0-	317,745
Current portion of long-term debt	<u>1,055,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,055,000</u>
Total Current Liabilities	<u>4,519,639</u>	<u>428</u>	<u>34,268</u>	<u>(960)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,553,375</u>
Long-term Liabilities:								
Long-term debt	<u>9,760,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,760,000</u>
Total Liabilities	<u>14,279,639</u>	<u>428</u>	<u>34,268</u>	<u>(960)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>14,313,375</u>
Net Position								
Invested in capital assets, net of related debt	24,149,055	-0-	-0-	-0-	-0-	-0-	1,818,992	25,968,047
Restricted	950,333	-0-	-0-	-0-	-0-	-0-	-0-	950,333
Unrestricted	<u>32,845,589</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,818,995)</u>	<u>31,026,594</u>
Total Controlling Net Position	57,944,977	-0-	-0-	-0-	-0-	-0-	(3)	57,944,974
Noncontrolling interest in subsidiary	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>654,428</u>	<u>654,428</u>
Total Net Position	<u>57,944,977</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>654,425</u>	<u>58,599,402</u>
Members' Equity	<u>-0-</u>	<u>647,828</u>	<u>1,820,547</u>	<u>674,032</u>	<u>-0-</u>	<u>-0-</u>	<u>(3,142,407)</u>	<u>-0-</u>
Total Liabilities and Net Position	<u>\$ 72,224,616</u>	<u>\$ 648,256</u>	<u>\$ 1,854,815</u>	<u>\$ 673,072</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (2,487,982)</u>	<u>\$ 72,912,777</u>

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014**

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	Consolidated
Revenues								
Net patient service revenue	\$ 40,879,331	\$ 524,138	\$ -0-	\$ 62	\$ -0-	\$ -0-	\$ -0-	\$ 41,403,531
Other revenue	7,379,635	545	392,360	929,766	-0-	-0-	(1,006,414)	7,695,892
Total Revenues	48,258,966	524,683	392,360	929,828	-0-	-0-	(1,006,414)	49,099,423
Expenses								
Salaries and benefits	22,833,391	-0-	203,582	369,088	-0-	-0-	-0-	23,406,061
Medical supplies and drugs	3,752,938	20,250	-0-	119,039	-0-	-0-	-0-	3,892,227
Medical, professional and consulting	4,423,114	90,004	-0-	-0-	-0-	-0-	-0-	4,513,118
Other expenses	11,508,858	240,973	143,433	215,539	-0-	-0-	(953,287)	11,155,516
Insurance	1,031,179	7,956	21,859	9,195	-0-	-0-	-0-	1,070,189
Depreciation and amortization	4,303,727	5,112	104,953	111,344	-0-	-0-	-0-	4,525,136
Total expenses	47,853,207	364,295	473,827	824,205	-0-	-0-	(953,287)	48,562,247
Operating Income (Loss)	405,759	160,388	(81,467)	105,623	-0-	-0-	(53,127)	537,176
Nonoperating Revenues (Expenses)								
Noncapital grants	90,876	-0-	-0-	-0-	-0-	-0-	-0-	90,876
Interest income	7,670	40	19	-0-	-0-	-0-	-0-	7,729
Interest income from limited use assets	106,729	-0-	-0-	-0-	-0-	-0-	-0-	106,729
Interest expense	(476,999)	-0-	-0-	-0-	-0-	-0-	-0-	(476,999)
Total Nonoperating Rev (Exp)	(271,724)	40	19	-0-	-0-	-0-	-0-	(271,665)
Excess of Revenue over Expenses	\$ 134,035	\$ 160,428	\$ (81,448)	\$ 105,623	\$ -0-	\$ -0-	\$ (53,127)	\$ 265,511

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
YEAR ENDED JUNE 30, 2014

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(131,476)	\$ (131,476)
Other comprehensive income								
Unrealized holding gains (losses)	<u>180,479</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>180,479</u>
Comprehensive income (loss)	314,514	160,428	(81,448)	105,623	-0-	-0-	(184,603)	314,514
Beginning net position	57,630,463	737,400	1,901,995	568,409	-0-	-0-	(3,207,807)	57,630,460
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Distribution paid	<u>-0-</u>	<u>(250,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>250,000</u>	<u>-0-</u>
Ending net position	\$ <u>57,944,977</u>	\$ <u>647,828</u>	\$ <u>1,820,547</u>	\$ <u>674,032</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(3,142,410)</u>	\$ <u>57,944,974</u>

**NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENTS OF NET POSITION
JUNE 30, 2013**

ASSETS	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	Consolidated
Current								
Cash and cash equivalents	\$ 10,920,148	\$ 432,714	\$ 91,026	\$ 165,612	\$ -0-	\$ -0-	\$ -0-	\$ 11,609,500
Limited use assets	492,327	-0-	-0-	-0-	-0-	-0-	-0-	492,327
Patient accounts receivable, net	7,771,252	68,034	-0-	66,893	-0-	-0-	(66,893)	7,839,286
Estimated third-party payor settlements	586,560	-0-	-0-	-0-	-0-	-0-	-0-	586,560
Other receivables	52,875	(2,182)	210	-0-	-0-	-0-	-0-	50,903
Inventory	1,371,766	1,251	2,057	2,880	-0-	-0-	-0-	1,377,954
Prepaid expenses	778,100	-0-	6,042	19,228	-0-	-0-	-0-	803,370
Notes receivable - current	363,421	-0-	-0-	-0-	-0-	-0-	-0-	363,421
Total Current Assets	22,336,449	499,817	99,335	254,613	-0-	-0-	(66,893)	23,123,321
Other								
Limited use assets	9,131,083	-0-	-0-	-0-	-0-	-0-	-0-	9,131,083
Land	1,073,049	-0-	45,899	-0-	-0-	-0-	-0-	1,118,948
Depreciable capital assets, net	35,752,742	21,103	1,781,803	157,345	-0-	-0-	-0-	37,712,993
Bond issue cost, net	61,186	-0-	-0-	-0-	-0-	-0-	-0-	61,186
Capitalized construction interest	1,904,775	-0-	-0-	-0-	-0-	-0-	-0-	1,904,775
Notes receivable	156,078	-0-	-0-	-0-	-0-	-0-	-0-	156,078
Other	2,638,545	233,200	-0-	159,127	-0-	-0-	(2,562,105)	468,767
Total Assets	\$ 73,053,907	\$ 754,120	\$ 1,927,037	\$ 571,085	\$ -0-	\$ -0-	\$ (2,628,998)	\$ 73,677,151

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENTS OF NET POSITION (Continued)
JUNE 30, 2013

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	Consolidated
LIABILITIES AND NET POSITION								
Current								
Accounts payable	\$ 2,019,953	\$ 16,720	\$ 18,968	\$ (21)	\$ -0-	\$ -0-	\$ (66,893)	\$ 1,988,727
Accrued expenses	1,235,481	-0-	6,074	2,897	-0-	-0-	-0-	1,244,252
Unearned revenue	8,010	-0-	-0-	-0-	-0-	-0-	-0-	8,010
Estimated third-party payor settlements	350,000	-0-	-0-	-0-	-0-	-0-	-0-	350,000
Current portion of long-term debt	995,000	-0-	-0-	-0-	-0-	-0-	-0-	995,000
Total Current Liabilities	4,608,444	16,720	25,042	2,676	-0-	-0-	(66,893)	4,585,989
Long-term Liabilities								
Long-term debt	10,815,000	-0-	-0-	-0-	-0-	-0-	-0-	10,815,000
Total Liabilities	15,423,444	16,720	25,042	2,676	-0-	-0-	(66,893)	15,400,989
Net Position								
Invested in capital assets, net of related debt	25,015,791	-0-	-0-	-0-	-0-	-0-	2,006,150	27,021,941
Restricted	889,326	-0-	-0-	-0-	-0-	-0-	-0-	889,326
Unrestricted	31,725,346	-0-	-0-	-0-	-0-	-0-	(2,006,153)	29,719,193
Total Controlling Net Position	57,630,463	-0-	-0-	-0-	-0-	-0-	(3)	57,630,460
Noncontrolling interest in subsidiary	-0-	-0-	-0-	-0-	-0-	-0-	645,702	645,702
Total Net Position	57,630,463	-0-	-0-	-0-	-0-	-0-	645,699	58,276,162
Members' Equity	-0-	737,400	1,901,995	568,409	-0-	-0-	(3,207,804)	-0-
Total Liabilities and Net Position	\$ 73,053,907	\$ 754,120	\$ 1,927,037	\$ 571,085	\$ -0-	\$ -0-	\$ (2,628,998)	\$ 73,677,151

**NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013**

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Revenues								
Net patient service revenue	\$ 38,086,040	\$ 533,714	\$ -0-	\$ (118,646)	\$ -0-	\$ -0-	\$ -0-	\$ 38,501,108
Other revenue	7,430,511	754	458,163	729,082	-0-	-0-	(821,565)	7,796,945
Total Revenues	<u>45,516,551</u>	<u>534,468</u>	<u>458,163</u>	<u>610,436</u>	<u>-0-</u>	<u>-0-</u>	<u>(821,565)</u>	<u>46,298,053</u>
Expenses								
Salaries and benefits	20,902,096	(324)	205,647	357,587	-0-	-0-	-0-	21,465,006
Medical supplies and drugs	3,520,099	15,443	-0-	81,063	-0-	-0-	-0-	3,616,605
Medical, professional and consulting	3,846,748	74,342	-0-	-0-	-0-	-0-	-0-	3,921,090
Other expenses	10,541,510	165,479	148,811	220,622	-0-	-0-	(793,888)	10,282,534
Insurance	1,034,393	2,628	22,513	9,347	-0-	-0-	-0-	1,068,881
Depreciation and amortization	3,411,677	3,914	107,564	111,344	-0-	-0-	-0-	3,634,499
Total Expenses	<u>43,256,523</u>	<u>261,482</u>	<u>484,535</u>	<u>779,963</u>	<u>-0-</u>	<u>-0-</u>	<u>(793,888)</u>	<u>43,988,615</u>
Operating Income (Loss)	<u>2,260,028</u>	<u>272,986</u>	<u>(26,372)</u>	<u>(169,527)</u>	<u>-0-</u>	<u>-0-</u>	<u>(27,677)</u>	<u>2,309,438</u>
Nonoperating Revenues (Expenses)								
Noncapital grants	35,321	-0-	-0-	-0-	-0-	-0-	-0-	35,321
Interest income	6,614	18	23	-0-	-0-	-0-	-0-	6,655
Interest income from limited use assets	64,880	-0-	-0-	-0-	-0-	-0-	-0-	64,880
Interest expense	(517,832)	-0-	-0-	-0-	-0-	-0-	-0-	(517,832)
Total Nonoperating Rev (Exp)	<u>(411,017)</u>	<u>18</u>	<u>23</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(410,976)</u>
Excess of Revenue over Expenses	\$ 1,849,011	\$ 273,004	\$ (26,349)	\$ (169,527)	\$ -0-	\$ -0-	\$ (27,677)	\$ 1,898,462

NATCHITOCHES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
YEAR ENDED JUNE 30, 2013

	Natchitoches Regional Medical Center	Natchitoches Outpatient Services, LLC	Natchitoches Assisted Living, LLC	Regional Cardiology Clinic, LLC	NRMC Comprehensive Wound Care, LLC	NRMC Walk-In Clinic Ventures, LLC	Eliminating Entries	<u>Consolidated</u>
Less: Consolidated net income attributable to noncontrolling interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (49,451)	\$ (49,451)
Other comprehensive income								
Unrealized holding gains (losses)	<u>(110,427)</u>	<u>(2)</u>	<u>-0-</u>	<u>(1)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(110,430)</u>
Comprehensive income (loss)	1,738,584	273,002	(26,349)	(169,528)	-0-	-0-	(77,128)	1,738,581
Beginning net position	55,891,879	871,730	1,928,344	837,937	-0-	-0-	(3,638,011)	55,891,879
Capital contribution	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Distribution paid	<u>-0-</u>	<u>(407,332)</u>	<u>-0-</u>	<u>(100,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>507,332</u>	<u>-0-</u>
Ending net position	\$ <u>57,630,463</u>	\$ <u>737,400</u>	\$ <u>1,901,995</u>	\$ <u>568,409</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(3,207,807)</u>	\$ <u>57,630,460</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Daily patient services:			
Routine services	\$ 3,166,311	\$ 3,169,907	\$ 2,607,693
Intensive care	1,322,568	1,376,380	1,144,360
Nursery	262,200	250,960	255,367
Long-term care	6,008,404	5,967,692	5,651,943
Swing bed	-0-	-0-	2,730
Geriatric psych	<u>3,602,940</u>	<u>3,186,820</u>	<u>2,990,090</u>
Total daily patient services	<u>14,362,423</u>	<u>13,951,759</u>	<u>12,652,183</u>
Other professional services:			
Operating and recovery room			
Inpatient	7,243,276	6,876,445	5,433,340
Outpatient	<u>9,603,990</u>	<u>7,455,297</u>	<u>6,842,163</u>
Total	<u>16,847,266</u>	<u>14,331,742</u>	<u>12,275,503</u>
Labor and delivery			
Inpatient	918,349	801,681	884,874
Outpatient	<u>76,679</u>	<u>96,661</u>	<u>134,977</u>
Total	<u>995,028</u>	<u>898,342</u>	<u>1,019,851</u>
Anesthesia			
Inpatient	264,954	239,558	222,477
Outpatient	<u>640,308</u>	<u>353,266</u>	<u>454,363</u>
Total	<u>905,262</u>	<u>592,824</u>	<u>676,840</u>
Radiology, ultrasound, MRI & CT scan			
Inpatient	3,316,324	3,015,501	2,817,274
Outpatient	<u>18,463,279</u>	<u>14,410,442</u>	<u>12,916,319</u>
Total	<u>21,779,603</u>	<u>17,425,943</u>	<u>15,733,593</u>
Laboratory			
Inpatient	4,972,424	4,776,586	4,374,647
Outpatient	<u>10,782,781</u>	<u>7,709,230</u>	<u>6,985,587</u>
Total	<u>\$ 15,755,205</u>	<u>\$ 12,485,816</u>	<u>\$ 11,360,234</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Blood			
Inpatient	\$ 668,403	\$ 670,302	\$ 631,205
Outpatient	<u>436,075</u>	<u>365,791</u>	<u>365,820</u>
Total	<u>1,104,478</u>	<u>1,036,093</u>	<u>997,025</u>
Inhalation therapy			
Inpatient	3,163,213	2,964,005	3,211,443
Outpatient	<u>1,423,108</u>	<u>1,059,836</u>	<u>952,111</u>
Total	<u>4,586,321</u>	<u>4,023,841</u>	<u>4,163,554</u>
Physical therapy			
Inpatient	470,200	637,291	698,517
Outpatient	<u>81,956</u>	<u>104,998</u>	<u>183,029</u>
Total	<u>552,156</u>	<u>742,289</u>	<u>881,546</u>
Occupational therapy			
Inpatient	263,689	412,902	474,162
Outpatient	<u>54,683</u>	<u>44,226</u>	<u>73,099</u>
Total	<u>318,372</u>	<u>457,128</u>	<u>547,261</u>
Speech therapy			
Inpatient	81,652	51,668	62,901
Outpatient	<u>144,228</u>	<u>127,851</u>	<u>126,056</u>
Total	<u>225,880</u>	<u>179,519</u>	<u>188,957</u>
Electrocardiology			
Inpatient	552,065	549,842	516,743
Outpatient	<u>1,381,883</u>	<u>1,259,356</u>	<u>1,206,302</u>
Total	<u>1,933,948</u>	<u>1,809,198</u>	<u>1,723,045</u>
Central services			
Inpatient	973,034	1,205,029	1,177,674
Outpatient	<u>349,094</u>	<u>287,186</u>	<u>167,624</u>
Total	<u>1,322,128</u>	<u>1,492,215</u>	<u>1,345,298</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Pharmacy			
Inpatient	\$ 7,294,813	\$ 7,427,327	\$ 7,389,283
Outpatient	<u>3,557,472</u>	<u>2,591,127</u>	<u>2,637,705</u>
 Total	 <u>10,852,285</u>	 <u>10,018,454</u>	 <u>10,026,988</u>
 Emergency room			
Inpatient	2,280,205	1,917,695	1,235,887
Outpatient	<u>19,439,968</u>	<u>15,949,853</u>	<u>9,687,368</u>
 Total	 <u>21,720,173</u>	 <u>17,867,548</u>	 <u>10,923,255</u>
 Observation			
Outpatient	<u>4,254,486</u>	<u>2,713,965</u>	<u>1,907,143</u>
 Ambulance			
Outpatient	<u>3,754,737</u>	<u>3,371,526</u>	<u>3,366,712</u>
 Physician clinic			
Outpatient	<u>3,176,654</u>	<u>3,064,011</u>	<u>2,421,392</u>
 Campiti clinic			
Outpatient	<u>332,761</u>	<u>312,304</u>	<u>314,650</u>
 Intensive outpatient psychiatric services			
Outpatient	<u>1,813,867</u>	<u>2,125,204</u>	<u>1,073,568</u>
 Hospitalist program			
Inpatient	449,300	378,060	-0-
Outpatient	<u>99,124</u>	<u>40,245</u>	<u>-0-</u>
 Total	 <u>548,424</u>	 <u>418,305</u>	 <u>-0-</u>
 Women's health clinic			
Outpatient	<u>248,173</u>	<u>97,588</u>	<u>-0-</u>
 Walk-in clinic			
Outpatient	\$ <u>3,510,940</u>	\$ <u>92,403</u>	\$ <u>-0-</u>

NATCHITOCHE'S PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF NET PATIENT SERVICE REVENUE (Continued)
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Pediatric clinic			
Outpatient	\$ <u>1,000</u>	\$ <u>470,356</u>	\$ <u>114,509</u>
Wound care			
Outpatient	<u>239,714</u>	<u>-0-</u>	<u>-0-</u>
Hyperbarics			
Outpatient	<u>214,984</u>	<u>-0-</u>	<u>-0-</u>
Total other professional services	<u>116,993,845</u>	<u>96,026,614</u>	<u>81,060,924</u>
Total patient service charges	<u>131,356,268</u>	<u>109,978,373</u>	<u>93,713,107</u>
Contractual adjustments - Medicare and Medicaid	47,095,276	43,231,106	35,729,328
Contractual adjustments - other	24,945,802	16,619,920	12,471,054
Provision for bad debts	11,172,121	8,783,790	6,958,445
Free care	175,745	148,652	147,373
Other deductions	69,451	196,822	207,467
Professional fee revenue	<u>(254,253)</u>	<u>(405,448)</u>	<u>(301,668)</u>
Total allowances	<u>83,204,142</u>	<u>68,574,842</u>	<u>55,211,999</u>
Net patient service revenue	\$ <u>48,152,126</u>	\$ <u>41,403,531</u>	\$ <u>38,501,108</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF OTHER REVENUE
YEARS ENDED JUNE 30,

	<u>2015</u>		<u>2014</u>		<u>2013</u>
Other revenue:					
Rental income	\$ 1,055,808	\$	992,371	\$	983,784
Assisted living housing & care income	382,309		392,360		458,163
Medical records	378		2,149		4,744
Dietary sales	260,777		237,387		232,445
Vending revenue	31,777		30,480		33,152
Ambulance tax	1,650,600		1,655,746		1,603,705
Grants	6,074,772		3,500,116		2,992,502
Gain on sale of equipment	-0-		2,000		7,000
340B pharmaceutical program	(19,814)		783,511		1,359,811
Other	<u>116,819</u>		<u>99,772</u>		<u>121,639</u>
Total other operating revenue	\$ <u>9,553,426</u>	\$	<u>7,695,892</u>	\$	<u>7,796,945</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 CONSOLIDATED SCHEDULES OF EXPENSES – SALARIES AND BENEFITS (Continued)
 YEARS ENDED JUNE 30,

	<u>2015</u>		<u>2014</u>		<u>2013</u>
Benefits:					
FICA and Medicare tax	\$ 1,617,715	\$	1,502,375	\$	1,426,627
Hospital insurance	1,821,896		957,146		786,477
Retirement	125,489		117,225		105,770
Other	<u>35,755</u>		<u>18,032</u>		<u>9,514</u>
Total benefits (excluding retirement)	<u>3,600,855</u>		<u>2,594,778</u>		<u>2,328,388</u>
Total salaries and benefits	<u>\$ 26,753,965</u>	\$	<u>23,406,061</u>	\$	<u>21,465,006</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – MEDICAL SUPPLIES AND DRUGS
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Nursing service	\$ 81,045	\$ 124,510	\$ 126,046
ICU	37,847	31,332	28,451
Geriatric psych	6,592	5,964	4,240
Nursery	16,548	15,353	16,100
Long-term care	210,641	205,806	173,999
Operating room	2,240,712	1,861,376	1,510,794
Labor and delivery	135,975	116,882	122,885
Anesthesiology	68,550	53,404	39,130
Radiology, nuclear medicine, CT scan	250,592	200,055	176,322
Laboratory and blood	803,215	563,038	849,242
Respiratory therapy	125,660	144,399	136,796
Physical therapy	955	1,053	53
EKG	-0-	-0-	529
Central supply	178,384	226,903	158,529
Pharmacy	33,114	33,256	29,720
Emergency room	166,183	141,875	123,663
Ambulance	43,026	25,049	25,486
Physician clinic	112,671	119,131	81,063
Campiti clinic	4,466	9,054	8,990
Pediatric clinic	-0-	5,613	4,120
Women's health clinic	2,138	3,558	-0-
Walk-in clinic	5,848	3,536	-0-
Wound care	31,600	-0-	-0-
Intensive outpatient psychiatric services	1,038	1,080	447
	<u> </u>	<u> </u>	<u> </u>
Total medical supplies and drugs	\$ <u>4,556,800</u>	\$ <u>3,892,227</u>	\$ <u>3,616,605</u>

NATCHITOCHEs PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – MEDICAL, PROFESSIONAL AND
CONSULTING SERVICES
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Routine nursing	\$ 46,985	\$ 58,994	\$ 272,854
ICU	29,136	39,881	81,021
Geriatric psych	312,672	306,735	479,471
Nursery	-0-	-0-	420
LTCU	79,832	74,302	72,913
Labor and delivery	-0-	20,646	25,526
Radiology, ultrasound, CT scan	215,917	225,855	222,703
Laboratory	258,755	204,460	227,018
Respiratory therapy	22,632	10,026	15,874
Physical therapy	5,667	516	4,500
Pharmacy	2,157,699	1,798,412	1,654,898
Emergency room	1,636,136	1,282,220	442,281
Other	6,442	4,249	2,061
Sleep study	353,569	322,900	295,950
Intensive outpatient psychiatric services	132,345	156,115	123,600
Hospitalist program	16,667	6,667	-0-
Women's health clinic	6,645	640	-0-
Walk-in clinic	-0-	500	-0-
Wound care	4,000	-0-	-0-
	<u> </u>	<u> </u>	<u> </u>
Total medical, professional and consulting	\$ <u>5,285,099</u>	\$ <u>4,513,118</u>	\$ <u>3,921,090</u>

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULES OF EXPENSES – OTHER
YEARS ENDED JUNE 30,

	<u>2015</u>		<u>2014</u>		<u>2013</u>
Service fees	\$ 2,963,236	\$	2,996,391	\$	2,396,615
Legal and accounting	332,406		190,002		279,961
Non-medical supplies	2,551,611		2,349,355		2,370,571
Repairs and maintenance	686,988		833,071		841,639
Utilities	1,838,130		2,019,611		1,783,446
Telephone	85,053		73,926		84,943
Travel and fuel - ambulance	89,803		90,966		92,121
Travel and fuel - other	80,188		87,418		48,113
Rental expense	645,029		294,983		125,881
Education expense	33,747		68,818		26,185
Licenses, dues and subscriptions	1,407,518		896,340		770,365
Patient days tax	369,821		379,993		317,087
Advertising	154,546		148,021		153,725
Recruitment	339,175		542,087		489,633
Inter-governmental transfer expense	478,929		134,237		481,111
Other	<u>60,005</u>		<u>50,297</u>		<u>21,138</u>
 Total other expenses	 \$ <u>12,116,185</u>	\$	 <u>11,155,516</u>	\$	 <u>10,282,534</u>

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY

The Natchitoches Parish Hospital was built by the people of the Parish of Natchitoches, Louisiana, in cooperation with the United States Government, and is operated by the Natchitoches Parish Hospital Service District as created by the Police Jury of Natchitoches Parish, Louisiana.

In consideration of an agreement between the Police Jury of Natchitoches Parish, Louisiana, and the Natchitoches Parish Hospital Service District whereby the Police Jury agreed to construct, complete and equip a hospital in Natchitoches Parish, the Hospital Service District agrees to do and perform the following:

1. To operate the District for the duration of this twenty-year agreement as a non-profit institution in accordance with an agreement entered into by and between the Parish and the United States.
2. To maintain and operate the District and assume and pay the expenses of operations and maintenance to the extent of the income and revenues derived therefrom.
3. To have full and complete charge of the management and operation of the District and conduct and operate said District at all times in accordance with acceptable standards of hospital practice.

The Parish covenants to do and perform, as consideration for this agreement, the following:

1. To equip the hospital building for hospital purposes with modern equipment sufficient to meet the needs of present day hospital practice. If, however, the District desires to replace said equipment with new equipment, it may do so, and said new equipment shall be and remains the property of the Parish if paid for out of the income resulting from the operation of the District. It is understood and agreed, however, that the Parish shall not be responsible for the securing of additional equipment other than that already purchased or installed when the District takes possession of the premises.
2. To levy the special tax of one mill on the dollar of all property subject to state taxation in the Parish for a period of three years beginning with the year 1956, as authorized by the special election held in the Parish on November 15, 1955, and the Parish shall pay to the District the net proceeds of said tax, as when collected. Said net proceeds shall be used by the District solely to defray the costs of operating and maintaining the District described herein, and proceeds at such intervals as the Parish may require.

During the year ended September 30, 1965, the Natchitoches Parish Hospital was enlarged by the addition of a nursing home, an autopsy room, new patient rooms and additional administrative and storage space. The new construction was financed by: (1) a grant from the United States Government under the Hill-Burton Act in the amount of \$307,000; (2) proceeds of a \$400,000 bond issue; and, (3) revenues of the Natchitoches Parish Hospital. The \$400,000 of Natchitoches Parish, Louisiana, Hospital Improvement Revenue Bonds, 3 1/2%, Series 1963, were purchased by the United States of America, Housing and Home Finance Agency. These bonds were retired in 1979.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

On June 14, 1977, a seven million dollar (\$7,000,000) bond issue was passed by the people of Natchitoches Parish. The seven million dollars (\$7,000,000) consisted of four million five hundred thousand dollars (\$4,500,000) of Public Improvement Bonds to be paid by ad valorem taxes. Two million five hundred thousand dollars (\$2,500,000) were to be Revenue Bonds and were to be paid off out of the general operating revenue of the District. Pursuant to a public hearing held on March 6, 1979, the District was authorized to issue \$4,500,000 of Hospital Revenue Bonds in lieu of the \$2,500,000 of Hospital Revenue Bonds.

On May 22, 1978, the Public Improvement Bonds were sold. The Public Improvement Hospital Bonds are dated April 1, 1978, and are in denominations of five thousand dollars (\$5,000) each, and bear interest at a rate or rates not exceeding six and one-half percent (6 1/2%) per annum on any bond in any interest payment period. Said interest to be payable April 1, 1979, and semi-annually thereafter on April 1st and October 1st of each year. Bonds numbered 204 to 900, inclusive, are callable for redemption by the District in the inverse order of their maturities, and if less than a full maturity, then by lot within such maturity, on any interest payment date on or after April 1, 1988, at the principal amount thereof and accrued interest to the date fixed for redemption, provided that official notice be given of such call of any of the bonds for redemption date by means of publication of an appropriate notice one time in a financial newspaper or journal published in the City of New York, or in the City of New Orleans, Louisiana, and sent by registered mail to the place of payment of the bonds. Bonds of this issue numbered 1 to 203, inclusive, are not callable for redemption prior to their stated dates of maturity. The bonds are secured by a special tax to be imposed and collected annually in excess of all other taxes on all the property subject to taxation within the territorial limits of the District. On October 1, 1985, funds were deposited in an irrevocable trust and zero coupon United States of America Trust securities were purchased. The securities began maturing in February 1995, and will be used to pay payments on the bonds until payment in full. No collections of taxes were required after that time.

In May 1979, the Hospital Revenue Bonds were sold. These bonds are dated April 1, 1979, and are in denominations of five thousand dollars (\$5,000) each, and bear interest at a rate or rates not exceeding seven and seven-eighths percent (7 7/8%) per annum on any bond in any interest period. Said interest to be payable October 1, 1979, and semi-annually thereafter on April 1st and October 1st of each year.

The Series 1979 Revenue Bonds are also subject to redemption in whole, at any time, or in part, at any interest payment date, at the option of the District upon the occurrence of any of the following conditions or events: (1) if title to, or the permanent use of, or use for a limited period of, substantially all of the District is condemned; or (2) if the title to substantially all of the District is found to be deficient to the extent that the Hospital is untenable or the efficient utilization of the District by the District is substantially impaired; or (3) if substantially all of the District is damaged or destroyed by fire or other casualty; or (4) if as a result of any changes in the Constitution of the United States of America or of the State of Louisiana or of legislative or administrative action, or failure of administrative action, by the United States or the State of Louisiana, or any agency or political subdivision thereof, or by reason of any judicial decision, (i) the Resolution becomes void or unenforceable or impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities are imposed on the District, including without limitation Federal, state or other ad valorem property, income or other taxes being imposed on the property of the District. In the event of such redemption, the Bonds shall be subject to redemption at the principal amount thereof plus accrued interest to the date of redemption, but without premium.

The Series 1979 Bonds are issued pursuant to a Resolution, under which payment of the principal of, redemption premium, if any, and interest on the Series 1979 Bonds is secured by a pledge of the income, revenues, receipts and accounts receivable derived by, payable or accruing to the District by reason of its operation of the District, subject to payment of the operating expenses of the District.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The Series 1979 Bonds are limited obligations of the District which are payable solely from revenues derived by the District from its operation of the Hospital. The Series 1979 Bonds are not an indebtedness or pledge of the general credit of the State of Louisiana, the Parish or City of Natchitoches or the District. Neither the District nor any of the assets of the District are pledged or mortgaged as security for the Series 1979 Revenue Bonds.

On February 26, 1980, the Louisiana State Bond Commission approved a notice of intention to issue not exceeding \$750,000 of Hospital Revenue Bonds to bear interest at rates not exceeding 9 1/4% per annum, the proceeds of which will be used for the purpose of constructing improvements to the existing facilities or to provide additional facilities, said bonds are to be secured by and payable solely from the District from operations, to mature at such time not exceeding 30 years from date of issuance, and subject further to the approval of the Natchitoches Parish Police Jury. In lieu of issuing these bonds the District made an application for the approval to the State Bond Commission to issue \$500,000 of Certificates of Indebtedness at an interest rate not to exceed eleven and one-half percent per annum. This application was approved on September 1, 1981. The \$500,000 in Certificates of Indebtedness were issued on April 6, 1982. Certificates totaling \$150,000 were issued to each of three banks in Natchitoches. These Certificates of Indebtedness were paid in full on September 28, 1984.

On November 20, 1985, the District's Commissioners resolved to donate a portion of land to the Natchitoches Parish Police Jury so they could construct a parish health clinic. The act of donation was made by resolution of the Board of Commissioners on October 23, 1987. The District's basis in the donated land was \$8,200.

An ambulance service tax is collected by the Natchitoches Parish Police Jury. The tax money is forwarded to the District upon submitting ambulance cost for the year. A ten-year renewal was passed in 1986. The voters of Natchitoches Parish voted not to renew this tax in July 1996.

Effective January 30, 1987, the Long-Term Care Unit qualified as a Medicare participating skilled nursing facility. As of September 25, 1987, a home health program was begun.

On December 1, 1988, the District began renting office space for four physicians in a newly constructed physician office building.

During the year ended June 30, 1990, the District purchased approximately ten acres of land on Keyser Avenue. The State of Louisiana expropriated one quarter acre for road right-of-way.

During the year ended June 30, 1991, the District began an \$845,000 renovation of the fourth and fifth floors of the Hospital which include two additional elevators and a rehabilitation fitness center. The Hospital began redecorating and refurbishing 84 patient rooms. These renovations were completed in fiscal year 1992.

During the year ended June 30, 1992, the District began replacing the chillers and completed replacement of the chillers in fiscal year 1993. The Hospital began and nearly completed a building to be rented as a dialysis center.

During the year ended June 30, 1994, the District completed construction of the dialysis center and began construction of rental facilities for a mental health unit and an obstetrics/gynecology doctors' office. The District also refinanced \$3,600,000 of Revenue bonds. As with the 1979 series, the \$3,560,000 of Series 1994 Bonds, dated May 19, 1994, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital. The interest rates vary from 3.95% to 5.5%.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The District completed construction of the mental health unit, the obstetrics/gynecology doctors' office, senior care center and remodeling of the labor and delivery rooms during the fiscal year ended June 30, 1995. A cooperative endeavor with Northwest Psychiatry, Inc. resulted in the establishment of an adolescent psychiatric program in Natchitoches Parish. Additionally, the Hospital began its own geriatric psychiatric program on the hospital campus just prior to year end.

Effective July 1, 1995, the Hospital's geriatric psychiatric unit received "Distinct Part" status which provides for reasonable cost reimbursement of necessary services to Medicare patients. In February 1996 the cooperative endeavor with Northwest Psychiatry, Inc. ended as Medicaid, the primary payor source for the adolescent facility, tightened its admission and length of stay criteria. The result was an inadequate census and the unit was closed.

The District began leasing twenty-one beds and selling ancillary services to Satellite Rehab, Inc., a separately licensed hospital and unrelated party, on December 1, 1997. Satellite Rehab, Inc. offers inpatient rehabilitative services.

Also, on December 1, 1997, the District entered into a management agreement with Christus Health (the "Manager"). The Manager is responsible for providing an administrator for routine administrative services, making recommendations for the overall rate structure, preparing monthly reports to the Board, managing cash and investments, preparing annual budgets and reviewing the insurance program. The Board of Commissioners retained all authority and control over the District.

During the year ended June 30, 2000, the District financed \$10,000,000 of 6% Series 2000 Revenue Bonds. The \$10,000,000 of Series 2000 bonds, dated June 14, 2000, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

The District received escrow funds in the amount of \$5,000,000 from Christus Health on March 3, 2000, as a part of an agreement with the District to be used for expansion of outpatient facilities. As certain conditions were met, the \$5,000,000 was earned during 1999, 2000, 2001 and 2002.

The District ceased operations of the home health and partial day psychiatric services in June 2000.

During the year ended June 30, 2002, the Hospital renovated the second and third floor of the tower as part of the beginning of a three-phase construction project, which will include a new outpatient service center. This project is being financed by the issuance of the Series 2000 Revenue Bonds of \$10,000,000 and from the \$5,000,000 contribution received by Christus Health.

The Hospital continued its three-phase construction project during 2004 with the completion of the renovation of the second and third floors and expected completion of the new outpatient service center by September of 2005. The final phase of the project, renovation of the first floor, will start after the completion of the outpatient service center.

The Hospital entered into a joint venture with local physicians and created Natchitoches Outpatient Services, LLC. NOP, LLC offers outpatient therapy services and MRI services. NOP, LLC began operations in June of 2005.

NATCHITOCHEES PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES

HISTORY (Continued)

The Hospital has changed its d/b/a name to Natchitoches Regional Medical Center to reflect its regional healthcare status.

The Hospital purchased a minority interest in Northwestern Louisiana Cancer Center, LLC, which provides outpatient cancer treatment, in March 2006.

Christus Health conveyed a medical office building to the Hospital in July 2006. The conveyance contains an act of re-conveyance which is subject to the term of the management agreement with Christus Health. At the end of the agreement, the Hospital will recognize the building as an asset and the income based at fair market value.

In September of 2006, the Hospital opened the new outpatient center and started renovation of the first and fourth floor. The fourth floor will be leased to a rehab hospital.

The Hospital completed the renovation of the first and fourth floors in January 2007. The fourth floor is leased to a physical rehabilitation hospital.

The Hospital created a new entity called Natchitoches Assisted Living, LLC. NAL, LLC purchased an assisted living facility for \$1,200,000 on July 12, 2007, through a cash investment by the Hospital. NAL, LLC offers housing and limited care for elderly residents.

During the year ended June 30, 2009, the District financed \$8,000,000 of 4.26% Series 2008 Revenue Bonds. The \$8,000,000 of Series 2008 bonds, dated August 26, 2008, are obligations of the District which are payable from revenues derived by the District from its operation of the Hospital and must be used for expansion of hospital facilities.

Construction of the new nursing home facility began in September of 2008. The facility was completed in November 2009 and the patients were transferred. During FY 2012, the old nursing home was demolished.

The Hospital created a new entity called Regional Cardiology Clinic, LLC on March 2, 2009. RCC, LLC provides cardiology diagnostics and testing services.

The Natchitoches Hospital Foundation merged on November 3, 2010, with the Natchitoches Regional Medical Center Foundation.

The Hospital acquired a medical office building valued at \$4,550,000 by act of donation from Christus Health on December 31, 2010.

On February 3, 2014, the Hospital entered into a joint venture, NRMC Comprehensive Wound Care, LLC, to offer wound care and hyperbaric services.

On April 1, 2015, the Hospital entered into a joint venture with local physicians, NRMC Walk-In Clinic Ventures, LLC, to establish an after-hours care clinic.

NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
SCHEDULE OF PER DIEM
OR OTHER AMOUNTS PAID TO OR ON BEHALF OF COMMISSIONERS
YEAR ENDED JUNE 30, 2015

<u>Board Member</u>	<u>Paid on Behalf of Commissioners</u>
Roger Williams	\$ -0-
Ronald Corkern	-0-
Dr. Chris Ingram	-0-
Samuel Jackson	-0-
John Luster	-0-
Arthur Welch	-0-
Aaron Johnson	-0-
	<hr/>
	\$ <u>-0-</u>

**NATCHITOCHE PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
CONSOLIDATED SCHEDULE OF BONDS PAYABLE
YEARS ENDED JUNE 30, 2015, 2014 AND 2013**

NATCHITOCHE PARISH HOSPITAL	RATES	PAYMENT DATES	ISSUE DATES	FINAL MATURITY DATE	ANNUAL SERIAL PAYMENTS	BONDS			
						AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
Revenue bonds - 2000	4.350%	4/1; 10/1	6/14/2000	10/1/2020	615,000 (2016) 650,000 (2017) 685,000 (2018) 730,000 (2019) 770,000 (2020) 815,000 (2021)	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$ 5,735,000</u>	<u>\$ 4,265,000</u>
Revenue bonds - 2008	4.260%	4/1; 10/1	8/26/2008	10/1/2023	500,000 (2016) 525,000 (2017) 550,000 (2018) 575,000 (2019) 605,000 (2020) 635,000 (2021) 670,000 (2022) 700,000 (2023) 735,000 (2024)	<u>\$10,000,000</u>	<u>\$8,000,000</u>	<u>\$ 2,505,000</u>	<u>\$ 5,495,000</u>

NATCHITOCHE'S PARISH HOSPITAL SERVICE DISTRICT AND AFFILIATES
 SCHEDULES OF COMPENSATION, BENEFITS AND OTHER
 PAYMENTS TO CHIEF EXECUTIVE OFFICER
 YEAR ENDED JUNE 30, 2015

Agency Head Name: Kirk Soileau
 Position: CEO

Purpose	Amount
Salary	228,534
Health Insurance	7,123
Retirement	30,516
Car Allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	790
Conference travel	7,168
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	3,133
Professional dues	-0-
Cell phone	-0-



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

Board of Commissioners
Natchitoches Parish Hospital Service District
Natchitoches, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of the Natchitoches Parish Hospital Service District and its Affiliates (the "District" or the "Hospital"), a component unit of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the years ended June 30, 2015, 2014, and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 that we consider to be significant deficiencies: 2015-01 and 2015-02.

Board of Commissioners
Natchitoches Parish Hospital Service District
Natchitoches, Louisiana
Page Two

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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subject 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.

Lester, Miller & Wells

Certified Public Accountants
Alexandria, Louisiana

November 19, 2015



Natchitoches Parish Hospital Service District
Schedule of Findings
Year Ended June 30, 2015

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 issue noted - No

Management letter issued - No

Federal Awards - Not applicable

Section II. Financial Statement Findings

FINDING 2015-01 – 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: The Hospital's accounting personnel will continue to attend education courses in order to further their knowledge of GAAP. Further, due to the size of our organization and the cost of implementation, we will continue to rely on our independent auditors to assist us in preparation of our external financial statements.

FINDING 2015-02 – 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.



Natchitoches Parish Hospital Service District
Schedule of Findings
Year Ended June 30, 2015

Section II. Financial Statement Findings (Continued)

FINDING 2015-02 – Segregation of Duties (Continued)

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.

Section III. Federal Awards Findings and Questioned Costs

Not applicable

Section IV. Management Letter

Not applicable



Natchitoches Parish Hospital Service District
Schedule of Prior Year Findings
Year Ended June 30, 2015

Section I. Financial Statement Findings

2014-01 – Draft of Financial Statements

Fiscal Year Initially Reported: June 30, 2011

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: The Hospital's accounting personnel will continue to attend education courses in order to further their knowledge of GAAP. Further, due to the size of our organization and the cost of implementation, we will continue to rely on our independent auditors to assist us in preparation of our external financial statements.

Resolution: This matter has not been resolved. See Finding 2015-01.

2014-02 – Segregation of Duties

Fiscal Year Initially Reported: June 30, 2011

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.

Resolution: This matter has not been resolved. See Finding 2015-02.



Natchitoches Parish Hospital Service District
Schedule of Prior Year Findings
Year Ended June 30, 2015

Section II. Federal Award Findings and Questioned Costs

Not applicable

Section III. Management Letter

Not applicable



