

Exhibit “A”

WINNIE-STOWELL HOSPITAL DISTRICT

Attendance

Date: Wednesday, January 24, 2018

Regular Meeting

NOTE: For Public Comment – Please see the "Policies and Procedures" and sign in on the Public Comment Sheet and complete the "Public Participation Form"

(Please Print legibly)

Name	Address
Alicia Roemer	The Suburban Beacon
Hazel Meaux	" " "
Shane Lucas	Post Oak Bank
Robin Lucas	
Larry Barron	TRAD & DAYS
Rebekah McDonald	The Home Town Press

Exhibit “B”

Winnie-Stowell Hospital District
Balance Sheet
 As of December 31, 2017

	Dec 31, 17
ASSETS	
Current Assets	
Checking/Savings	
100 Prosperity Bank -Checking	438,034.25
102 Prosperity Bank - CD#0447	104,952.88
104 Post Oak Bank - CD#9053	2,700,000.00
105 TexStar	660,211.17
106 Wells Fargo NHs Combined	
106.00 WF 7180 WSHD Transfer	77,855.85
106.08a WF 1489 CB DACA	6,471.93
106.08b WF 8098 CB DAISA	5,000.00
106.09a WF 1497 TW DACA	4,498.70
106.09b WF 8106 TW DAISA	4,023.51
Total 106 Wells Fargo NHs Combined	97,849.99
107 Graham InterBank combined	
107.01b GIB 1008 DAISA	355,825.62
Total 107 Graham InterBank combined	355,825.62
108 Post Oak NHs Combined	2,182,820.78
Total Checking/Savings	6,539,694.69
Total Current Assets	6,539,694.69
Fixed Assets	
120 Equipment	140,654.96
125 Accumulated Depreciation	-113,810.64
Total Fixed Assets	26,844.32
Other Assets	
110 Sales Tax Receivable	116,206.43
117 NH - QIPP Prog Receivable	3,148,090.48
118 Prepaid Expense	1,675.00
119 Prepaid IGT	6,357,251.40
Total Other Assets	9,623,223.31
TOTAL ASSETS	16,189,762.32
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
190 NH Payables Combined	2,478,939.40
190. NH Payable - Accruals	-2,662.52
201 NHP Accounts Payable	1,450,436.56
210.10 Loan Payable #10 QIPP 1	2,437,582.68
210.12 Loan Payable #12 QIPP	2,765,389.00
210.50 Loan Post Oak #2 QIPP	2,421,500.00
225 FUTA Tax Payable	97.43
230 SUTA Tax Payable	251.31
235 Payroll Liabilities	2,462.93
Total Other Current Liabilities	11,553,996.79
Total Current Liabilities	11,553,996.79
Total Liabilities	11,553,996.79
Equity	
300 Net Assets, Capital, net of	59,503.44
310 Net Assets-Unrestricted	5,165,680.85
Retained Earnings	94,356.11
Net Income	-683,774.87
Total Equity	4,635,765.53
TOTAL LIABILITIES & EQUITY	16,189,762.32

Winnie-Stowell Hospital District
Profit & Loss Budget vs. Actual
As of December 31, 2017

Accrual Basis

	Jan - Dec 17	Budget	\$ Over Budget	% of Budget
Income				
400 Sales Tax Revenue	504,962.61	460,000.00	44,962.61	109.8%
405 Investment Income	11,234.29	10,000.00	1,234.29	112.3%
409 Tobacco Settlement	11,538.30	11,500.00	38.30	100.3%
410 Other Revenue	450.00	85,500.00	-85,050.00	0.5%
415 Nursing Home - QIPP Program	5,651,398.72	5,078,021.00	573,377.72	111.3%
Total Income	6,179,583.92	5,645,021.00	534,562.92	109.5%
Expense				
500 Admin-Administrative Salary	52,000.00	52,000.00	0.00	100.0%
501 Admin-Security	1,000.00	1,200.00	-200.00	83.3%
504 Admin-Administrators PR Tax	4,340.39	4,500.00	-159.61	96.5%
505 Admin-Board Bonds	250.00	200.00	50.00	125.0%
515 Admin-Bank Service Charges	240.00	360.00	-120.00	66.7%
521 Professional Fees - Acctng	26,250.00	30,000.00	-3,750.00	87.5%
522 Professional Fees-Auditing	69,682.80	95,000.00	-25,317.20	73.4%
523 Professional Fees - Legal	34,270.65	160,000.00	-125,729.35	21.4%
550 Admin-D&O / Liability Ins.	13,790.15	15,000.00	-1,209.85	91.9%
560 Admin-Cont Ed, Travel	4,598.04	5,000.00	-401.96	92.0%
561 Admin-Cont Ed-Medical Pers.	600.56	20,000.00	-19,399.44	3.0%
562 Admin-Travel&Mileage Reimb.	588.54	1,000.00	-411.46	58.9%
569 Admin-Meals	1,692.37	2,500.00	-807.63	67.7%
570 Admin-District/County Prom	75.68	500.00	-424.32	15.1%
571 Admin-Office Supplies/Post	2,000.37	3,600.00	-1,599.63	55.6%
572 Admin-Web Site	649.03	1,500.00	-850.97	43.3%
573 Admin-Copier Lease/Contract	2,070.31	1,800.00	270.31	115.0%
575 Admin-Cell Phone Reimburse	1,950.00	1,800.00	150.00	108.3%
576 Admin-Telephone/Internet	2,304.52	2,000.00	304.52	115.2%
591 Admin-Notices & Fees	60.49	100.00	-39.51	60.5%
600 East Chambers ISD Partnersh	180,000.00	180,000.00	0.00	100.0%
601 IC-Pmt to Hosp Equipment	0.00	0.00	0.00	0.0%
602 IC-WCH 1115 Waiver Prog	495,526.98	496,000.00	-473.02	99.9%
603a IC-Pharmaceutical Costs	76,259.93	79,000.00	-2,740.07	96.5%
604 IC-Non Hosp Cost-Other	8,760.09	25,000.00	-16,239.91	35.0%
604 IC-Non Hosp Costs UTMB	30,734.84	10,000.00	20,734.84	307.3%
605 IC-Office Supplies/Postage	1,213.57	1,200.00	13.57	101.1%
606 IC-Emergency Rm Pmt	82,094.25	50,000.00	32,094.25	164.2%
607 IC-Non Hosp Costs-WSEMS	40,527.00	40,650.00	-123.00	99.7%
611 IC-Indigent Care Dir Salary	26,707.50	27,000.00	-292.50	98.9%
612 IC-Payroll Taxes -Ind Care	1,997.38	2,400.00	-402.62	83.2%
615 IC-Software	12,708.00	12,000.00	708.00	105.9%
616 IC-Travel	549.87	550.00	-0.13	100.0%
630 NH Program-Mgt Fees	1,233,836.56	947,150.00	286,686.56	130.3%
631 NH Program-IGT	3,183,725.60	3,183,725.00	0.60	100.0%
633 NH Program-Acctg Fees	0.00	25,000.00	-25,000.00	0.0%
634 NH Program-Legal Fees	194,200.36	100,000.00	94,200.36	194.2%
635 NH Program-LTC Fees	433,200.00	433,200.00	0.00	100.0%
636 NH Program-Bonds	450.00	450.00	0.00	100.0%
637 NH Program-Interest Expense	616,239.34	535,000.00	81,239.34	115.2%
638 NH Program-Bank Fees & Misc	2,620.00	2,600.00	20.00	100.8%
639 NH Program-Appraisal	23,593.62	23,594.00	-0.38	100.0%
653 Service Fee	0.00	100.00	-100.00	0.0%
Payroll Expenses	0.00			
Total Expense	6,863,358.79	6,572,679.00	290,679.79	104.4%
Net Income	-683,774.87	-927,658.00	243,883.13	73.7%

Winnie-Stowell Hospital District
Profit & Loss Budget vs. Actual
As of January 24, 2018

Accrual Basis

	Jan - Dec 18	Budget	\$ Over Budget	% of Budget
Income				
400 Sales Tax Revenue	45,731.80	500,000.00	-454,268.20	9.1%
405 Investment Income	0.00	10,000.00	-10,000.00	0.0%
409 Tobacco Settlement	0.00	11,500.00	-11,500.00	0.0%
415 Nursing Home - QIPP Program	0.00	15,838,446.00	-15,838,446.00	0.0%
Total Income	45,731.80	16,359,946.00	-16,314,214.20	0.3%
Expense				
500 Admin-Administrative Salary	4,000.00	52,000.00	-48,000.00	7.7%
501 Admin-Security	0.00	1,200.00	-1,200.00	0.0%
504 Admin-Administrators PR Tax	447.14	4,500.00	-4,052.86	9.9%
505 Admin-Board Bonds	50.00	250.00	-200.00	20.0%
515 Admin-Bank Service Charges	0.00	360.00	-360.00	0.0%
521 Professional Fees - Acctng	2,593.75	12,000.00	-9,406.25	21.6%
522 Professional Fees-Auditing	0.00	50,000.00	-50,000.00	0.0%
523 Professional Fees - Legal	22,592.50	50,000.00	-27,407.50	45.2%
550 Admin-D&O / Liability Ins.	0.00	15,000.00	-15,000.00	0.0%
560 Admin-Cont Ed, Travel	0.00	5,000.00	-5,000.00	0.0%
561 Admin-Cont Ed-Medical Pers.	150.14	5,000.00	-4,849.86	3.0%
562 Admin-Travel&Mileage Reimb.	0.00	1,000.00	-1,000.00	0.0%
569 Admin-Meals	0.00	2,500.00	-2,500.00	0.0%
570 Admin-District/County Prom	0.00	5,000.00	-5,000.00	0.0%
571 Admin-Office Supplies/Post	516.74	3,600.00	-3,083.26	14.4%
572 Admin-Web Site	0.00	1,500.00	-1,500.00	0.0%
573 Admin-Copier Lease/Contract	44.77	1,800.00	-1,755.23	2.5%
575 Admin-Cell Phone Reimburse	150.00	1,800.00	-1,650.00	8.3%
576 Admin-Telephone/Internet	0.00	2,000.00	-2,000.00	0.0%
590 Admin-Election Cost	0.00	1,000.00	-1,000.00	0.0%
591 Admin-Notices & Fees	0.00	100.00	-100.00	0.0%
600 East Chambers ISD Partnersh	0.00	180,000.00	-180,000.00	0.0%
601 IC-Pmt to Hosp Equipment	0.00	0.00	0.00	0.0%
602 IC-WCH 1115 Waiver Prog	0.00	496,000.00	-496,000.00	0.0%
603a IC-Pharmaceutical Costs	6,263.02	79,000.00	-72,736.98	7.9%
604 IC-Non Hosp Cost-Other	0.00	10,000.00	-10,000.00	0.0%
604 IC-Non Hosp Costs UTMB	12,694.15	180,000.00	-167,305.85	7.1%
605 IC-Office Supplies/Postage	0.00	1,200.00	-1,200.00	0.0%
611 IC-Indigent Care Dir Salary	1,845.00	27,000.00	-25,155.00	6.8%
612 IC-Payroll Taxes -Ind Care	0.00	2,400.00	-2,400.00	0.0%
615 IC-Software	1,059.00	12,708.00	-11,649.00	8.3%
616 IC-Travel	0.00	550.00	-550.00	0.0%
617 IC -Youth Counseling	0.00	30,000.00	-30,000.00	0.0%
630 NH Program-Mgt Fees	0.00	3,148,972.00	-3,148,972.00	0.0%
631 NH Program-IGT	0.00	9,540,501.00	-9,540,501.00	0.0%
633 NH Program-Acctg Fees	0.00	43,000.00	-43,000.00	0.0%
634 NH Program-Legal Fees	0.00	150,000.00	-150,000.00	0.0%
635 NH Program-LTC Fees	0.00	1,082,957.00	-1,082,957.00	0.0%
636 NH Program-Bonds	0.00	450.00	-450.00	0.0%
637 NH Program-Interest Expense	13,553.69	1,058,406.00	-1,044,852.31	1.3%
638 NH Program-Bank Fees & Misc	0.00	0.00	0.00	0.0%
639 NH Program-Appraisal	0.00	23,594.00	-23,594.00	0.0%
653 Service Fee	0.00	100.00	-100.00	0.0%
Payroll Expenses	42.75			
Total Expense	66,002.65	16,282,448.00	-16,216,445.35	0.4%
Net Income	-20,270.85	77,498.00	-97,768.85	-26.2%

Check Register
 Prosperity Bank
 December 20, 2017 -January 28, 2018

Date	Number	Names	Memo	Amount
12/20/17	2300	Brookshire Brothers	IC Rx Nov 2017	(4,524.50)
12/20/17	2301	American Education Services	92 5529 5461	(150.14)
12/20/17	2302	Carroll R Hand Insurance Agency	Inv 14148 - Bond Renewal S Burgess	(50.00)
12/20/17	2303	David Sticker	Inv #19947	(3,281.25)
12/20/17	2304	Function 4 Cotract (fka Star Graphics)	3A0064	(89.27)
12/20/17	2305	Hometown Press	Inv #1168	(38.86)
12/20/17	2307	Hubert Oxford	1/2 Legal Retainer	(500.00)
12/20/17	2308	Indigent Healthcare Solutions, LTD	Inv #95195	(1,059.00)
12/20/17	2309	Josh Heinz	1/2 Legal Retainer	(500.00)
12/20/17	2310	Prosperity Bank	Nov Inv	(179.61)
12/20/17	2311	Quill Corporation	C7769473	(61.14)
12/20/17	2312	UTMB at Galveston	IC Batch Date 10.31	(9,591.13)
12/20/17	2313	UTMB Faculty Group Practice	Batch Date 11/30/2017	(2,652.51)
12/20/17	2314	Wilcox Pharmacy	IC Rx Nov 2017	(1,069.17)
12/20/17	2299	Benckenstein & Oxford	Inv # 48731	(21,371.20)
12/20/17	2315	Walker & Associates, Inc	Inv 2297	(47,397.16)
12/20/17	2316	Johnston LLC	Inv # 0003808	(438.80)
12/20/17			Wire Transfer Dep WIRE IN WSHD	3,290.00
12/26/17			Wire Transfer Dep WIRE IN WSHD	1,794.78
12/28/17		QuickBooks Payroll Service	Created by Payroll Service on 12/27/2017	(2,413.15)
12/28/17			Deposit	69,142.99
12/28/17			Wire Transfer Dep WIRE IN WINNIE STOWELL HO	8,113.69
12/31/17			Accr Earning Pymt Added to Account	87.93
01/02/18	2317	Post Oak Bank	Dec Interest Due (Acct # 790154)	(6,776.86)
01/11/18		QuickBooks Payroll Service	Created by Payroll Service on 01/09/2018	(2,450.71)
01/12/18		Tx Comptroller	ACH Deposit CPA STATE FISCAL INV-PAYMTS 32	45,731.80
01/24/18	2318	American Education Services	92 5529 5461	(150.14)
01/24/18	2319	Benckenstein & Oxford	Inv 48818 (Aug 2017)	(21,592.50)
01/24/18	2320	Brookshire Brothers	IC RX Dec 2017	(5,438.71)
01/24/18	2322	Carroll R Hand Insurance Agency	Inv 14200	(50.00)
01/24/18	2323	David Sticker	Inv 19982	(2,593.75)
01/24/18	2324	Function 4 Cotract (fka Star Graphics)	3A0064	(44.77)
01/24/18	2325	Hubert Oxford	1/2 Retainer	(500.00)
01/24/18	2326	Indigent Healthcare Solutions, LTD	Inv 65344	(1,059.00)
01/24/18	2327	Josh Heinz	1/2 Retainer	(500.00)
01/24/18	2328	Post Oak Bank	Acct 790154	(6,776.83)
01/24/18	2329	Prosperity Bank (CC)	2704	83-
01/24/18	2330	Quill Corporation	C7769473	43-3.74
01/24/18	2331	UTMB at Galveston	IC Batch Date 12/30/2017	(7,923.68)
01/24/18	2332	UTMB Faculty Group Practice	IC Batch Date 12/30/2017	(4,770.47)
01/24/18	2333	Wilcox Pharmacy	IC RX Dec 2017	(824.31)

Winnie-Stowell Hospital District
Open Invoices for Approval
As of January 24, 2018

Accrual Basis

Type	Date	Num	Name	Memo	Amount
200 Accounts Payable					
Bill	01/24/2018		American Education...	S Stern Acct 92 5529 54...	150.14
Bill	01/24/2018		Benckenstein & Oxf...	Inv 48818 (Aug 2017)	21,592.50
Bill	01/24/2018		Brookshire Brothers	IC RX Dec 2017	5,438.71
Bill	01/24/2018		Carroll R Hand Insur...	Inv 14200	50.00
Bill	01/24/2018		David Sticker	Inv 19982	2,593.75
Bill	01/24/2018		Function 4 Cotract (f...	Inv 593374	44.77
Bill	01/24/2018		Hubert Oxford	1/2 Retainer	500.00
Bill	01/24/2018		Indigent Healthcare ...	Inv 65344	1,059.00
Bill	01/24/2018		Josh Heinz	1/2 Retainer	500.00
Bill	01/24/2018		Post Oak Bank	Acct 790154	6,776.83
Bill	01/24/2018		Prosperity Bank (CC)	Dec Inv re Acct 2704	83.00
Bill	01/24/2018		Quill Corporation	Invs 3855014 & 3921855	433.74
Bill	01/24/2018		UTMB at Galveston	IC Batch Date 12/30/2017	7,923.68
Bill	01/24/2018		UTMB Faculty Grou...	IC Batch Date 12/30/2017	4,770.47
Bill	01/24/2018		Wilcox Pharmacy	IC RX Dec 2017	824.31
Total 200 Accounts Payable					52,740.90
TOTAL					52,740.90

BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW
BBVA COMPASS BANK BUILDING
3535 CALDER AVENUE, SUITE 300

Hubert Oxford, IV

BEAUMONT, TEXAS 77706
TELEPHONE:(409) 833-9182
FAX: (409) 833-8819

hoxfordiv@benoxford.com

January 17, 2017

Mr. Edward Murrell
President
Winnie Stowell Hospital District
825 State Hwy 124
Winnie Texas 77665

Re: Invoice and Draft Minutes for December 20, 2017 Public Hearing and Regular Meeting and the January 10, 2018 Special Meeting; Our File No. 87250.

Dear President Murrell,

Attached, please find the draft minutes for the December 20, 2017 Public Hearing and Regular Meeting and the January 10, 2018 Special Meeting. After you have had a chance to review these minutes, please let me know if there are any changes that need to be made.

Also, please allow this letter to serve as a *partial invoice* for \$1,000.00 representing the retainer for work performed in December 2017. We would request that you put this invoice in line for payment at the January 24, 2018 Regular meeting. When we submit our time invoice for November 2017, we will give the District credit for the \$1,000.00 payment.

If you concur, please draft a check in the amount of \$500.00 checks payable to Josh Heinz and a second check for \$500.00 to Hubert Oxford, IV.

With best wishes, I am

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.



Hubert Oxford, IV



2017 TAX INFO COMING MID-JANUARY.
LEARN MORE AT AESSUCCESS.ORG/TAX.

00401703514701

RECEIVED

JAN 18 2018

January 4, 2018

MONTHLY BILL

Name: SHERRY STERN
Account Number: 92 5529 5461

Payment Summary	
Last Payment Received	12/26/2017
Current Payment Due	\$150.14
Total Due by 01/25/2018	\$150.14

YOUR LOAN DETAILS

Loan Sequence	Date Disbursed	Loan Program	Original Balance	Current Balance	Outstanding Interest	Interest Rate	Monthly Payment	Current Due
*1002	11/29/2006	SUBCNS	\$13,150.00	\$6,846.70	\$6.33	3.750%	\$90.67	\$90.67
*1001	11/29/2006	UNCNS	\$8,625.28	\$4,490.54	\$4.15	3.750%	\$59.47	\$59.47

Outstanding interest accrued as of 01/04/2018

*Late fees will be assessed in accordance to the requirements set forth by the loan owner. Each unique owner/loan program may have differing late fee requirements. The owner will assess late fees on any loans listed above that are identified with an asterisk. If there are dates listed below the heading 'Received After This Date', which are prior to the date you are making your payment, the following late fee will be assessed.

Received After This Date	Late Fee to be Assessed
02/08/2018	\$7.50

Would you rather receive this statement electronically?

Sign in to Account Access at AesSuccess.org and update your Account Profile preferences if you would prefer that we send you an email reminder instead of a paper statement.

Total paid since your last statement	\$150.14
Interest Satisfied	\$39.97
Principal Satisfied	\$110.17

As of today, you've paid on your loans	\$12,461.62
Total Interest Satisfied	\$4,095.41
Total Principal Satisfied	\$8,366.21

You may be required to remit your full monthly installment amount, even if your loan(s) are paid ahead, in order to maintain reduced interest rate eligibility under any applicable Repayment Incentive Program and to not affect your eligibility for other borrower benefits, such as cosigner release offered by your lender(s). Contact us for details.

Make checks payable to American Education Services and include your 10 digit account number.

Customer Statement

(IF LATE, SEE ABOVE)

Amount Enclosed: Do not write dollar sign in boxes below or on check.

Account Number:

Due Date:

Total Amount Due:

92 5529 5461

01/25/2018

\$

\$150.14

201800401925529546110000150140000000000000000006

#BWNDHKB
#B612 1327 2501 04L0#
SHERRY STERN
9302 EAGLES LNDG
MAGNOLIA TX 77354-6865



AMERICAN EDUCATION SERVICES
PAYMENT CENTER
HARRISBURG PA 17130-0001

Benckenstein & Oxford, L.L.P.

3535 Calder Avenue, Suite 300
Beaumont, TX 77706

January 22, 2018

INVOICE #: 48818 HOIV
Billed through: August 31, 2017
Client/Matter #: WSHD 87250

Winnie-Stowell Hospital District
P.O. Box 1997
Winnie, TX 77665

RE: Winnie-Stowell Hospital District

PROFESSIONAL SERVICES RENDERED

08/01/17	HOIV	Review Proposed Management Agreement and participated in conference call with Genesis and Caring Healthcare regarding changes to the proposed agreement.	2.60 hrs
08/24/17	HOIV	Prepared draft minutes of the Special Meeting.	1.30 hrs
08/01/17	HOIV	Conference call with Trent Krienke, counsel for Caring Healthcare, and Darrell Zurovec, counsel for Genesis Healthcare, regarding changes to Management Agreement for QIPP.	0.80 hrs
08/01/17	HOIV	Conference call with LTC Group regarding status of Service Agreement and issues regarding various proposed terms in the Service Agreement.	0.60 hrs
08/01/17	HOIV	Conference call with Bob Walker regarding outstanding invoices; status of the Emergency Room design; and meeting with county officials regarding drainage.	0.50 hrs
08/01/17	HOIV	Exchanged multiple e-mails with Genesis regarding status of MPAP settlement payment.	0.30 hrs
08/01/17	HOIV	Exchanged four (4) e-mails with HMG regarding RUG Rates for staff enhancements and the impact on the HMG facilities medicaid rates.	0.60 hrs
08/02/17	HOIV	Conference call with Chris Portner, Counsel for Riceland Hospital, regarding the Student Loan Program and exchanged three (3) e-mails with Mr. Portner, regarding the same.	0.70 hrs
08/03/17	HOIV	Received e-mail from HMG requesting approval and signature of an "Assignment Template"; and reviewed template; and exchanged six (6) e-mails with HMG regarding the same.	1.40 hrs
08/03/17	HOIV	Exchanged nineteen (19) e-mails with Caring Healthcare and LTC Group regarding monthly reporting by Caring and alternative options to be considered regarding reporting of the Caring finances.	1.40 hrs
08/04/17	HOIV	Received e-mail notifying District of MPAP 3 cancellation and drafted multiple e-mails to clients identifying and discussing the various issues and concerns with client and managers; and participated in conference calls with LTC, lenders, and managers regarding MPAP 3 cancellation.	4.20 hrs
08/05/17	HOIV	Read and reviewed correspondence to and from CMS and the State of Texas regarding MPAP 3; and exchanged six (6) e-mails with Genesis, Caring, and	1.80 hrs

		LTC Group regarding the State's failure to submit the proper documents to CMS.	
08/07/17	HOIV	Gathered documents of MPAP 3 and MPAP 1 & 2 Settlement Agreements and prepared timeline for managers to assist in negotiations with THHSC.	3.00 hrs
08/08/17	HOIV	Exchanged eight (8) e-mails with LTC and Genesis regarding meeting with Texas Health and Human Services Commissioner regarding the Commission's failure to submit requested documents to CMS.	0.70 hrs
08/08/17	HOIV	Received request from an interested citizen concerning questions about the Hospital District and exchanged four (4) e-mails and call with Board member on proper response.	0.70 hrs
08/08/17	HOIV	Read, received, and responded to twelve (12) e-mails with LTC Group and Charles Luband regarding MPAP 3 and plan of action to get MPAP 3 approved.	1.20 hrs
08/08/17	HOIV	Conference call with Salt Creek Capital regarding MPAP 3 and return date of the IGT funds.	0.50 hrs
08/09/17	HOIV	Made a number of final revisions with staff to the Service Agreement.	1.20 hrs
08/10/17	HOIV	Read and reviewed HMG Consent for Assignments for Humana, UHC, BCBS; and responded to sixteen (16) e-mails with staff and HMG regarding the same.	2.30 hrs
08/10/17	HOIV	Reviewed proposal for medical equipment planner; and then Read, reviewed, and responded to fourteen (14) e-mails between Project Manager and Riceland Hospital regarding the need for a medical equipment planner and the proposed bid for the professional services.	1.80 hrs
08/11/17	HOIV	Exchanged eight (8) e-mails with lenders regarding the return of IGTs for MPAP.	0.70 hrs
08/14/17	HOIV	Read and reviewed notice of Uncompensated Care Program-DY 6 IGT; and then exchanged eight (8) e-mails with Riceland Hospital after receiving the IGT request for the Uncompensated Care Program-DY 6.	2.00 hrs
08/14/17	HOIV	Participated in multiple conference calls with Riceland and New Light concerning the IGT for DY-6 because the size of the IGT was nearly twice as large as budgeted.	0.80 hrs
08/14/17	HOIV	Gathered documents and prepared packet for upcoming Special Board Meeting.	0.80 hrs
08/14/17	HOIV	Prepared documents for Board to review concerning upcoming IGT request for the Uncompensated Care Program DY-6	1.20 hrs
08/15/17	HOIV	Received and reviewed e-mail from Salt Creek Capital regarding MPAP date and held a conference call with counsel for Salt Creek Capital to discuss the same.	0.60 hrs
08/15/17	HOIV	Exchanged thirteen (13) e-mails with Genesis staff regarding the non-profit status of the District and use of this status to purchase goods.	1.00 hrs
08/16/17	HOIV	Received Public Information request from Gloria Roemer, researched Texas Administrative Code; gathered documents requested by Mrs. Roemer; and	2.80 hrs

prepared extensive e-mail to Board summarizing the findings.

08/16/17	HOIV	Exchanged eighteen (18) e-mails and two (2) conference calls with Salt Creek Capital and LTC Group regarding the location of the accounts where the MPAP IGT's are to be returned and then confirmation that the funds had been deposited.	1.40 hrs
08/16/17	HOIV	Researched Texas statute and Administrative Code for Affiliation Agreement requirements for the Uncompensated Care PrigranExchanged four (4) e-mails with Riceland Hospital requesting a copy of the Affiliation Agreement in order to respond to an Public Information Request.	0.70 hrs
08/17/17	HOIV	Prepared for and attended Special Meeting.	3.00 hrs
08/17/17	HOIV	Participated in conference call for QIPP and exchanged multiple e-mails with LTC Group regarding spreadsheet calculations.	2.00 hrs
08/17/17	HOIV	Participated in QIPP conference call hosted by the Texas Health and Human Services Commission.	0.80 hrs
08/17/17	HOIV	Gathered documents in order to respond to Public Information Request by Gloria Roemer and prepared a response; and prepared packet for upcoming meeting.	1.60 hrs
08/17/17	HOIV	Exchanged six (6) e-mails with Riceland Hospital regarding upcoming IGT for 1115 Waiver Program.	0.60 hrs
08/18/17	HOIV	Reviewed prior meetings and Board policies and made a number of changes to existing Board policies in anticipation of adopting or re-affirming the policies at the August 30, 2017 Regular Board meeting.	6.00 hrs
08/18/17	HOIV	Began preparing draft updates to the District's webpage to address questions raised at District meetings.	0.70 hrs
08/18/17	HOIV	Exchanged three (3) e-mails and held a conference call with Salt Creek Capital to discuss interest payment schedules for Loans 10 and 12.	0.30 hrs
08/21/17	HOIV	Worked with staff to update Website by retrieving relevant statutes and making extensive revisions to the District page.	5.70 hrs
08/21/17	HOIV	Exchanged multiple e-mails with Derek Prince, of HMG, to discuss QIPP payment dates and the need to amend the Management Agreements with HMG to account for the revised QIPP Component 1 Payment schedule.	0.70 hrs
08/21/17	HOIV	Exchanged six (6) e-mails and participated in a conference call with Bob Walker concerning hiring professional services and rules regarding the same for political entities.	1.10 hrs
08/22/17	HOIV	Continued research and re-drafting of the "About" page and discussed with staff and LTC Group issues and needed information.	6.00 hrs
08/22/17	HOIV	Meeting with CPA to discuss budget and needed budget amendments.	2.50 hrs
08/23/17	HOIV	Worked with staff to update Website by retrieving relevant statutes and making extensive revisions to the District page.	6.00 hrs
08/23/17	HOIV	Participated in conference call with Genesis to discuss request for non-profit status.	0.40 hrs

08/23/17	HOIV	Worked with staff to confirm loan payoff for Post Oak Bank.	0.40 hrs
08/24/17	HOIV	Prepared final rough draft of "About" page for the District's website.	6.30 hrs
08/24/17	HOIV	Exchanged seven (7) e-mails with Riceland Hospital regarding uncompensated care adjustments and reconciliations for the 1115 Waiver Program.	0.50 hrs
08/24/17	HOIV	Exchanged four e-mails with staff, Salt Creek Capital, and the District's CPA to coordinate the payment of interest for Loan 10.	0.30 hrs
08/25/17	HOIV	Conference call with Bob Walker to answer some legal questions regarding professional services; receive information on the status of project; and prepared e-mail to Bob confirming the conversation.	1.10 hrs
08/25/17	HOIV	Exchanged sixteen (16) e-mails with staff and managers regarding cost report adjustments and reconciliations for 2016.	0.70 hrs
08/25/17	HOIV	Received 1115 Waiver-Uncompensated Care payment spreadsheets from the state and exchanged multiple e-mails with staff and Riceland Hospital confirming the amount of the amount and total payments made to the Hospital since 2013.	0.70 hrs
08/25/17	HOIV	Drafted minutes of July 26, 2017 Regular Meeting.	2.50 hrs
08/25/17	HOIV	Prepared multiple e-mails to Bob Walker concerning the competitive bidding processes used by Hospital District's in the State of Texas.	0.80 hrs
		Total fees for this matter	\$22,575.00

DISBURSEMENTS

08/31/17	Copy Expense	17.50
	Total disbursements for this matter	\$17.50

BILLING SUMMARY:

Oxford, IV Hubert	90.30 hrs @	\$250.00 /hr	\$22,575.00
TOTAL FEES			\$22,575.00
TOTAL DISBURSEMENTS			\$17.50
TOTAL CHARGES FOR THIS INVOICE			\$22,592.50
RETAINER			\$1,000.00 CR
TOTAL BALANCE NOW DUE			\$21,592.50

Federal ID# 74-1646478

Invoice Terms: Net 10 Days Upon Receipt
Please Reference Invoice Number on Your Check

BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW
BBVA COMPASS BANK BUILDING
3535 CALDER AVENUE, SUITE 300

BEAUMONT, TEXAS 77706
TELEPHONE:(409) 833-9182
FAX: (409) 833-8819

Hubert Oxford, IV

hoxfordiv@benoxford.com

January 22, 2018

Mr. Edward Murrell
President
Winnie Stowell Hospital District
825 State Hwy 124
Winnie Texas 77665

Re: Winnie Stowell Hospital District; Billable Invoice for August 2017 less Retainer;
Our File No. 87250.

Dear President Murrell,

Attached, please find the invoice for Benckenstein & Oxford, LLP for work performed in August of 2017. The invoice is for \$22,592.00; however, the amount owed is \$21,592.00 after considering the \$1,000.00 retainer that has previously been paid. We request that this invoice be paid at either the upcoming January 24, 2018 Regular meeting.

In the meantime, I am going through my time for September 2017. I anticipate also having an invoice for the Board to review at the upcoming meeting.

Therefore, please review the attached invoice and call me if you have any questions or concerns. If not, we would respectfully request payment of fees incurred less the retainer for September 2017 totaling \$21,592.00.

With best wishes, I am

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.

By: _____
Hubert Oxford, IV

Enclosure

GL Totals

Issued 01/19/18

Winnie Stowel Hospital District Indigent Healthcare Services
Batch Dates 12/30/17-12/30/17Brookshire Bros. Phar. (winnie)
P.o. Box 1359
Winnie, TX 77665

Vendor #: 65460

GL #	Description	Amount
WSHD	Wshd	5,438.71
	Expenditures	5,438.71
	Reimb/Adjustments	0.00
	Grand Total	5,438.71

28 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2749*65460*31	WSHD	12/19/17	38.90	38.90	
036-2749*65460*31	WSHD	12/19/17	137.17	137.17	
036-2749*65460*31	WSHD	12/19/17	189.21	88.62	
036-2811*65460*27	WSHD	12/08/17	2,999.00	2,545.35	
036-2811*65460*27	WSHD	12/08/17	45.62	45.62	
036-2811*65460*27	WSHD	12/08/17	216.99	216.99	
036-2815*65460*6	WSHD	12/05/17	11.63	11.63	
036-2815*65460*6	WSHD	12/05/17	34.40	34.40	
036-2815*65460*6	WSHD	12/05/17	15.00	15.00	
036-2815*65460*6	WSHD	12/05/17	15.05	15.05	
036-2815*65460*6	WSHD	12/05/17	34.00	31.90	
036-2821*65460*10	WSHD	12/04/17	147.02	147.02	
036-2821*65460*10	WSHD	12/22/17	39.24	30.21	
036-2856*65460*15	WSHD	12/30/17	25.00	25.00	
036-3372*65460*11	WSHD	12/12/17	5.00	5.00	
036-3372*65460*11	WSHD	12/12/17	16.50	16.50	
036-3413*65460*24	WSHD	12/04/17	40.25	40.25	
036-3413*65460*24	WSHD	12/13/17	5.00	5.00	
036-3414*65460*6	WSHD	12/05/17	5.00	5.00	
036-3432*65460*23	WSHD	12/12/17	5.00	5.00	
036-3432*65460*23	WSHD	12/12/17	5.00	5.00	
036-3432*65460*23	WSHD	12/13/17	30.00	30.00	
036-3432*65460*23	WSHD	12/14/17	25.88	25.88	
036--3424*65460*19	WSHD	12/05/17	12.00	12.00	
036--3424*65460*19	WSHD	12/05/17	10.00	10.00	
1009*65460*3	WSHD	12/01/17	33.29	33.29	
1011*65460*23	WSHD	12/01/17	41.43	41.43	
1011*65460*23	WSHD	12/01/17	20.61	20.61	
1023*65460*9	WSHD	12/16/17	44.55	44.55	
1023*65460*9	WSHD	12/06/17	5.00	5.00	
1024*65460*16	WSHD	12/05/17	12.00	12.00	
1024*65460*16	WSHD	12/12/17	75.14	75.14	
1025*65460*7	WSHD	12/06/17	7.90	7.90	
1025*65460*7	WSHD	12/06/17	28.24	28.24	

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 12/30/17-12/30/17

Brookshire Bros. Phar. (winnie)
 P.o. Box 1359
 Winnie, TX 77665

Vendor #: 65460

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
1025*65460*7	WSHD	12/06/17	9.14	9.14	
1030*65460*17	WSHD	12/26/17	24.75	24.75	
1030*65460*17	WSHD	12/15/17	268.43	220.96	
1030*65460*17	WSHD	12/15/17	65.54	65.54	
1031*65460*5	WSHD	12/11/17	10.00	10.00	
1038*65460*13	WSHD	12/01/17	46.89	46.89	
1038*65460*13	WSHD	12/15/17	231.21	231.21	
1043*65460*11	WSHD	12/09/17	52.68	52.68	
1046*65460*10	WSHD	12/04/17	33.77	33.77	
1046*65460*10	WSHD	12/04/17	5.00	5.00	
1046*65460*10	WSHD	12/04/17	10.00	10.00	
1046*65460*10	WSHD	12/04/17	13.02	13.02	
1046*65460*10	WSHD	12/05/17	11.00	11.00	
1046*65460*10	WSHD	12/04/17	25.88	25.88	
1049*65460*9	WSHD	12/02/17	12.00	12.00	
1049*65460*9	WSHD	12/04/17	38.41	38.41	
1054*65460*8	WSHD	12/18/17	231.00	231.00	
1054*65460*8	WSHD	12/01/17	10.00	10.00	
1054*65460*8	WSHD	12/02/17	5.00	5.00	
1061*65460*5	WSHD	12/13/17	38.45	38.45	
1061*65460*5	WSHD	12/01/17	7.61	7.61	
1061*65460*5	WSHD	12/13/17	46.03	46.03	
1061*65460*5	WSHD	12/01/17	5.00	5.00	
1063*65460*6	WSHD	12/11/17	144.76	91.10	
1063*65460*6	WSHD	12/19/17	58.38	58.38	
1063*65460*6	WSHD	12/11/17	125.90	125.90	
1065*65460*2	WSHD	12/04/17	34.80	34.80	
1065*65460*2	WSHD	12/04/17	15.00	15.00	
1068*65460*3	WSHD	12/26/17	16.99	16.99	
1068*65460*3	WSHD	12/26/17	81.11	53.34	
1068*65460*3	WSHD	12/26/17	33.29	33.29	
1079*65460*3	WSHD	12/14/17	14.78	14.78	
1082*65460*2	WSHD	12/12/17	5.00	5.00	
1082*65460*2	WSHD	12/12/17	26.14	26.14	
	***		6,132.98	5,438.71	
	***		6,132.98	5,438.71	

68 records listed.
28 total invoices

Winnie Stowell Hospital District
P.O. Box 1997
Winnie TX 77665

Date Printed: JAN 3 2018

Invoice Number: 14200
CLIENT#: 2133

Due Date: FEB 11 2018
Total amount due: \$50.00

Amount of remittance: \$ _____

Remit To:

Carroll R. Hand Insurance Agency
P O Drawer 1000
Anahuac, TX 77514

Please return this portion with payment

Invoice Date: FEB 11 2018

Type: A

Invoice # 14200

Trans Code	Coverage Eff Date	Policy#	Line of Business	Description	Amount
RE	FEB 11 2018	TX805103	Surety Bonds	Renewal Raul Espinoza bond	\$50.00

TOTAL AMOUNT DUE: \$50.00

Carroll R. Hand Insurance Agency

P O Drawer 1000
Anahuac, TX 77514

PHONE : (409) 267-3115

FAX: (409) 267-3451

Winnie Stowell Hospital District
P.O. Box 1997
Winnie, TX 77665

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JAN 05 2018

Carroll R. Hand Insurance Agency

P O Drawer 1000
Anahuac TX 77514
Phone: (409) 267-3115

Fax: (409) 267-3451

January 3, 2018

Insured: Winnie Stowell Hospital
District
Company: Merchants Bonding
Company
Policy Number: TX805103
Policy Period: FEB 11 2018 To
FEB 11 2019


Attention: Sherry Norris
Winnie Stowell Hospital District
P.O. Box 1997
Winnie TX 77665

Re: Espinoza bond

Dear Sherry:

Enclosed is the renewal invoice for Raul Espinoza's bond. Please remit payment prior to February 11, 2018 to avoid a lapse in coverage. Feel free to contact me with any questions or concerns.

Thank you,


Darfa Finn
Office Manager

DF

David Sticker & Co. P.C.
Certified Public Accountant
2180 Eastex Freeway
Beaumont, TX 77703
(409) 899-3000

Invoice
submitted to:
Winnie Stowell Hospital District
PO Box 1997
Winnie, TX 77665

01/23/2018

Invoice # 19982

Professional Services

	<u>Amount</u>
01/23/18 12-15-17 Review District Accounting records and make necessary accrual adjustments and other adjustments. 1.50 Hrs.	2,593.75
12-18-17 Meet with District counsel and review 2017 numbers and review and prepare proposed 2018 budget. Discuss QIPP and estimated revenue and expense of the program. 4.00 Hrs.	
12-19-17 Review various correspondence. 1.00 Hrs.	
12-20-17 AM Adjust books, review bank and account reconciliations. Assist in preparing reports. Assist in other accounting matters. 4.50 Hrs.	
12-20-17 PM Prepare for and attend board meeting. 3.50 Hrs.	
1-9-18 Review payroll correspondence. .50 Hrs.	
1-18-18 Read and respond to correspondence re: SAM update, QIPP scorecard and payments for QIPP. 1.75 Hrs.	
1-22-18 Download Quickbooks and begin payroll reports. Complete payroll reports and discuss with Sherrie. 4.00 Hrs.	
TOTAL HRS 20.75 @ \$125.00 = \$2,593.75.	

For professional services rendered

\$2,593.75

Balance due

\$2,593.75

Invoices Due Upon Receipt



CONTRACT INVOICE

Invoice Number: INV593374
 Invoice Date: 01/18/2018

Bill To: Winnie - Stowell Hospital District
 PO Box 1997
 Winnie, TX 77665

Customer: Winnie - Stowell Hospital District
 538 Broadway
 Winnie, TX 77665

Account No	Payment Terms	Due Date	Invoice Total	Balance Due	
3A0064	Net 30	02/17/2018	\$48.46	\$48.46	
Invoice Remarks					
Contract Number	Contact	Contract Amount	P.O. Number	Start Date	Exp. Date
4457-01		\$44.77		01/26/2016	01/25/2021
Contract Remarks					

Summary:

Contract base rate charge for this billing period	\$0.00
Contract overage charge for the 12/26/2017 to 01/25/2018 overage period	\$44.77 **
	\$44.77

**See overage details below

Detail:

Equipment included under this contract

KM/227

Number	Serial Number	Base Adj.	Location						
3A2812	A7AK011001716	\$0.00	Winnie - Stowell Hospital District 538 Broadway Winnie, TX 77665						
Meter Type	Meter Group	Begin Meter	End Meter	Credits	Total	Covered	Billable	Rate	Overage
B\W	3A2812 - B\W	58,987	62,687		3,700	0	3,700	\$0.012100	\$44.77
									\$44.77

Please include invoice number on check.
 Remit Payment To:
 Function 4, LLC
 12560 Reed Rd, Ste 200
 Sugar Land, TX 77478

Invoice SubTotal	\$44.77
Tax:	\$3.69
Invoice Total	\$48.46
Balance Due:	\$48.46

Indigent Healthcare Solutions, Ltd.
2040 North Loop, 336 West, Suite 304
Conroe, TX 77304

Invoice # 65344

Phone # (800) 834-0560
Fax # (936) 756-6741

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JAN 0 2 2018

Date: 1/1/2018

WINNIE STOWELL HOSPITAL DISTRICT
P O BOX 1997
WINNIE, TX 77665

Terms: Net receipt of invoice

Professional services for the month of February 2018

1,059.00

Total

\$1,059.00

PLEASE REMIT PAYMENT TO
INDIGENT HEALTHCARE SOLUTIONS, LTD
ATTN: KELLEY ASTOLOS
3011 ARMORY DRIVE, SUITE 190
NASHVILLE, TN 37204

THANK YOU FOR YOUR BUSINESS!!!

IHS



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JAN 08 2018

WINNIE STOWELL HOSPITAL

Account Number: XXXX XXXX XXXX 2704

ACCOUNT SUMMARY

Credit Limit	\$10,000.00
Credit Available	\$9,917.00
Statement Closing Date	December 31, 2017
Days in Billing Cycle	31
Previous Balance	\$179.61
- Payments & Credits	\$179.61
+ Purchases & Other Charges	\$83.00
+ Cash Advances	\$0.00
+ Finance Charges	\$0.00
= New Balance	\$83.00

PAYMENT INFORMATION

New Balance	\$83.00
Minimum Payment Due	\$20.00
Payment Due Date	January 25, 2018

Questions? Call Card Services 1-800-248-9600
 Or Write: PO Box 2360 Stop Code P-23
 Omaha, NE 68108

Notice: SEE REVERSE SIDE FOR MORE IMPORTANT INFORMATION

TRANSACTIONS

Tran Date	Post Date	Reference Number	Transaction Description	Amount
TOTAL 4054692000142704 \$179.61-				
12/26	12/26	7421703B8EHN3VAH	PAYMENT- MAIL THANK YOU ABILENE TX	179.61-
SHERIE NORRIS TOTAL 4054692000142720 \$83.00				
11/30	12/01	2469216AE2XR6L1LZ	Intuit *PayrollEE usag 800-446-8848 CA	4.33
MCC: 5734 MERCHANT ZIP: 92129				
12/01	12/01	2444500AG00GH0S5T	USPS PO 4898150665 WINNIE TX	6.65
MCC: 9402 MERCHANT ZIP: 77665				
12/02	12/02	2469216AG2XNGV66F	GOOGLE *SVCSAPPS_wshd- cc@google.com CA	21.08
MCC: 7311 MERCHANT ZIP: 94043				
12/05	12/05	2461043AL03PSHPVP	ADOBE *ACROPRO SUBS 800-833-6687 CA	16.21
MCC: 5734 MERCHANT ZIP: 95110				
12/06	12/06	2444500AM00G1S8HJ	USPS PO 4898150665 WINNIE TX	6.65
MCC: 9402 MERCHANT ZIP: 77665				

Transactions continued on next page

1031 0001 VVG 002 7 31 171231 0 PAGE 1 of 2 10 3191 2000 CORP 574

Please detach bottom portion and submit with payment using enclosed envelope



PROSPERITY BANK
 CREDIT CARD DEPARTMENT
 402 CYPRESS ST. SUITE 100
 ABILENE TX 79601

Payment Information

Account Number: XXXX XXXX XXXX 2704
 Payment Due Date: January 25, 2018
 New Balance: \$83.00
 Minimum Payment Due: \$20.00
 Past Due Amount: \$0.00

Make Check Payable to:

Amount Enclosed: \$

Amount Enclosed: \$ []

WINNIE STOWELL HOSPITAL
 WINNIE STOWELL HOSPITAL
 PO BOX 1997
 WINNIE TX 77665-1997

574

PROSPERITY BANK
 PO BOX 660525
 DALLAS TX 75266-0525



405469200014270400002000000083006

TRANSACTIONS (continued)

Tran Date	Post Date	Reference Number	Transaction Description	Amount
12/15	12/15	2444500AY00J19BWH	USPS PO 4898150665 WINNIE TX MCC: 9402 MERCHANT ZIP: 77665	23.75
12/30	12/30	2469216BQ2Y1LQP7Q	Intuit *PayrollEE usag 800-446-8848 CA MCC: 5734 MERCHANT ZIP: 92129	4.33

IMPORTANT ACCOUNT INFORMATION

To view your statement or make payments online, visit www.prosperitybankusa.com.

Don't forget to update your automated payment plans. Merchants will need your new card number and expiration date.

IMPORTANT NOTICE FOR AUTOMATIC, INTERNET, OR PHONE ACH PAYMENTS:
Your payment may be reduced by any credit adjustments or payments made since your last statement.

INTEREST CHARGE CALCULATION

Your Annual Percentage Rate (APR) is the annual interest rate on your account

Type of Balance	ANNUAL PERCENTAGE RATE (APR)	Balance Subject to Interest Rate	Days in Billing Cycle	Interest Charge
Purchases	9.90% (f)	\$0.00	31	\$0.00
Cash Advances	9.90% (f)	\$0.00	31	\$0.00

(v) = variable (f) = fixed

1-2

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24384:

Order Date : 01/09/2018
Ship Date : 01/09/2018
InvoiceDate : 01/09/2018
TIN : 36-2952904

P.O. Box 37600 Philadelphia, PA 19101-0600
Customer Service: 1-800-789-1331

0006816 01 AB 0.400 **AUTO T1 0 1607 77665-199797 -C01-P06819-I
Sold To:

Winniestowell Hospital Distri



Po Box 1997
Winnie TX 77665-1997

Ship To:

Winnie Stowell Hospital Distri
Sherrie Norris
538 Broadway
Winnie TX 77665



1607-01-00-0006816-0001-0010475

Customer PO : norrissherrie Order# : **109642002** Invoice# : **3855014** Account# : **C7769473**

Item Number	Description	Color	Qty shipped	Price/UM	Extended
901-236283	Brother dr331CI drum		1	\$169.99/each	\$169.99
901-7-20500	Qb stl bndr clps,Med 1-1/4X5/8		2	\$2.79/box	\$5.58
901-7-20200	Qb stl bndr clip small 3/4X3/8		2	\$1.49/box	\$2.98
901-7-20100	Quill mini binder clips	Black	3	\$1.39/box	\$4.17
901-7-10786DL	Laser labels 1X2-5/8,Bonus pk	White	1	\$31.99/box	\$31.99
901-236294	Brother tn336Bk black hy tonr		1	\$68.99/each	\$68.99



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JAN 16 2018

Remember you can check your order status & tracking, print invoices and more in the Manage My Account section on Quill.com.

Always Expanding Assortment.

Everything it takes for your business. Go to Quill.com/new

To help apply your payment properly, remember to include your **account #** on your check and remit your payment to the address shown below.

All shipping carrier fees are covered by Quill. A handling fee may apply to small orders. See Quill.com/shipping.

Track shipments, pay invoices and view past orders at My Account on Quill.com.

Customer is responsible for collection fees, court costs and reasonable attorney fees to collect unpaid accounts

Mdse Total: \$283.70
Tax: \$23.40
Shipping: Free

Amount Due: **\$307.10**
Due Date: 02/08/2018

Payment Coupon: Please detach and enclose this portion with your payment. Please do not staple. Thank You.

Account Number: **C7769473**
Winniestowell Hospital Dis



Invoice Number: **3855014**
Invoice Date: 01/09/2018
Amount Due: **\$307.10**
Payable in U.S. Dollars

Payable to:

Quill Corporation
P.O.Box 37600
Philadelphia, PA 19101-0600

0011000000038550140007769473710000000307102

Place an "X" above _____ if you include any comments, suggestions and/or address changes on the back of this payment slip.

RECEIVED

JAN 19 2018



23111:
Order Date : 01/11/2018
Ship Date : 01/11/2018
InvoiceDate : 01/11/2018
TIN : 36-2952904

P.O. Box 37600 Philadelphia, PA 19101-0600
Customer Service: 1-800-789-1331

0006640 01 AB 0.400 **AUTO T1 2 1609 77665-199797 -C01-P06643-I
Sold To:

Winniestowell Hospital Distri



Po Box 1997
Winnie TX 77665-1997

Ship To:
Winnie Stowell Hospital Distri
Sherrie Norris
538 Broadway
Winnie TX 77665



Customer PO : norrissherrie Order# : **109735755** Invoice# : **3921855** Account# : **C7769473**

Item Number	Description	Color	Qty shipped	Price/UM	Extended
901-2580464	Belt unit		1	\$116.99/each	\$116.99



Remember you can check your order status & tracking, print invoices and more in the Manage My Account section on Quill.com.

Always Expanding Assortment.

Everything it takes for your business. Go to Quill.com/new

To help apply your payment properly, remember to include your **account #** on your check and remit your payment to the address shown below. All shipping carrier fees are covered by Quill. A handling fee may apply to small orders. See Quill.com/shipping. Track shipments, pay invoices and view past orders at My Account on Quill.com.

Customer is responsible for collection fees, court costs and reasonable attorney fees to collect unpaid accounts

Mdse Total: \$116.99
Tax: \$9.65
Shipping: Free

Amount Due: \$126.64
Due Date: 02/10/2018

Payment Coupon: Please detach and enclose this portion with your payment. Please do not staple. Thank You.

Account Number: **C7769473**
Winniestowell Hospital Dis



Invoice Number: **3921855**
Invoice Date: 01/11/2018
Amount Due: \$126.64
Payable in U.S. Dollars

Payable to:
Quill Corporation
P.O.Box 37600
Philadelphia, PA 19101-0600

0011000000039218550007769473710000000126641

Place an "X" above _____ if you include any comments, suggestions and/or address changes on the back of this payment slip.

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 12/30/17-12/30/17

Utmh At Galveston
 P. O. Box 660120 Dept 730
 Dallas, TX 75266

Vendor #: 63614

GL #	Description	Amount
WSHD	Wshd	7,923.68
	Expenditures	7,923.68
	Reimb/Adjustments	0.00
	Grand Total	7,923.68

14 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2811*63614*5	WSHD	10/27/17	351.00	84.24	
036-2811*63614*5	WSHD	10/27/17	1,178.00	282.72	
036-2821*63614*1	WSHD	10/25/17	323.00	77.52	
036-3067*63614*4	WSHD	10/24/17	323.00	77.52	
036-3426*63614*2	WSHD	11/09/17	2,655.00	637.20	
1008*63614*2	WSHD	10/30/17	1,262.11	302.91	
1040*63614*2	WSHD	11/09/17	323.00	77.52	
1043*63614*1	WSHD	10/31/17	774.00	185.76	
1054*63614*3	WSHD	11/01/17	1,240.44	297.71	
1056*63614*2	WSHD	10/24/17	323.00	77.52	
1060*63614*2	WSHD	11/07/17	4,393.28	1,054.39	
1074*63614*3	WSHD	11/20/17	1,284.00	308.16	
1074*63614*3	WSHD	11/08/17	15,050.44	3,612.11	
1076*63614*1	WSHD	10/27/17	323.00	77.52	
1078*63614*2	WSHD	11/21/17	2,889.00	693.36	
1082*63614*1	WSHD	11/10/17	323.00	77.52	
	***		33,015.27	7,923.68	
	***		33,015.27	7,923.68	

16 records listed.
14 total invoices

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 12/30/17-12/30/17

Utmh Faculty Grp Practice
 Po Box 650859 Dep 710
 Dallas, TX 75265

Vendor #: 63615
 NPI: 1942241146

GL #	Description	Amount
WSHD	Wshd	4,770.47
	Expenditures	4,770.47
	Reimb/Adjustments	0.00
	Grand Total	4,770.47

16 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2811*63615*4	WSHD	10/27/17	415.00	95.54	
036-3067*63615*2	WSHD	10/24/17	183.00	39.92	
036-3364*63615*1	WSHD	10/12/17	273.00	65.29	
036-3426*63615*2	WSHD	11/09/17	158.00	57.42	
1008*63615*2	WSHD	10/30/17	153.00	42.84	
1008*63615*2	WSHD	10/30/17	183.00	39.92	
1035*63615*4	WSHD	10/06/17	415.00	116.20	
1040*63615*2	WSHD	11/09/17	270.00	56.08	
1043*63615*1	WSHD	10/31/17	415.00	95.54	
1054*63615*3	WSHD	11/01/17	153.00	42.84	
1054*63615*3	WSHD	11/01/17	70.00	25.66	
1056*63615*2	WSHD	10/24/17	415.00	95.54	
1060*63615*2	WSHD	11/07/17	10.00	3.20	
1060*63615*2	WSHD	11/07/17	178.00	64.80	
1060*63615*2	WSHD	11/07/17	48.00	16.68	
1069*63615*4	WSHD	10/16/17	1,338.00	374.64	
1069*63615*4	WSHD	10/16/17	1,685.00	471.80	
1069*63615*4	WSHD	10/16/17	1,668.00	467.04	
1073*63615*2	WSHD	11/15/17	1,280.00	880.00	
1073*63615*2	WSHD	11/15/17	672.00	672.00	
1074*63615*3	WSHD	11/08/17	640.00	440.00	
1074*63615*3	WSHD	11/08/17	1,340.00	375.20	
1074*63615*3	WSHD	10/26/17	23.00	7.70	
1078*63615*2	WSHD	11/21/17	290.00	108.42	
1082*63615*1	WSHD	11/10/17	415.00	116.20	
	***		12,690.00	4,770.47	
	***		12,690.00	4,770.47	

25 records listed.
16 total invoices

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 12/30/17-12/30/17

Wilcox Pharmacy
 P. O. Box 1850
 Winnie, TX 77665

Vendor #: 18651

GL #	Description	Amount
WSHD	Wshd	824.31
	Expenditures	824.31
	Reimb/Adjustments	0.00
	Grand Total	824.31

10 total invoices

GL Totals Detail

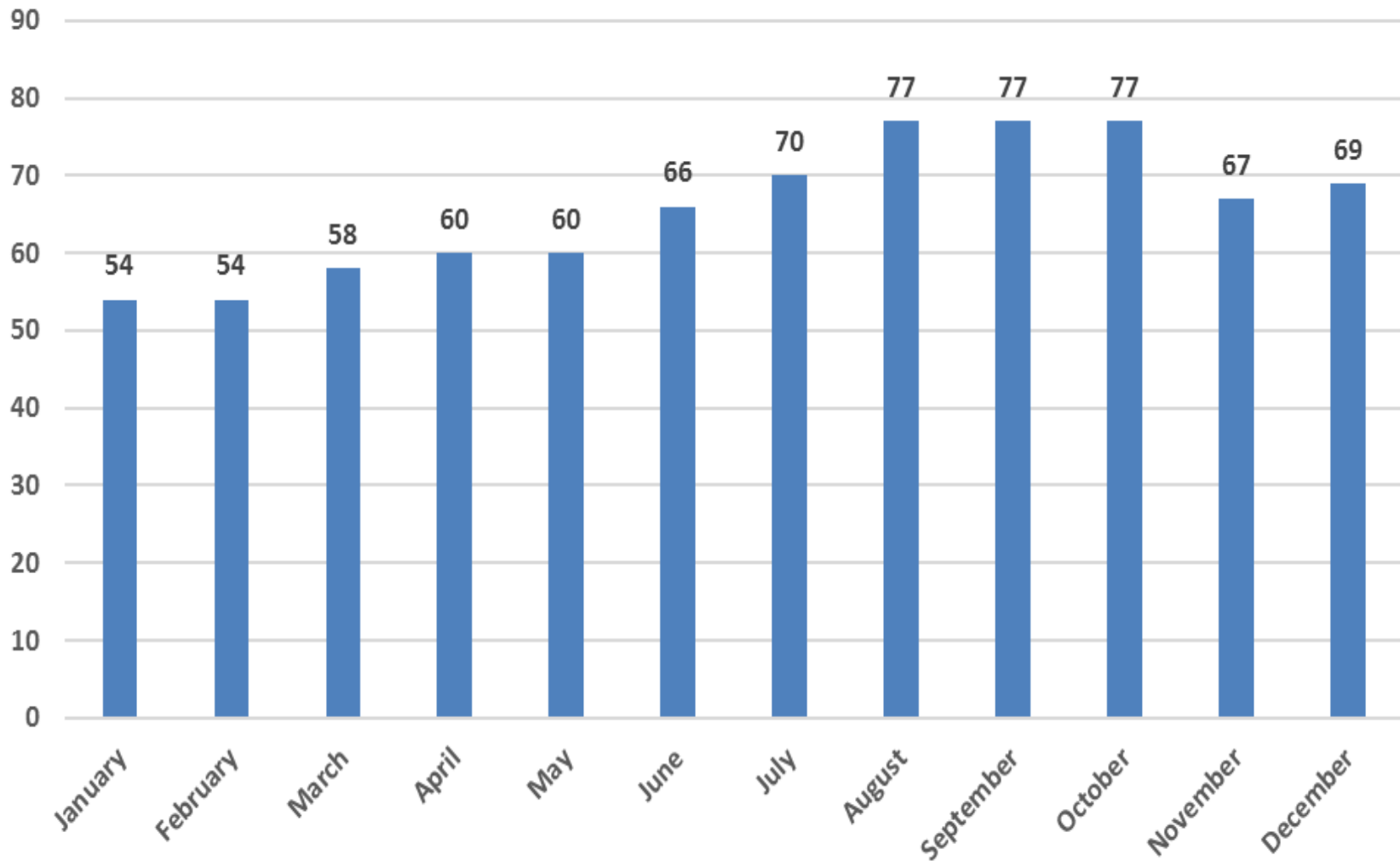
Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2783*18651*79	WSHD	12/21/17	177.06	97.18	
036-2783*18651*79	WSHD	12/21/17	95.69	46.26	
036-2783*18651*79	WSHD	12/21/17	81.87	39.84	
036-2833*18651*95	WSHD	12/07/17	373.81	175.02	
036-2942*18651*77	WSHD	12/16/17	43.09	21.42	
036-2942*18651*77	WSHD	12/20/17	59.97	29.70	
036-2942*18651*77	WSHD	12/16/17	112.71	54.14	
036-3364*18651*46	WSHD	12/21/17	35.41	17.80	
036-3364*18651*46	WSHD	12/21/17	20.00	20.00	
1006*18651*4	WSHD	12/22/17	20.09	14.69	
1006*18651*4	WSHD	12/28/17	53.12	26.35	
1006*18651*4	WSHD	12/28/17	20.09	14.69	
1007*18651*8	WSHD	12/11/17	54.63	26.93	
1034*18651*6	WSHD	12/04/17	38.82	19.41	
1035*18651*5	WSHD	12/04/17	15.84	11.08	
1035*18651*5	WSHD	12/04/17	69.93	56.23	
1040*18651*11	WSHD	12/06/17	57.72	57.72	
1040*18651*11	WSHD	12/22/17	34.77	16.84	
1040*18651*11	WSHD	12/21/17	29.84	29.84	
1040*18651*11	WSHD	12/15/17	27.67	19.81	
1059*18651*2	WSHD	12/30/17	17.98	9.97	
1059*18651*2	WSHD	12/30/17	38.78	19.39	
	***		1,478.89	824.31	
	***		1,478.89	824.31	

22 records listed.
10 total invoices

Exhibit “C”

Month 2017	December				2017 Year to Date			
# of Clients:	69							
	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Summary by Facility								
Winnie Community Hospital	\$18,682.00	\$7,659.62	28.78%	\$0.00	\$520,406.20	\$214,062.41	62.22%	\$0.00
Pharmacy								
Brookshire Brothers Pharmacy	\$6,132.98	\$5,438.71	20.43%	\$5,438.71	\$68,347.89	\$61,823.33	17.97%	\$61,823.33
Wilcox Pharmacy	\$1,478.89	\$824.31	3.10%	\$824.31	\$24,838.14	\$15,978.22	4.64%	\$15,978.22
Total	\$7,611.87	\$6,263.02	23.53%	\$6,263.02	\$93,186.03	\$77,801.55	22.61%	\$77,801.55
UTMB								
UTMB Hospital	\$33,015.27	\$7,923.68	29.77%	\$7,923.68	\$117,171.89	\$31,487.53	9.15%	\$31,487.53
UTMB Physician Services	\$12,690.00	\$4,770.47	17.92%	\$4,770.47	\$33,500.95	\$11,941.46	3.47%	\$11,941.46
Total	\$45,705.27	\$12,694.15		\$12,694.15	\$150,672.84	\$43,428.99		\$43,428.99
3rd Party Providers								
Dr.Andres Leonidas	\$0.00	\$0.00	0.00%	\$0.00	\$3,919.00	\$1,015.76	0.30%	\$1,015.76
Bayside	\$0.00	\$0.00	0.00%	\$0.00	\$16,949.65	\$7,744.33	2.25%	\$7,744.33
Total	\$0.00	\$0.00		\$0.00	\$20,868.65	\$8,760.09		\$8,760.09
Grand Totals	\$71,999.14	\$26,616.79		\$18,957.17	\$785,133.72	\$344,053.04		\$129,990.63
Summary by Service Provided								
Prescription Drugs	\$7,611.87	\$6,263.02	23.53%	\$6,263.02	\$93,186.03	\$77,801.55	22.61%	\$77,801.55
WCH Clinic	\$5,585.00	\$2,289.85	8.60%	\$0.00	\$77,045.80	\$31,588.79	9.18%	\$0.00
WCH ER	\$6,372.00	\$2,612.52	9.82%	\$0.00	\$222,879.00	\$91,380.39	26.56%	\$0.00
WCH Inpatient	\$0.00	\$0.00	0.00%	\$0.00	\$5,043.00	\$2,773.65	0.81%	\$0.00
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$13,030.00	\$5,342.30	1.55%	\$0.00
WCH Labs	\$4,459.00	\$1,828.19	6.87%	\$0.00	\$76,542.00	\$31,382.22	9.12%	\$0.00
WCH Physical Therapy	\$0.00	\$0.00	0.00%	\$0.00	\$4,306.00	\$1,765.46	0.51%	\$0.00
WCH Ultrasound	\$0.00	\$0.00	0.00%	\$0.00	\$15,120.00	\$6,199.20	1.80%	\$0.00
WCH Lab/Xray	\$0.00	\$0.00	0.00%	\$0.00	\$55,936.00	\$22,933.76	6.67%	\$0.00
WCH CT Scan	\$0.00	\$0.00	0.00%	\$0.00	\$19,765.00	\$8,103.65	2.36%	\$0.00
WCH Xray	\$885.00	\$362.85	1.36%	\$0.00	\$23,355.00	\$9,575.55	2.78%	\$0.00
Lab/Xray readings	\$1,381.00	\$566.21	2.13%	\$0.00	\$7,384.40	\$3,017.44	0.88%	\$0.00
UTMB Outpatient	\$33,015.27	\$7,923.68	29.77%	\$7,923.68	\$97,731.89	\$26,044.33	7.57%	\$26,044.33
UTMB Anesthesia	\$2,592.00	\$1,992.00	7.48%	\$1,992.00	\$5,642.00	\$4,417.00	1.28%	\$4,417.00
UTMB LAB/XRAY	\$0.00	\$0.00	0.00%	\$0.00	\$19,114.00	\$5,351.92	1.56%	\$5,351.92
UTMB-Other Services	\$0.00	\$0.00	0.00%	\$0.00	\$326.00	\$91.28	0.03%	\$91.28
UTMB Physician Services	\$10,098.00	\$2,778.47	10.44%	\$2,778.47	\$27,858.00	\$7,524.46	2.19%	\$7,524.46
Andres Leonidas	\$0.00	\$0.00	0.00%	\$0.00	\$3,919.00	\$1,015.76	0.30%	\$1,015.76
Bayside Hospital	\$0.00	\$0.00	0.00%	\$0.00	\$16,949.65	\$7,744.33	2.25%	\$7,744.33
Grant Totals	\$71,999.14	\$26,616.79		\$18,957.17	\$785,132.77	\$344,053.04		\$129,990.63

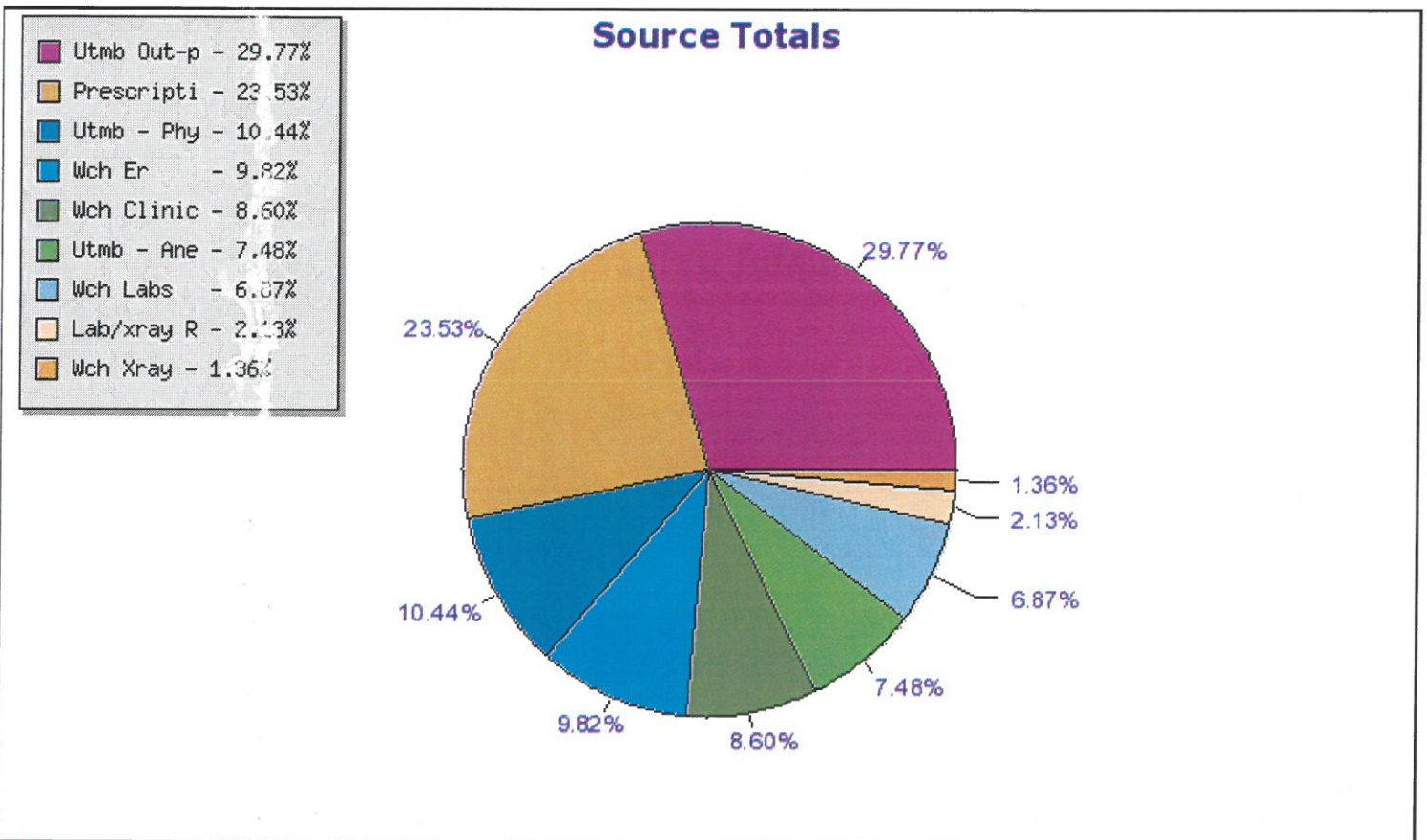
2017-Clients Per Month



Source Totals for Batch Dates 12/01/2017 through 12/31/2017

Utmb Out-patient	29.77%	\$7,923.68
Prescription Drugs	23.53%	\$6,263.02
Utmb - Physician Services	10.44%	\$2,778.47
Wch Er	9.82%	\$2,612.52
Wch Clinic	8.60%	\$2,289.85
Utmb - Anesthesia Services	7.48%	\$1,992.00
Wch Labs	6.87%	\$1,828.19
Lab/xray Readings	2.13%	\$566.21
Wch Xray	1.36%	\$362.85

Total Expenditures **\$26,616.79**



Entry Statistics for Entry Dates 12/01/2017 through 12/31/2017

Clients Entered	0
Rapid Reg. Entered	0
Vendors Entered	0
Worksheets Entered	4
Invoices Entered	101

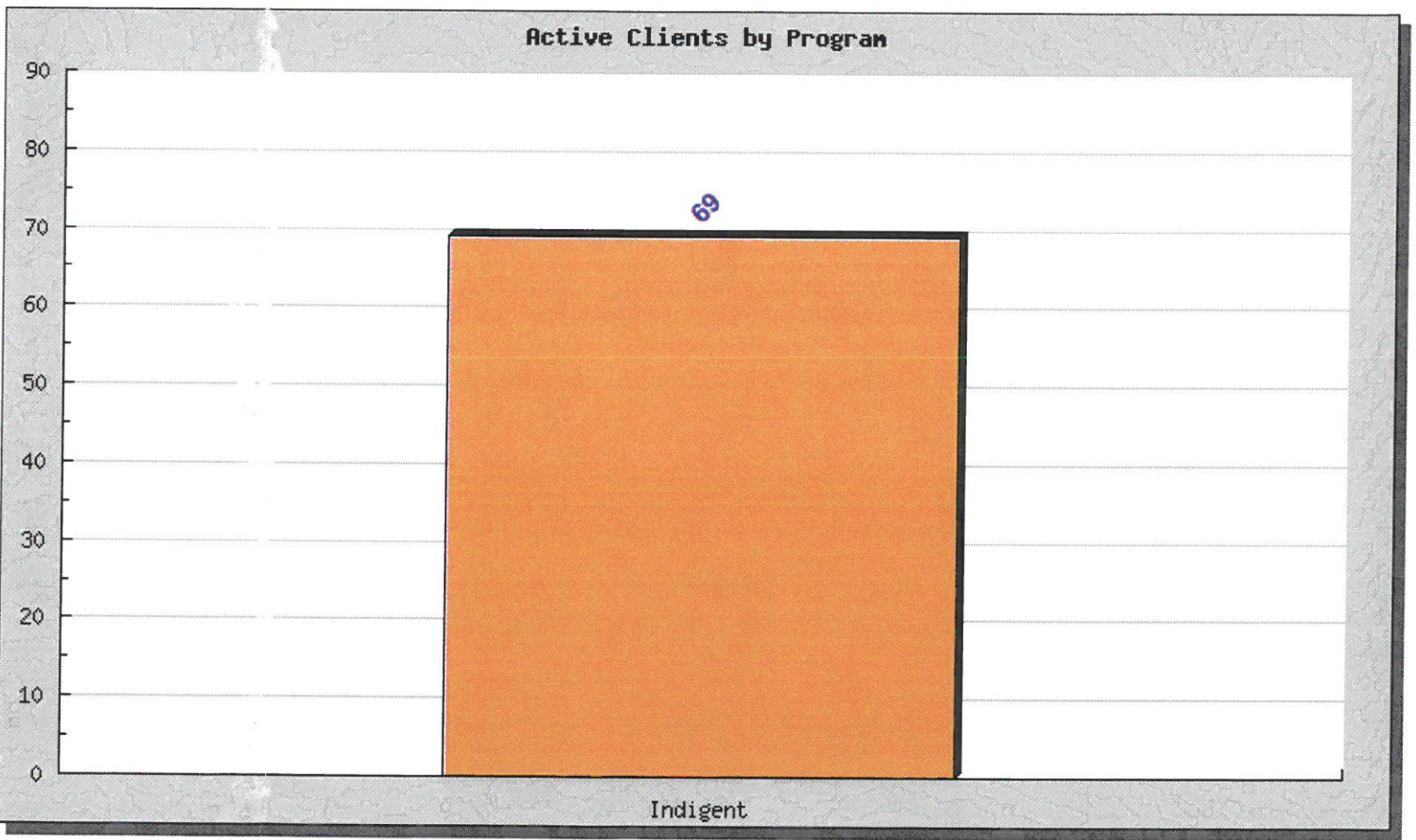
Void Statistics for Void Dates 12/01/2017 through 12/31/2017

Clients Voided	0
Vendors Voided	0
Rapid Reg. Voided	0
Invoices Voided	0

Active Clients by Program for Eligibility Dates 12/01/2017 through 12/31/2017

Indigent	69
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Total Clients By Program	69
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Appointments Scheduled by Type for Appointment Dates 12/01/2017 through 12/31/2017

New Appointment	0
Renewal	14

Total Appointments Scheduled	14
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Source Totals Report

Winnie Stowel Hospital District Indigent Healthcare
Services
Batch Dates 12/30/2017 through 12/30/2017
For Vendor: All Vendors

Issued 01/22/18

Source	Description	Amount Billed	Amount Paid
02	Prescription Drugs	7,611.87	6,263.02
21	Wch Clinic	5,585.00	2,289.85
24	Wch Er	6,372.00	2,612.52
27	Wch Labs	4,459.00	1,828.19
28	Wch Xray	885.00	362.85
31	Utmb - Physician Services	10,098.00	2,778.47
31-1	Utmb - Anesthesia Services	2,592.00	1,992.00
34	Utmb Out-patient	33,015.27	7,923.68
44	Lab/xray Readings	1,381.00	566.21
Expenditures		71,999.14	26,616.79
Reimb/Adjustments		0.00	0.00
Grand Total		71,999.14	26,616.79

Source Totals Report Detail

Invoice #	Source	DOS	Amount Billed	Amount Paid
036-2833*18651*95	02	12/07/2017	373.81	175.02
036-2856*65460*15	02	12/30/2017	25.00	25.00
036-3414*65460*6	02	12/05/2017	5.00	5.00
1007*18651*8	02	12/11/2017	54.63	26.93
1009*65460*3	02	12/01/2017	33.29	33.29
1031*65460*5	02	12/11/2017	10.00	10.00
1034*18651*6	02	12/04/2017	38.82	19.41
1043*65460*11	02	12/09/2017	52.68	52.68
1079*65460*3	02	12/14/2017	14.78	14.78
036-2821*65460*11	02	12/04/2017	147.02	147.02
036-2821*65460*10	02	12/22/2017	39.24	30.21
036-3364*18651*48	02	12/21/2017	35.41	17.80
036-3364*18651*40	02	12/21/2017	20.00	20.00
036-3372*65460*11	02	12/12/2017	5.00	5.00
036-3372*65460*11	02	12/12/2017	16.50	16.50
036-3413*65460*24	02	12/04/2017	40.25	40.25
036-3413*65460*24	02	12/13/2017	5.00	5.00
036--3424*65460*19	02	12/05/2017	12.00	12.00
036--3424*65460*19	02	12/05/2017	10.00	10.00
1011*65460*23	02	12/01/2017	41.43	41.43
1011*65460*23	02	12/01/2017	20.61	20.61
1023*65460*9	02	12/16/2017	44.55	44.55
1023*65460*9	02	12/06/2017	5.00	5.00
1024*65460*16	02	12/05/2017	12.00	12.00
1024*65460*16	02	12/12/2017	75.14	75.14
1035*18651*5	02	12/04/2017	15.84	11.08
1035*18651*5	02	12/04/2017	69.93	56.23
1038*65460*13	02	12/01/2017	46.89	46.89
1038*65460*13	02	12/15/2017	231.21	231.21
1049*65460*9	02	12/04/2017	38.41	38.41
1049*65460*9	02	12/02/2017	12.00	12.00

1059*18651*2	02	12/30/2017	17.98	9.97
1059*18651*2	02	12/30/2017	38.78	19.39
1065*65460*2	02	12/04/2017	15.00	15.00
1065*65460*2	02	12/04/2017	34.80	34.80
1082*65460*2	02	12/12/2017	26.14	26.14
1082*65460*2	02	12/12/2017	5.00	5.00
036-2749*65460*31	02	12/19/2017	38.90	38.90
036-2749*65460*31	02	12/19/2017	137.17	137.17
036-2749*65460*31	02	12/19/2017	189.21	88.62
036-2783*18651*79	02	12/21/2017	177.06	97.18
036-2783*18651*79	02	12/21/2017	95.69	46.26
036-2783*18651*79	02	12/21/2017	81.87	39.84
036-2811*65460*27	02	12/08/2017	2,999.00	2,545.35
036-2811*65460*27	02	12/08/2017	45.62	45.62
036-2811*65460*27	02	12/08/2017	216.99	216.99
036-2942*18651*77	02	12/16/2017	43.09	21.42
036-2942*18651*77	02	12/20/2017	59.97	29.70
036-2942*18651*77	02	12/16/2017	112.71	54.14
1006*18651*4	02	12/22/2017	20.09	14.69
1006*18651*4	02	12/28/2017	53.12	26.35
1006*18651*4	02	12/28/2017	20.09	14.69
1025*65460*7	02	12/06/2017	28.24	28.24
1025*65460*7	02	12/06/2017	9.14	9.14
1025*65460*7	02	12/06/2017	7.90	7.90
1030*65460*17	02	12/26/2017	24.75	24.75
1030*65460*17	02	12/15/2017	268.43	220.96
1030*65460*17	02	12/15/2017	65.54	65.54
1054*65460*8	02	12/18/2017	231.00	231.00
1054*65460*8	02	12/02/2017	5.00	5.00
1054*65460*8	02	12/01/2017	10.00	10.00
1063*65460*6	02	12/11/2017	144.76	91.10
1063*65460*6	02	12/11/2017	125.90	125.90
1063*65460*6	02	12/19/2017	58.38	58.38
1068*65460*3	02	12/26/2017	16.99	16.99
1068*65460*3	02	12/26/2017	33.29	33.29
1068*65460*3	02	12/26/2017	81.11	53.34
036-3432*65460*23	02	12/12/2017	5.00	5.00
036-3432*65460*23	02	12/12/2017	5.00	5.00
036-3432*65460*23	02	12/13/2017	30.00	30.00
036-3432*65460*23	02	12/14/2017	25.88	25.88
1040*18651*11	02	12/06/2017	57.72	57.72
1040*18651*11	02	12/15/2017	27.67	19.81
1040*18651*11	02	12/21/2017	29.84	29.84
1040*18651*11	02	12/22/2017	34.77	16.84
1061*65460*5	02	12/01/2017	5.00	5.00
1061*65460*5	02	12/01/2017	7.61	7.61
1061*65460*5	02	12/13/2017	38.45	38.45
1061*65460*5	02	12/13/2017	46.03	46.03
036-2815*65460*6	02	12/05/2017	11.63	11.63
036-2815*65460*6	02	12/05/2017	34.40	34.40
036-2815*65460*6	02	12/05/2017	15.00	15.00
036-2815*65460*6	02	12/05/2017	15.05	15.05
036-2815*65460*6	02	12/05/2017	34.00	31.90
1046*65460*10	02	12/04/2017	25.88	25.88
1046*65460*10	02	12/04/2017	33.77	33.77
1046*65460*10	02	12/04/2017	5.00	5.00
1046*65460*10	02	12/04/2017	13.02	13.02
1046*65460*10	02	12/04/2017	10.00	10.00
1046*65460*10	02	12/05/2017	11.00	11.00

38 invoices, 90 line items			7,611.87	6,263.02
036-2475*63057*23	21	12/22/2017	67.00	27.47
036-3364*63057*10	21	12/21/2017	250.00	102.50
036-3413*63057*8	21	12/29/2017	213.00	87.33
1006*63057*5	21	12/28/2017	400.00	164.00
1009*63057*3	21	12/01/2017	213.00	87.33
1031*63057*5	21	12/11/2017	213.00	87.33
1049*63057*4	21	12/02/2017	400.00	164.00
1059*63057*3	21	12/13/2017	143.00	58.63
1068*63057*4	21	12/26/2017	213.00	87.33
1070*63057*5	21	12/05/2017	213.00	87.33
1011*63057*19	21	12/07/2017	191.00	78.31
1011*63057*19	21	12/13/2017	213.00	87.33
1011*63057*19	21	12/14/2017	191.00	78.31
1011*63057*19	21	12/21/2017	191.00	78.31
1011*63057*19	21	12/28/2017	191.00	78.31
036-2749*63057*20	21	12/18/2017	213.00	87.33
036-2749*63057*20	21	12/20/2017	67.00	27.47
1030*63057*16	21	12/15/2017	213.00	87.33
1035*63057*9	21	12/04/2017	213.00	87.33
1061*63057*5	21	12/13/2017	419.00	171.79
036-3372*63057*5	21	12/12/2017	180.00	73.80
036-3372*63057*5	21	12/19/2017	213.00	87.33
1025*63057*8	21	12/06/2017	299.00	122.59
1025*63057*8	21	12/28/2017	213.00	87.33
1034*63057*5	21	12/04/2017	143.00	58.63
1034*63057*5	21	12/27/2017	110.00	45.10
18 invoices, 26 line items			5,585.00	2,289.85
036-2833*63057*10	24	12/02/2017	844.00	346.04
036-2942*63057*7	24	12/18/2017	1,556.00	637.96
1065*63057*2	24	12/03/2017	1,393.00	571.13
036-3372*63057*5	24	12/11/2017	1,466.00	601.06
036-3067*63057*10	24	12/26/2017	1,113.00	456.33
5 invoices, 5 line items			6,372.00	2,612.52
1011*63057*19	27	12/13/2017	899.00	368.59
036-2749*63057*20	27	12/20/2017	1,696.00	695.36
036-3372*63057*5	27	12/12/2017	1,047.00	429.27
1025*63057*8	27	12/06/2017	817.00	334.97
4 invoices, 4 line items			4,459.00	1,828.19
1025*63057*8	28	12/28/2017	295.00	120.95
1034*63057*5	28	12/04/2017	590.00	241.90
2 invoices, 2 line items			885.00	362.85
036-2811*63615*4	31	10/27/2017	415.00	95.54
036-3067*63615*2	31	10/24/2017	183.00	39.92
036-3364*63615*1	31	10/12/2017	273.00	65.29
036-3426*63615*2	31	11/09/2017	158.00	57.42
1035*63615*4	31	10/06/2017	415.00	116.20
1040*63615*2	31	11/09/2017	270.00	56.08

1043*63615*1	31	10/31/2017	415.00	95.54
1056*63615*2	31	10/24/2017	415.00	95.54
1078*63615*2	31	11/21/2017	290.00	108.42
1082*63615*1	31	11/10/2017	415.00	116.20
1008*63615*2	31	10/30/2017	183.00	39.92
1008*63615*2	31	10/30/2017	153.00	42.84
1054*63615*3	31	11/01/2017	153.00	42.84
1054*63615*3	31	11/01/2017	70.00	25.66
1074*63615*3	31	11/08/2017	1,340.00	375.20
1074*63615*3	31	10/26/2017	23.00	7.70
1060*63615*2	31	11/07/2017	178.00	64.80
1060*63615*2	31	11/07/2017	48.00	16.68
1060*63615*2	31	11/07/2017	10.00	3.20
1069*63615*4	31	10/16/2017	1,685.00	471.80
1069*63615*4	31	10/16/2017	1,668.00	467.04
1069*63615*4	31	10/16/2017	1,338.00	374.64

15 invoices, 22 line items

10,098.00 2,778.47

1073*63615*2	31-1	11/15/2017	672.00	672.00
1073*63615*2	31-1	11/15/2017	1,280.00	880.00
1074*63615*3	31-1	11/08/2017	640.00	440.00

2 invoices, 3 line items

2,592.00 1,992.00

036-2821*63614*1	34	10/25/2017	323.00	77.52
036-3067*63614*4	34	10/24/2017	323.00	77.52
036-3426*63614*2	34	11/09/2017	2,655.00	637.20
1008*63614*2	34	10/30/2017	1,262.11	302.91
1040*63614*2	34	11/09/2017	323.00	77.52
1043*63614*1	34	10/31/2017	774.00	185.76
1054*63614*3	34	11/01/2017	1,240.44	297.71
1056*63614*2	34	10/24/2017	323.00	77.52
1060*63614*2	34	11/07/2017	4,393.28	1,054.39
1076*63614*1	34	10/27/2017	323.00	77.52
1078*63614*2	34	11/21/2017	2,889.00	693.36
1082*63614*1	34	11/10/2017	323.00	77.52
036-2811*63614*5	34	10/27/2017	1,178.00	282.72
036-2811*63614*5	34	10/27/2017	351.00	84.24
1074*63614*3	34	11/20/2017	1,284.00	308.16
1074*63614*3	34	11/08/2017	15,050.44	3,612.11

14 invoices, 16 line items

33,015.27 7,923.68

1011*63057*19	44	11/16/2017	40.00	16.40
1030*63057*16	44	11/08/2017	175.00	71.75
1035*63057*9	44	10/23/2017	475.00	194.75
1061*63057*5	44	10/07/2017	40.00	16.40
036-3067*63057*10	44	10/31/2017	44.00	18.04
036-3067*63057*10	44	11/02/2017	275.00	112.75
036-2811*63057*15	44	11/17/2017	50.00	20.50
036-2815*63057*5	44	10/31/2017	44.00	18.04
1064*63057*4	44	10/05/2017	50.00	20.50
1069*63057*5	44	10/27/2017	60.00	24.60
1082*63057*2	44	11/02/2017	44.00	18.04
1073*63057*3	44	08/14/2017	44.00	18.04
1073*63057*3	44	08/14/2017	40.00	16.40

11 invoices, 13 line items

1,381.00

566.21

Grand Totals

71,999.14

26,616.79

96 invoices listed.
181 line items listed.

Exhibit “D”

DURBIN & COMPANY, L. L. P.

Certified Public Accountants

2950-50th Street
Lubbock, Texas 79413
(806) 791-1591

Management and the Board of Directors
Winnie-Stowell Hospital District
Winnie, Texas

In planning and performing our audits of the financial statements of Winnie-Stowell Hospital District (the "District"), as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Winnie-Stowell Hospital District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be material weaknesses:

Financial Close Process

Management is responsible for the timely reconciliation of all general ledger accounts throughout the fiscal year. During the performance of our audit procedures, it was noted certain general ledger accounts were not reconciled during the year, resulting in misstatement of the financial statements during the year. As a result, audit adjustments, some of which were material, were proposed and recorded by management to properly state the financial statements at year-end. Management should review and update the process and adjust all general ledger accounts on a monthly and annual basis to reflect financial activity in accordance with generally accepted accounting principles.

General ledger accounts requiring material adjustments at year-end included:

Nursing Home Activity

While the District recorded cash transactions for the nursing homes it operates, the operating revenues and expenses were not recorded. We suggest the District record nursing home activity monthly using the accrual basis of accounting in order to keep the financial statements of the District from being materially misstated or misleading. Additionally, while the District recorded an estimate to account for supplemental payments associated with Nursing Home Upper Payment Limit and The Nursing Facility Upper Payment Limit Supplemental Payment Program and Minimum Payment Amount Programs (MPAP), a material audit adjustment to record additional revenue was proposed and accepted. Estimating State payments has become difficult due to the delays affecting timing, continually changing rules, and State-wide capitation models being utilized. Subsequent to year end, management has executed Amended and Restated Management Agreements with the nursing home managers to require monthly financials on an accrual 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.

This communication is intended solely for the information and use of the board of directors, management, others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Durbin and Company
Lubbock, Texas
January 24, 2018

DURBIN & COMPANY, L. L. P.

Certified Public Accountants

2950-50th Street
Lubbock, Texas 79413
(806) 791-1591
Fax (806) 791-3974

January 24, 2018

Board of Directors
Winnie-Stowell Hospital District
Winnie, Texas

We have audited the financial statements of Winnie-Stowell Hospital District for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated July 26, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Winnie-Stowell Hospital District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to financial reporting by adopting Statement of Governmental Accounting Standards (GASB Statement) 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* in 2016. The implementation of this Statement did not affect the change in net position in 2016 and 2015. Additionally, as described in Note 1 to the financial statements, the District implemented the provisions of GASB Statement No. 77, *Tax Abatement Disclosures* in 2016. The implementation of this Statement did not affect the change in net position in 2016 and 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimates for the Medicaid Supplemental Payments to be received after year end is based on information provided by the State at such time that information becomes available. The estimated program payments include Nursing Facility Minimum Payment Amounts Program (MPAP). We evaluated the key factors and assumptions used to develop the estimated payments in determining that it is reasonable in relation to the financial statements taken as a whole

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Entry to adjust receivables and payables for Nursing Home MPAP payments (increase net position \$1,665,481).
- Entry to record Caring Nursing Homes Activity (increase net position \$827,528).
- Entry to record Genesis Nursing Homes Activity (decrease net position \$2,140,529).

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Managements Representations

We have requested certain representations from management that are included in the management representation letter dated January 24, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on other financial information, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board of directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Durbin and Company
Lubbock, Texas
January 24, 2018

DURBIN & COMPANY, L. L. P.

Certified Public Accountants

2950-50th Street
Lubbock, Texas 79413
(806) 791-1591
Fax (806) 791-3974

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Winnie-Stowell Hospital District
Winnie, Texas

We have audited the accompanying financial statements of Winnie-Stowell Hospital District (the "District"), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Winnie-Stowell Hospital District's statements of net position, and the related statements of revenues, expenses, and changes in net position, and cash flows.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winnie-Stowell Hospital District as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages A-1 through A-4 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 responses 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.

DRAFT

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

ASSETS:	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,827,391	\$ 3,702,509
Short-Term Investments	104,325	103,909
Patient Accounts Receivable, Net of Allowance	9,443,383	12,135,389
Nursing Home Supplemental Payment Receivable	11,471,000	19,662,330
Prepaid and Other Current Assets	1,675	2,405,696
Sales Taxes Receivable	91,676	116,207
	<u>24,939,450</u>	<u>38,126,040</u>
ASSETS HELD FOR SALE	-	411,150
CAPITAL ASSETS		
Depreciable Capital Assets, Net	6,870	11,478
	<u>6,870</u>	<u>11,478</u>
	<u>24,939,450</u>	<u>38,126,040</u>
Total Assets	<u><u>\$ 24,946,320</u></u>	<u><u>\$ 38,548,668</u></u>

DRAFT

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

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

LIABILITIES AND NET POSITION:	<u>2016</u>	<u>2015</u>
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ -	\$ 26,771
Accounts Payable	10,662,676	16,481,462
Accrued Payroll, Benefits, and Related Liabilities	2,935	1,243
Notes Payable	3,620,000	11,370,000
Due to Nursing Homes	<u>-</u>	<u>-</u>
Total Current Liabilities	14,285,611	27,879,476
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Portion	<u>-</u>	<u>273,786</u>
Total Liabilities	<u>14,285,611</u>	<u>28,153,262</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt	6,870	(289,079)
Unrestricted	<u>10,653,839</u>	<u>10,684,485</u>
Total Net Position	<u>10,660,709</u>	<u>10,395,406</u>
Total Liabilities and Net Position	<u><u>\$ 24,946,320</u></u>	<u><u>\$ 38,548,668</u></u>

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

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Net Nursing Home Patient Service Revenue	\$ 104,043,082	\$ 100,635,567
Other Revenue	247,813	703,190
Total Operating Revenues	104,290,895	101,338,757
OPERATING EXPENSES:		
Salaries	71,331	53,912
Employee Benefits	4,975	4,240
Professional Fees and Purchased Services	1,100	3,472
Nursing Home Expenses	99,211,036	88,967,492
Indigent Care	584,310	2,158,540
Legal and Consulting Fees	2,446,595	3,519,948
Other Operating	674,427	285,340
Depreciation and Amortization	6,261	22,399
Total Operating Expenses	103,000,035	95,015,343
Operating Income (Loss)	1,290,860	6,323,414
NONOPERATING REVENUES (EXPENSES):		
Sales Tax Revenue	542,158	587,235
Investment Income	7,199	2,971
Interest Expense	(1,485,807)	(1,536,970)
Other Non Operating Revenue (Expenses)	-	(17,612)
Gain (Loss) on Disposal of Assets	(89,107)	-
Total Nonoperating Revenues (Expenses)	(1,025,557)	(964,376)
Increase (Decrease) in Net Position	265,303	5,359,038
Net Position, Beginning of Year	10,395,406	5,036,368
Net Position, End of Year	\$ 10,660,709	\$ 10,395,406

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

**WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients	\$ 114,926,418	\$ 88,358,671
Other Receipts and Payments, net	2,651,834	(1,700,831)
Indigent Care Support	(584,310)	(2,158,540)
Payments to Suppliers and Contractors	(108,151,944)	(91,611,381)
Payments to Employees	(74,614)	(57,583)
Net cash provided by (used in) operating activities	8,767,384	(7,169,664)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	7,199	2,971
Purchase of Investments	(419)	(363)
Net Cash Provided by (Used in) Investing Activities	6,780	2,608
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt and Notes Payable	-	320,000
Principal Payments on Long-Term Debt and Notes Payable	(300,557)	(19,443)
Proceeds From Sale of Capital Assets	315,537	-
Purchase of Capital Assets	4,853	(411,150)
Net Cash Provided by (Used in) Capital and Related Financing Activities	19,833	(110,593)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Sales Tax	566,689	562,087
Principal Payments on Debt and Notes Payable	(7,760,000)	(12,811,000)
Proceeds From Issuance of Long-Term Debt and Notes Payable	10,000	17,970,000
Interest Payments on Long-Term Debt and Notes Payable	(1,485,807)	(1,560,092)
Net Cash Provided by (Used in) Noncapital Financing Activities	(8,669,118)	4,160,995
Net Increase (Decrease) in Cash and Cash Equivalents	124,879	(3,116,654)
Cash and Cash Equivalents, Beginning of Year	3,702,512	6,819,166
Cash and Cash Equivalents, End of Year	\$ 3,827,391	\$ 3,702,512

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

**WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)**

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
RECONCILIATION OF CASH AND EQUIVALENTS TO THE BALANCE SHEETS		
Cash and equivalents presented under the following titles:		
Cash and Cash Equivalents	\$ 3,827,391	\$ 3,702,509
	\$ 3,827,391	\$ 3,702,509
RECONCILIATION OF NET INCOME TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Income (Loss)	1,290,860	6,323,414
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Used in Operating Activities:		
Depreciation and Amortization	6,261	22,399
Provision for Bad Debts	677,079	935,853
(Increase) Decrease in:		
Accounts Receivable	2,014,927	(6,426,373)
Prepaid Expenses and Other Current Assets	2,404,021	(2,423,308)
Nursing Home Supplemental Payment Receivable	8,191,330	(6,786,376)
Increase (Decrease) in:		
Accounts Payable	(5,818,786)	1,184,158
Accrued Salaries and Benefits Payable	1,692	569
 Net Cash Provided By (Used in) Operating Activities	 \$ 8,767,384	 \$ (7,169,664)

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

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Winnie-Stowell Hospital District (the “District”) was formed as a political subdivision under the laws of the State of Texas, and became effective on January 1, 2005, in the eastern portion of Chambers County, Texas. The District is governed by an elected five-member board of directors serving four-year terms. As a hospital district it is not controlled by or dependent upon any other entity and does not exercise control over operations of any other entity. During 2014, the District entered into operations transfer agreements with thirteen nursing facilities which transferred the operations and certain operating assets of each facility. The District has also received an assignment or transfer of the Medicare and Medicaid Provider agreements for each facility.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America.

Enterprise Fund Accounting – The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The District has elected to apply the provisions based on Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The District has also elected to apply the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Newly Adopted Accounting Pronouncements

GASB Statement No. 76 – The District has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to improve accounting and financial reporting by raising the category of GASB Implementation Guides in the hierarchy of generally accepted accounting principles used to prepare financial statements of state and local governmental entities. The implementation of this Statement did not affect the change in net position in 2016 and 2015.

GASB Statement No. 77 – The District has implemented the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The implementation of this Statement did not affect the change in net position for 2016 and 2015.

Pending Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Pronouncements (Continued)

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

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

Cash and Cash Equivalents - The District considers highly liquid investments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

Patient Accounts Receivable – The allowance for estimated uncollectible patient accounts receivable is maintained at a level which, in management’s judgment, is adequate to absorb patient account balance write-offs inherent in the billing process. The amount of the allowance is based on management’s evaluation of the collectability of patient accounts receivable, including the nature of the accounts, credit concentrations, and trends in historical write-off experience, specific impaired accounts, and economic conditions. Allowances for uncollectibles and contractuals are general determined by applying historical percentages to financial classes within accounts receivable. The allowances are increased by a provision for bad debt expenses and contractual adjustments, and reduced by write-offs, net of recoveries.

Investments – The District is authorized to invest excess working capital and assets whose use is limited in certificate of deposit, money market accounts, or U.S. government securities. The District can invest its excess working capital monies in certificates of deposit at its designated depository and other financial institutions. Investments at the District’s depository are secured by the Federal Deposit Insurance Corporation (FDIC) or through the purchase of collateral in the form of US government securities by the depository.

Assets Whose Use is Limited - Assets whose use is limited (if any) include assets held under indenture agreements and designated assets set aside by the board of directors to be used for capital expenditures over which the board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the District have been reclassified as current assets

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets – Capital assets are carried at cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment life. Such amortization is included in depreciation and amortization in the financial statements. Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets.

The District has elected to capitalize expenditures over \$5,000 and provide for depreciation of capital assets by the straight-line method at rates promulgated by the American Hospital Association, which are designed to amortize the cost of such equipment over its useful life as follows:

Major Moveable Equipment	3 to 20 years
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Net Position – Net position of the District is classified into two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Operating Revenues and Expenses – For purposes of display, the District’s statements of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses result from exchange transactions associated with providing health care services - the District’s principal activity. Non-exchange revenues and expenses, including taxes, grants and contributions, and intergovernmental transfers received for purposes other than capital asset acquisition, are reported as non-operating revenues and expenses. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Federal Income Taxes - The District is a political subdivision under the laws of the State of Texas, and therefore, it is exempt from federal income tax pursuant to Section 115 of the Internal Revenue Code. Additionally, pursuant to Section 1.6033-2(g)(6) of the Income Tax Regulations, it is not required to file an information return form 990.

Indigent Care – The District provides payment for services to health care providers for certified indigents who have applied and met the District’s criteria for indigent care. The District pays a discounted rate which in most cases is equal to the Medicaid reimbursement rates.

Sales Tax Revenue – Sales taxes are collected by the state of Texas and remitted to the District monthly. The tax is collected by the vendor and is required to be remitted to the state by the 20th of the month following collection. The tax is then paid to the District by the Friday following the second Wednesday of the subsequent month. These funds were used to support operations.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage during the year.

Reclassifications – Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on the change in net position.

NOTE 2 – NURSING HOME NET PATIENT SERVICE REVENUE

A significant portion of the District’s nursing home revenues and related accounts receivable are derived from programs administered by various federal and state agencies. Accordingly, the District is subject to regulatory requirements imposed by these governmental agencies. Revenues under certain of these programs are subject to examination and retroactive adjustment. Management does not expect a material settlement to result from any such examinations.

Patient service revenue for the Nursing Homes is comprised as follows:

	<u>2016</u>	<u>2015</u>
Hospice Revenue	\$ 1,899,798	\$ 1,734,546
Managed Care Revenue	2,534,462	2,314,005
Medicaid Revenue	48,984,257	44,723,422
Medicare Revenue	27,551,719	25,155,167
Self-Pay Revenue	9,443,667	7,796,728
Supplemental Payments	<u>14,306,258</u>	<u>19,847,552</u>
Gross Nursing Home Patient Service Revenue	104,720,161	101,571,420
Provision for Bad Debts	<u>(677,079)</u>	<u>(935,853)</u>
Net Nursing Home Patient Service Revenue	<u>\$ 104,043,082</u>	<u>\$ 100,635,567</u>

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At December 31, 2016 and 2015, the carrying amount of the District's deposits with financial institutions was \$3,277,216 and \$3,653,879, respectively, and the bank balance was \$3,277,216 and \$3,653,931, respectively.

	<u>2016</u>	<u>2015</u>
Amount insured by the FDIC	\$ 731,047	\$ 853,909
Amount collateralized with securities held by the pledging financial institution's trust department in the District's name	1,681,029	873,625
Uncollateralized amount	<u>865,140</u>	<u>1,926,397</u>
Total bank balance	<u>\$ 3,277,216</u>	<u>\$ 3,653,931</u>

NOTE 4 – INVESTMENTS

The District has funds invested in TexSTAR which is reported as cash and equivalents. TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. TexSTAR is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. The fund is rated AAAM by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Funds Investment Act for local government investment pools. At December 31, 2016 and 2015, the carrying amount of the District's deposits with financial institutions was \$654,500 and \$152,521, respectively. Separate financial statements can be obtained by sending TexSTAR a fax or calling 1-800-TEX-STAR.

TexSTAR is a member of Securities Investor Protection Corporation (SIPC). The SIPC provides \$500,000 of coverage for missing securities, including \$250,000 for claims of cash awaiting reinvestment. Market losses are not covered by SIPC.

The District's investments may be exposed to the following types of risk:

Interest Rate Risk – Interest rate risk is the risk that the market values of investments will change based on changes in market interest rates. The District limits maturities to one year or less as a means of managing its exposure to fair value losses arising from increasing interest rates. State investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016 AND 2015**

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2016 and 2015, the District’s investments in TexSTAR was rated AAA by Standard & Poor’s.

NOTE 4 – INVESTMENTS (CONTINUED)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. TexSTAR is managed to fulfill all requirements of the Texas Public Funds Investment Act.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer. At December 31, 2016 and 2015, the investment in state investment pools was approximately 17% and 4% of total cash and cash equivalents respectively.

NOTE 5 – NURSING HOME ACCOUNTS RECEIVABLE

Concentration of Credit Risk – The District grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31 is as follows:

	2016	2015
Medicare	31%	31%
Medicaid	55%	56%
Managed Care	3%	3%
Patients	11%	10%
Total	100%	100%

NOTE 6 – SALES TAX RECEIVABLE

Sales taxes are reported as revenues in the period for which they are collected. Tax revenue for 2016 and 2015 was \$542,158 and \$587,235, respectively. As of December 31, 2016 and 2015, the balance of sales tax receivable and its related allowance for uncollectible taxes are as follows:

	2016	2015
Taxes Receivable	\$ 91,676	116,207

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 7 – CAPITAL ASSETS

The following is a summary of capital assets at cost less accumulated depreciation:

	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reclass/ Retirements</u>	<u>Balance 12/31/16</u>
Equipment	\$ 140,655	-	\$ -	\$ 140,655
Totals at Historical Cost	140,655	-	-	140,655
Less Accumulated Depreciation for:				
Equipment	<u>(129,177)</u>	<u>(4,608)</u>	<u>-</u>	<u>(133,785)</u>
Total Accumulated Depreciation	<u>(129,177)</u>	<u>(4,608)</u>	<u>-</u>	<u>(133,785)</u>
Capital Assets, Net	<u>\$ 11,478</u>	<u>\$ (4,608)</u>	<u>\$ -</u>	<u>\$ 6,870</u>

	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Reclass/ Retirements</u>	<u>Balance 12/31/15</u>
Land	\$ -	\$ 149,920	\$ (149,920)	\$ -
Building and improvements	-	261,230	(261,230)	-
Equipment	<u>140,655</u>	<u>-</u>	<u>-</u>	<u>140,655</u>
Totals at Historical Cost	140,655	411,150	(411,150)	140,655
Less Accumulated Depreciation for:				
Equipment	<u>(106,778)</u>	<u>(22,399)</u>	<u>-</u>	<u>(129,177)</u>
Total Accumulated Depreciation	<u>(106,778)</u>	<u>(22,399)</u>	<u>-</u>	<u>(129,177)</u>
Capital Assets, Net	<u>\$ 33,877</u>	<u>\$ 388,751</u>	<u>\$ (411,150)</u>	<u>\$ 11,478</u>

Depreciation expense for the years ended December 31, 2016 **and 2015**, was \$6,261 and \$22,399 respectively.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 8 – ASSETS HELD FOR SALE

At **December 31, 2015**, Assets Held for Sale consists of land and building purchased during 2015 in the amount of \$411,150. The land and building were sold on March 23, 2016 for \$325,000. Net loss on sale of asset recorded in 2016 was approximately \$89,000.

NOTE 9 – NOTES PAYABLE

Following is a summary of notes payable at December 31:

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16
(5) Neches Capital	\$ 4,150,000	\$ -	\$ (4,150,000)	\$ -
(6) Neches Capital	3,610,000	-	(3,610,000)	-
(7) Neches Capital	3,610,000	10,000	-	3,620,000
Total Notes Payable	\$ 11,370,000	\$ 10,000	\$ (7,760,000)	\$ 3,620,000

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15
(1) Neches Capital	\$ 1,551,000	\$ -	\$ (1,551,000)	\$ -
(2) Neches Capital	4,660,000	-	(4,660,000)	-
(3) Neches Capital	-	4,140,000	(4,140,000)	-
(4) Neches Capital	-	2,460,000	(2,460,000)	-
(5) Neches Capital	-	4,150,000	-	4,150,000
(6) Neches Capital	-	3,610,000	-	3,610,000
(7) Neches Capital	-	3,610,000	-	3,610,000
Total Notes Payable	\$ 6,211,000	\$ 17,970,000	\$ (12,811,000)	\$ 11,370,000

The terms and due dates of the District's notes payable at December 31, 2016 and 2015 follow:

- (1) Neches Capital – 16.8% note payable with all outstanding principal and interest due January 31, 2015 and is collateralized by cash and investments. Paid in full during fiscal year 2015.
- (2) Neches Capital – 16.8% note payable will all outstanding principal and interest due March 1, 2015 and is collateralized by cash and investments. Paid in full during fiscal year 2015.
- (3) Neches Capital – 16.8% note payable with all outstanding principal and interest due November 9, 2015 and is collateralized by cash and investments. Paid in full during fiscal year 2015.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 9 – NOTES PAYABLE (CONTINUED)

- (4) Neches Capital – 16.8% note payable with all outstanding principal and interest due May 7, 2015 and is collateralized by cash and investments. Paid in full during fiscal year 2015.
- (5) Neches Capital – 16.8% note payable with all outstanding principal and interest due February 1, 2016 and is collateralized by cash and investments. Paid in full during fiscal year 2016.
- (6) Neches Capital – 16.8% note payable with all outstanding principal and interest due May 6, 2016 and is collateralized by cash and investments. Paid in full during fiscal year 2016.
- (7) Neches Capital – 16.8% note payable with all outstanding principal and interest due August 9, 2016 and is collateralized by cash and investments.

NOTE 10 – LONG TERM DEBT

The following is a summary of long-term debt at December 31:

	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</u>	<u>Due Within One Year</u>
Prosperity Bank	\$ 300,557	\$ -	\$ (300,557)	\$ -	\$ -
	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/15</u>	<u>Due Within One Year</u>
Prosperity Bank	\$ -	\$ 320,000	\$ (19,443)	\$ 300,557	\$ -

The terms and due date of the District’s long-term debt at December 31, 2015 and December 31, 2014 follow:

- 4.5% promissory note payable to Prosperity Bank, due January 30, 2025 in monthly installments, collateralized by property. The promissory note payable was paid in full during 2016.

In 2016 and 2015, total interest incurred was \$1,485,807 and \$1,536,970, respectively, all of which was charged to operations.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 11 – INDIGENT CARE

The District is responsible for providing healthcare for residents of the District that qualify under the indigent program guidelines. Chambers County agreed to manage the indigent care program on behalf of the District in return for an administrative fee of 5% of indigent care payments. During fiscal year 2015, this contract was ended and the District began operating the indigent care program themselves, by hiring an indigent care director in March 2015. In addition, the District is part of an indigent care assistance agreement with Winnie Community Hospital (the “Hospital”). This agreement is intended to reimburse the Hospital for services provided to residents of the District. The District incurred expense for indigent care and assistance in the amount of \$584,310 and \$2,158,540 for 2016 and 2015, respectively.

NOTE 12 – NURSING HOME OPERATIONS

During 2014, the District entered into operations transfer agreements with thirteen nursing facilities which transferred the operations and certain operating assets of each facility. The District has also received an assignment or transfer of the Medicare and Medicaid Provider agreements for each facility. In addition to the operations transfer agreements, the District has also entered into a lease agreement with each facility for the lease of real property, fixed assets, and associated equipment that encompass the nursing homes’ physical properties. The total rental expense paid to all facilities was \$6,995,511 and \$6,757,457 for December 31, 2016 and 2015, respectively.

Also, during fiscal year 2014, The District has executed a management agreement with LTC Group, LLC to provide certain operational and clinical review services for all of the nursing home facilities on behalf of the Hospital District. The initial term of these agreements are through August 31, 2016, unless sooner terminated. These agreements shall be automatically renewed for successive two year periods unless either party cancels in writing on or before 90 days prior to the end of the current term. Under these agreements, the District has paid total service fees of \$8,356,735 and \$3,390,694, respectively, which is recorded in other operating expenses on the statements of revenues, expenses, and changes in net position for the year ended December 31, 2016 and 2015.

In connection with these agreements, the District has recorded all patient revenue and the related accounts receivable. The District recorded \$104,043,082 and \$100,635,567 in net patient related revenue for the years ended December 31, 2016 and 2015, respectively. These revenues are recorded as Net Nursing Home Patient Service Revenues on the statements of revenues, expenses, and changes in net position.

Additionally, the District has entered into separate management agreements whereby each facility is managed by a third-party in which the District pays monthly fees for management services and operating expenses including quality incentives, if any, based upon the terms of each individual agreement. These fees totals \$4,498,752 and \$4,527,603 for the years ended December 31, 2016 and 2015, respectively. These expenses are recorded as Nursing Home expenses on the statements of revenues, expenses, and changes in net position. Amounts due and unpaid as of December 31, 2016 and 2015 for these expenses are \$10,662,676 and \$23,421,115, respectively.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 12 – NURSING HOME OPERATIONS (CONTINUED)

Nursing Facility Minimum Payment Amounts Program (MPAP) – Effective November 1, 2014, HHSC implemented a new Minimum Payment Amounts Program (MPAP) for non-state government-owned nursing facilities. The MPAP was created by HHSC to replace the Nursing Facility Upper Payment Limit Supplemental Payment Program. The District participated in this program during the years ended December 31, 2016 and 2015. In 2016 and 2015, the District contributed approximately \$10,137,073 and \$15,540,842, respectively, as the state share of the minimum payment amount in the form of an intergovernmental transfer (IGT). In 2016 and 2015, the state claimed the matching federal funds and made supplemental payments of approximately \$24,443,331 and \$35,388,394, respectively. The District has recorded an MPAP receivables of \$11,471,000 and \$19,662,330 at December 31, 2016 and 2015, respectively. HHSC transitioned MPAP to a new Quality Incentive Payment Program effective September 1, 2016.

Quality Incentive Payment Program – During its 84th session, the Texas Legislature directed HHSC to transition MPAP to a new Quality Incentive Payment Program (QIPP) effective September 1, 2016, and HHSC will implement QIPP on September 1, 2017. QIPP will require participating facilities meeting certain qualifying criteria to submit projects to HHSC requesting the additional funding as supported in the individual projects. These projects are expected to improve quality and innovation in the provision of nursing facility services, including but not limited to payment incentives to establish culture change, small house models, staffing enhancements and outcome measures to improve the quality of care and life for nursing facility residents. A portion of the additional funding will be funded through intergovernmental transfer (IGT) payments from each participating provider. QIPP IGTs for a specific capitation rate period will be due to HHSC approximately six months prior to the beginning of the rate period.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is, from time to time, subject to claims and suits for damages, including damages for personal injuries to patients and others, most of which are covered as to risk and amount. In the opinion of management, there were no known pending legal proceedings that could have a material effect on the District's financial position or results of operations.

NOTE 14 – MALPRACTICE CLAIMS

The District is a unit of government covered by the Texas Tort Claims Acts which, by statute, limits its liability to \$100,000 per person and \$300,000 for each single occurrence. These limits coincide with the malpractice insurance coverage maintained by the District, which is purchased under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, no such accrual has been made.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to year end, the District entered into operations transfer agreements with an additional six nursing facilities which transferred the operations and certain operating assets of each facility. The District has also received an assignment or transfer of the Medicare and Medicaid Provider agreements for each facility. In addition to the operations transfer agreements, the District has also entered into a lease agreement with each facility for the lease of real property, fixed assets, and associated equipment that encompass the nursing homes' physical properties.

The date to which events occurring after December 31, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is January 24, 2018, which is the date on which the financial statements were available to be issued.

DRAFT

DURBIN & COMPANY, L. L. P.

Certified Public Accountants

2950 50th Street
Lubbock, Texas 79413
(806) 791-1591
Fax (806) 791-3974

ACCOUNTANT'S REPORT ON OTHER FINANCIAL INFORMATION

Management and the Board of Directors
Winnie-Stowell Hospital District
Winnie, Texas

We have audited the financial statements of Winnie-Stowell Hospital District as of and for the years ended December 31, 2016 and 2015, and our report thereon dated January 24, 2018, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other financial information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Durbin and Company
Lubbock, Texas
January 24, 2018

WINNIE-STOWELL HOSPITAL DISTRICT
SUPPLEMENTAL STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS:	<u>District</u>	<u>Nursing Homes</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 3,827,391	\$ 125,830	\$ (125,830)	\$ 3,827,391
Short Term Investments	104,325	-	-	104,325
Patient Accounts Receivable, Net of Allowance	-	9,443,383	-	9,443,383
Nursing Home Supplemental Payment Receivable	-	11,471,000	-	11,471,000
Other Receivables	11,472,675	-	(11,471,000)	1,675
Sales Taxes Receivable	91,676	-	-	91,676
	<u>15,496,067</u>	<u>21,040,213</u>	<u>(11,596,830)</u>	<u>24,939,450</u>
PROPERTY AND EQUIPMENT				
Depreciable Capital Assets, Net	6,870	-	-	6,870
	<u>6,870</u>	<u>-</u>	<u>-</u>	<u>6,870</u>
Total Assets	<u>\$ 15,502,937</u>	<u>\$ 21,040,213</u>	<u>\$ (11,596,830)</u>	<u>\$ 24,946,320</u>

DRAFT

WINNIE-STOWELL HOSPITAL DISTRICT
SUPPLEMENTAL STATEMENT OF NET POSITION

DECEMBER 31, 2016

LIABILITIES AND NET POSITION:	<u>District</u>	<u>Nursing Homes</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Accounts Payable	\$ 5,733,452	\$ 16,400,224	\$ (11,471,000)	\$ 10,662,676
Accrued Payroll, Benefits, and Related Liabilities	2,935	-	-	2,935
Notes Payable	3,620,000	-	-	3,620,000
Due to Affiliate	<u>125,830</u>	<u>-</u>	<u>(125,830)</u>	<u>-</u>
Total Current Liabilities	<u>9,482,217</u>	<u>16,400,224</u>	<u>(11,596,830)</u>	<u>14,285,611</u>
Total Liabilities	9,482,217	16,400,224	(11,596,830)	14,285,611
NET POSITION				
Invested in Capital Assets Net of Related Debt	6,870	-	-	6,870
Unrestricted	<u>6,013,850</u>	<u>4,639,989</u>	<u>-</u>	<u>10,653,839</u>
Total Net Position	<u>6,020,720</u>	<u>4,639,989</u>	<u>-</u>	<u>10,660,709</u>
Total Liabilities and Net Position	<u>\$ 15,502,937</u>	<u>\$ 21,040,213</u>	<u>\$ (11,596,830)</u>	<u>\$ 24,946,320</u>

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WINNIE-STOWELL HOSPITAL DISTRICT

SUPPLEMENTAL STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>District</u>	<u>Nursing Homes</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUES:				
Net Nursing Home Patient Service Revenue	\$ 14,306,258	\$ 114,180,155	\$ (24,443,331)	\$ 104,043,082
Other Revenue	<u>9,554</u>	<u>238,259</u>	<u>-</u>	<u>247,813</u>
Total Operating Revenues	14,315,812	114,418,414	(24,443,331)	104,290,895
OPERATING EXPENSES:				
Salaries	71,331	-	-	71,331
Employee Benefits	4,975	-	-	4,975
Professional Fees and Purchased Services	1,100	-	-	1,100
Nursing Home Expense	7,922,952	115,731,415	\$ (24,443,331)	99,211,036
Indigent Care	584,310	-	-	584,310
Legal and Consulting Fees	2,446,595	-	-	2,446,595
Other Operating	674,427	-	-	674,427
Depreciation and Amortization	<u>6,261</u>	<u>-</u>	<u>-</u>	<u>6,261</u>
Total Operating Expenses	<u>11,711,951</u>	<u>115,731,415</u>	<u>(24,443,331)</u>	<u>103,000,035</u>
Operating Income (Loss)	2,603,861	(1,313,001)	-	1,290,860
NONOPERATING REVENUES (EXPENSES):				
Sales Tax Revenue	542,158	-	-	542,158
Investment Income	7,199	-	-	7,199
Interest Expense	(1,485,807)	-	-	(1,485,807)
Gain (Loss) on Disposal of Assets	<u>(89,107)</u>	<u>-</u>	<u>-</u>	<u>(89,107)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,025,557)</u>	<u>-</u>	<u>-</u>	<u>(1,025,557)</u>
Increase (Decrease) in Net Position	1,578,304	(1,313,001)	-	265,303
Net Position, Beginning of Year	<u>4,442,416</u>	<u>5,952,990</u>	<u>-</u>	<u>10,395,406</u>
Net Position, End of Year	<u>\$ 6,020,720</u>	<u>\$ 4,639,989</u>	<u>\$ -</u>	<u>\$ 10,660,709</u>

WINNIE-STOWELL HOSPITAL DISTRICT
SUPPLEMENTAL STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS:	<u>District</u>	<u>Nursing Homes</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 3,702,512	\$ 540,176	\$ (540,179)	\$ 3,702,509
Short Term Investments	103,909	-	-	103,909
Patient Accounts Receivable, Net of Allowance	-	12,135,389	-	12,135,389
Estimated Third-Party Payor Settlements	-	19,662,330	-	19,662,330
Other Receivables	22,068,034	-	(19,662,338)	2,405,696
Sales Taxes Receivable	<u>116,207</u>	<u>-</u>	<u>-</u>	<u>116,207</u>
Total Current Assets	25,990,662	32,337,895	(20,202,517)	38,126,040
ASSETS HELD FOR SALE	411,150	-	-	411,150
PROPERTY AND EQUIPMENT				
Depreciable Capital Assets, Net	<u>11,478</u>	<u>-</u>	<u>-</u>	<u>11,478</u>
 Total Assets	 <u>\$ 26,413,290</u>	 <u>\$ 32,337,895</u>	 <u>\$ (20,202,517)</u>	 <u>\$ 38,548,668</u>

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WINNIE-STOWELL HOSPITAL DISTRICT
SUPPLEMENTAL STATEMENT OF NET POSITION
DECEMBER 31, 2015

LIABILITIES AND NET POSITION:	<u>District</u>	<u>Nursing Homes</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ 26,771	\$ -	\$ -	\$ 26,771
Accounts Payable	9,758,895	13,662,220	(6,939,653)	16,481,462
Accrued Payroll, Benefits, and Related Liabilities	1,243	-	-	1,243
Notes Payable	11,370,000	-	-	11,370,000
Due to Affiliate	<u>540,179</u>	<u>12,722,685</u>	<u>(13,262,864)</u>	<u>-</u>
Total Current Liabilities	21,697,088	26,384,905	(20,202,517)	27,879,476
NONCURRENT LIABILITIES				
Long-Term Debt, Net of Current Portion	<u>273,786</u>	<u>-</u>	<u>-</u>	<u>273,786</u>
Total Liabilities	21,970,874	26,384,905	(20,202,517)	28,153,262
NET POSITION				
Invested in Capital Assets Net of Related Debt	(289,079)	-	-	(289,079)
Unrestricted	<u>4,731,495</u>	<u>5,952,990</u>	<u>-</u>	<u>10,684,485</u>
Total Net Position	<u>4,442,416</u>	<u>5,952,990</u>	<u>-</u>	<u>10,395,406</u>
Total Liabilities and Net Position	<u>\$ 26,413,290</u>	<u>\$ 32,337,895</u>	<u>\$ (20,202,517)</u>	<u>\$ 38,548,668</u>

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WINNIE-STOWELL HOSPITAL DISTRICT

SUPPLEMENTAL STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>District</u>	<u>Nursing Homes</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUES:				
Net Nursing Home Patient Service Revenue	\$ 19,829,943	\$ 116,176,409	\$ (35,370,785)	\$ 100,635,567
Other Revenue	13,182	690,008	-	703,190
Total Operating Revenues	<u>19,843,125</u>	<u>116,866,417</u>	<u>(35,370,785)</u>	<u>101,338,757</u>
OPERATING EXPENSES:				
Salaries	53,912	-	-	53,912
Employee Benefits	4,240	-	-	4,240
Professional Fees and Purchased Services	3,472	-	-	3,472
Nursing Home Expense	11,091,457	113,246,820	(35,370,785)	88,967,492
Indigent Care	2,158,540	-	-	2,158,540
Legal and Consulting Fees	3,519,948	-	-	3,519,948
Other Operating	285,340	-	-	285,340
Depreciation and Amortization	22,399	-	-	22,399
Total Operating Expenses	<u>17,139,308</u>	<u>113,246,820</u>	<u>(35,370,785)</u>	<u>95,015,343</u>
Operating Income (Loss)	2,703,817	3,619,597	-	6,323,414
NONOPERATING REVENUES (EXPENSES):				
Sales Tax Revenue	587,235	-	-	587,235
Investment Income	2,971	-	-	2,971
Interest Expense	(1,536,970)	-	-	(1,536,970)
Other Non Operating	(17,612)	-	-	(17,612)
Total Nonoperating Revenues (Expenses)	<u>(964,376)</u>	<u>-</u>	<u>-</u>	<u>(964,376)</u>
Increase (Decrease) in Net Position	1,739,441	3,619,597	-	5,359,038
Net Position, Beginning of Year	<u>2,702,975</u>	<u>2,333,393</u>	<u>-</u>	<u>5,036,368</u>
Net Position, End of Year	<u>\$ 4,442,416</u>	<u>\$ 5,952,990</u>	<u>\$ -</u>	<u>\$ 10,395,406</u>

WINNIE-STOWELL HOSPITAL DISTRICT
MANAGEMENTS' DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS

Our discussion and analysis of Winnie-Stowell Hospital District's financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2016 and 2015. Please read it in conjunction with the District's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The District's net position increased in 2016 by \$265,303 or 2.6% and increased in 2015 by \$5,359,038 or 106.4%.
- The District's operating expenses increased in 2016 by \$7,984,692 or 8.4% and increased in 2015 by \$58,975,359 or 163.6%.
- The District's non-operating revenues and expenses decreased in 2016 by \$(61,181) or (6.3)% and decreased in 2015 by \$(1,603,640) or (250.9)%.

USING THIS ANNUAL REPORT

The District's financial statements consist of three statements: a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the District, including resources held by the District but restricted for specific purposes by contributors, grantors, and enabling legislation.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

Our analysis of the District's finances begins on page A-2. One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes to it. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the District.

**WINNIE-STOWELL HOSPITAL DISTRICT
 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
 AND FINANCIAL STATEMENTS (CONTINUED)**

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as “Where did cash come from?” “What was cash used for?” and “What was the change in cash balance during the reporting period?”

THE DISTRICT'S NET POSITION

The District's net position is the difference between its assets and liabilities reported in the Statement of Net Position on page 2. The District's assets, liabilities, and net position are summarized in **Table 1**. The total net position represents the District's net worth.

Table 1: Assets, Liabilities, and Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:			
Current Assets	\$ 24,939,450	\$ 38,126,040	\$ 26,535,741
Capital Assets (net)	6,870	11,478	33,877
Other Non-Current Assets	-	411,150	-
Total Assets	<u>\$ 24,946,320</u>	<u>\$ 38,548,668</u>	<u>\$ 26,569,618</u>
Liabilities:			
Long-Term Debt Outstanding	\$ -	\$ 300,557	\$ -
Other Current and Non-Current	14,285,611	27,852,705	21,533,250
Total Liabilities	<u>14,285,611</u>	<u>28,153,262</u>	<u>21,533,250</u>
Total Net Position	<u>10,660,709</u>	<u>10,395,406</u>	<u>5,036,368</u>
Total Liabilities and Net Position	<u>\$ 24,946,320</u>	<u>\$ 38,548,668</u>	<u>\$ 26,569,618</u>

A significant component of the change in the District's assets is the decrease in patient accounts receivable in the amount of \$(2,692,006) in 2016, and the increase in patient accounts receivable of \$5,490,520 in 2015. Another significant component of the change in the Districts assets is the decrease in nursing home supplemental payments receivable in the amount of \$(8,191,330) in 2016 and the increase in nursing home supplement payments receivable of \$6,786,376 in 2015.

**WINNIE-STOWELL HOSPITAL DISTRICT
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS (CONTINUED)**

OPERATING RESULTS AND CHANGES IN THE HOSPITAL'S NET POSITION

In 2016 and 2015, the District's net position increased in 2016 by \$265,303 or 2.6% and increased in 2015 by \$5,359,038 or 106.4%.

	2016	2015	2014
Operating Revenues:			
Net Patient Service Revenue	\$ 104,043,082	\$ 100,635,567	\$ 34,599,589
Other Operating Revenue	247,813	703,190	680,770
Total Operating Revenue	<u>104,290,895</u>	<u>101,338,757</u>	<u>35,280,359</u>
Operating Expenses:			
Salaries	71,331	53,912	14,305
Employee Benefits	4,975	4,240	493
Professional Fees and Purchased Services	1,100	3,472	10,000
Nursing Home Expenses	99,211,036	88,967,492	29,613,188
Indigent Care	584,310	2,158,540	310,323
Legal and Consulting Fees	2,446,595	3,519,948	4,679,804
Other Operating	674,427	285,340	1,386,244
Depreciation and Amortization	6,261	22,399	25,627
Total Operating Expenses	<u>103,000,035</u>	<u>95,015,343</u>	<u>36,039,984</u>
Operating Income (Loss)	1,290,860	6,323,414	(759,625)
Nonoperating Revenues and Expenses:			
Sales Tax Revenue	542,158	587,235	661,342
Investment Income	7,199	2,971	966
Interest Expense	(1,485,807)	(1,536,970)	(24,272)
Other Non Operating	-	(17,612)	1,228
Gain (Loss) on Disposal of Assets	<u>(89,107)</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenue	<u>(1,025,557)</u>	<u>(964,376)</u>	<u>639,264</u>
Increase (Decrease) in Net Position	<u>\$ 265,303</u>	<u>\$ 5,359,038</u>	<u>\$ (120,361)</u>

Operating Income

Contributing to the overall change of the District's net position is its operating income, generally, the difference between the net patient service revenue and the expenses incurred to perform those services. The District has reported an operating income of \$1,290,860 and \$6,323,414 in 2016 and 2015, respectively.

**WINNIE-STOWELL HOSPITAL DISTRICT
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS (CONTINUED)**

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of sales taxes levied by the state and investment income. The District received \$(45,077) less in taxes in 2016, while in 2015 the taxes collected decreased by (\$74,107). Nonoperating expenses consist primarily of interest expense. The District paid \$51,163 less in interest in 2016 and \$(1,512,698) more in 2015.

THE DISTRICT'S CASH FLOWS

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses previously discussed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016 and 2015, respectively, the District had \$6,870 and \$11,478 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 of the financial statements.

Debt

At December 31, 2016 and 2015, the District had \$3,620,000 and \$11,370,000, respectively, in notes payable as detailed in Note 9 of the financial statements. Additionally, the District had \$- and \$300,557 in long-term debt outstanding as of December 31, 2016 and 2015, as detailed in Note 10 of the financial statements.

Other Economic Factors

The District maintains good relations with various employers in the area. The District seeks to maintain its provider status in the many health insurance networks that local employers participate in. The District will continue to look for ways to foster its relationship with local employers and work towards promoting the services it offers to potential patients in the area.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact, the District's office at Winnie-Stowell Hospital District, 538 Broadway, Winnie, Texas 77665.

January 24, 2018

Durbin & Company, L.L.P.
2950 50th Street
Lubbock, Texas 79413

This representation letter is provided in connection with your audit(s) of the financial statements of Winnie-Stowell Hospital District, which comprise the statements of net position as of December 31, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the periods then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 24, 2018 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 26, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the entity and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the health care entity is contingently liable, if any, have been properly recorded or disclosed.
- 11) There are no instances of noncompliance with laws or regulations with respect to Medicare and Medicaid antifraud and abuse statutes, in any jurisdiction, whose effects we believe should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, other than those disclosed or accrued in the financial statements. This is including, but not limited to, the antikickback statute of the Medicare and Medicaid Patient and Program Protection Act of 1987, limitations on certain physician referrals (the Stark law), and the False Claims Act.
- 12) Billings to third-party payors comply in all material respects with applicable coding guidelines and laws and regulations, including those dealing with Medicare and Medicaid antifraud and abuse. Such billings include only those charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.
- 13) There have been no investigations, either internal or external, and there are no investigations in progress, relating to compliance with applicable laws and regulations that would have an effect on the amounts reported or disclosed in the financial statements.
- 14) There have been no oral or written communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, in any jurisdiction, including those related to deficiencies in financial reporting practices; Medicare and Medicaid antifraud and abuse statutes; or other matters that could have a material adverse effect on the financial statements.
- 15) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of net position date and have been reduced to their estimated net realizable value.
- 16) We have made an adequate provision for estimated adjustments to revenue resulting from issues such as denied claims, changes to home health resource group, resource utilization group, ambulatory payment classification, and diagnostic-related group (DRG) assignments.
- 17) The valuation allowances we have recorded are necessary, appropriate, and properly supported.
- 18) We have made available to you all peer review organization, fiscal intermediary, and third-party payor reports and information.

Information Provided

19) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the health care entity from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of Winnie-Stowell Hospital District and related committees or summaries of actions of recent meetings for which minutes have not yet been prepared.

20) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

21) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

22) We have no knowledge of any fraud or suspected fraud that affects the health care entity, including financial reporting related to compliance with existing laws and regulations governing reimbursement from third-party payors, and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

23) We have no knowledge of any allegations of fraud or suspected fraud affecting the health care entity's financial statements communicated by employees, former employees, grantors, regulators, or others.

24) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

25) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.

26) We have disclosed to you the identity of the health care entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

27) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, or noncompliance or deficiencies related to existing laws and regulations governing reimbursement from third-party payors.

28) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

29) For cost reports filed with third parties:

- We have properly filed all required Medicare, Medicaid, and similar reports with third parties.
- We are responsible for the accuracy and propriety of all filed cost reports.
- Filed cost reports include costs that are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated to applicable payors.
- The reimbursement methodologies and principles we use are in accordance with applicable rules and regulations.
- We have given adequate consideration to, and made appropriate provision for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
- We have made provisions, when material, for estimated retroactive adjustments by third-party payors under reimbursement agreements.
- We have fully disclosed in the cost report all items required to be disclosed, including disputed costs that are claimed to establish a basis for a subsequent appeal.
- We have recorded third-party settlements that include differences between filed (and to-be-filed) cost reports and calculated settlements that we believe are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. Although we believe the entity is entitled to all amounts claimed on the cost reports, we also believe the differences reflected therein are appropriate.

30) The health care entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

31) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

32) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

33) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

34) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

35) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 36) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 37) The health care entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 38) The health care entity has complied with all aspects of contractual agreements, including existing laws and regulations governing reimbursement from third-party payors, that would have a material effect on the financial statements in the event of noncompliance.
- 39) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 40) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 41) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 42) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 43) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 44) Provisions for uncollectible receivables have been properly identified and recorded.
- 45) Expenses have been appropriately classified in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.
- 46) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
- 47) Internal and intra-entity activity and balances have been appropriately classified and reported.
- 48) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 49) Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 50) We have appropriately disclosed the health care entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 51) We are following our established accounting policy regarding which resources (that is, restricted or unrestricted) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.

52) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Very truly yours,
Winnie-Stowell Hospital District

Elroy Henry, Board Chairman

Sherrie Norris, District Administrator

Client: **WINNIE HD - Winnie-Stowell Hospital District**
 Engagement: **12/31/16 - Winnie-Stowell Hospital District**
 Period Ending: **12/31/2016**
 Trial Balance: **701 - WTB**
 Workpaper: **GB16.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		V.01		
TO ADJUST NET ASSETS.				
117	NH - UPL Prog		812,016.00	
201	NHP Accounts Payable		2,707,587.00	
DCO-005	Land Held for Sale		149,920.00	
DCO-006	Building Held for Sale		261,230.00	
125	Accumulated Depreciation			15,366.00
190	NH Payable - Accruals			1,012,103.00
200	Accounts Payable			2,035,728.00
300	Net Assets, Capital, net			566,999.00
DCO - 009	LONG TERM DEBT			300,557.00
Total			3,930,753.00	3,930,753.00
Adjusting Journal Entries JE # 2		E3.01		
TO ADJUST SALES TAXES RECEIVABLE TO AUDIT BALANCE.				
400	Sales Tax Revenue		24,530.00	
110	Sales Tax Receivable			24,530.00
Total			24,530.00	24,530.00
Adjusting Journal Entries JE # 3		Y.02		
TO ADJUST LEGAL FEES TO AUDIT BALANCE.				
523	Professional Fees - Legal		47,537.00	
201	NHP Accounts Payable			47,537.00
Total			47,537.00	47,537.00
Adjusting Journal Entries JE # 4		M2.01		
TO PROPERLY ACCOUNT FOR THE SALE OF THE ASSET HELD FOR SALE				
790	- Proceeds - Sale		404,644.00	
DCO - 009	LONG TERM DEBT		300,557.00	
626	Building-Principal Payments			294,051.00
DCO-005	Land Held for Sale			149,920.00
DCO-006	Building Held for Sale			261,230.00
Total			705,201.00	705,201.00
Adjusting Journal Entries JE # 5		I.01		
TO ADJUST DEPRECIATION EXPENSE TO AUDIT BALANCE				
612	IC-Payroll Taxes -Ind Care		4,608.00	
125	Accumulated Depreciation			4,608.00
Total			4,608.00	4,608.00
Adjusting Journal Entries JE # 6				
Entry to adjust nursing home mpap receivables at year end				
415	Nursing Home - MPAP		371,199.00	
117	NH - UPL Prog			371,199.00
Total			371,199.00	371,199.00
Adjusting Journal Entries JE # 7				
ENTRY TO RECONCILE MPAP REVENUE AND CORRELATING EXPENSES AS OF YEAR END.				
190	NH Payable - Accruals		2,036,680.00	
630	NH Program-Mgt Fees		433,783.00	
630	NH Program-Mgt Fees		556,689.00	

Client: **WINNIE HD - Winnie-Stowell Hospital District**
 Engagement: **12/31/16 - Winnie-Stowell Hospital District**
 Period Ending: **12/31/2016**
 Trial Balance: **701 - WTB**
 Workpaper: **GB16.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
631	NH Program-IGT		500,684.00	
415	Nursing Home - MPAP			3,527,836.00
Total			<u>3,527,836.00</u>	<u>3,527,836.00</u>

Adjusting Journal Entries JE # 8

Entry to reconcile districts accounts payable balances at year end.

200	Accounts Payable		2,035,728.00	
190	NH Payable - Accruals			1,530,830.00
201	NHP Accounts Payable			504,898.00
Total			<u>2,035,728.00</u>	<u>2,035,728.00</u>

DRAFT

Exhibit “E”



Riceland
HEALTHCARE™

538 Broadway, Winnie, TX 77665 • 409-296-6000 • www.RicelandMed.com

Medical Center

December 18, 2017

RE: Heath Redwine, FNP-C

Dear Winnie-Stowell Hospital District:

Since October 2016, Heath Redwine, a nurse practitioner has been a full-time employee of Riceland Medical Center. Heath has been working in several of our clinics, but has now accepted a position working in our Emergency Room here at the hospital. Along with ER coverage, Heath will be working every Monday in the Winnie Clinic helping Dr. Boutte provide medical care to our community.

Heath has been providing medical care under the direct supervision of Dr. Andres and has worked very closely with Dr. Andres. Heath has been in the medical field for the past 12 years and brings sound clinical experience to Winnie. Heath lives in Hamshire with his wife and 5 children.

As the Hospital Administrator, I recommend that the Hospital District assess in helping Heath with his student loan repayment. Attached is Heath's personal letter along with his loan papers. Thank you for your continued support, and please feel free to contact me if you need further information.

Sincerely,

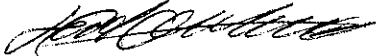


Dan Yancy, Ph.D.
Administrator

To Whom It May Concern:

My name is Heath Redwine, I am a nurse practitioner and have been with Riceland for over a year. I have recently started working in the emergency department in Winnie and I am helping in the clinic. I am writing this letter in efforts to receive assistance on my student loans I obtained while receiving my Masters in Nursing.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read "Heath Redwine", written in a cursive style.

Heath Redwine



U.S. Department of Education
Information about your federal student loan

November 22, 2017

#BWBBCFT
#B874 6429 2311 22L7#
HEATH O REDWINE
13764 POWERS RD
HAMSHIRE TX 77622-8451

**RECERTIFY FOR THE
REVISED PAY AS YOU
EARN REPAYMENT PLAN**

Account Number: 61 1316 9949

You currently repay your loans under the **Revised Pay As You Earn (REPAYE)** Repayment plan. Under this plan, your monthly payment amount is based on your income and family size. As part of the REPAYE plan, you are required to recertify annually. Since you are approaching the end of your 12-month payment period, you need to provide your and your spouse's (if applicable) income documentation and verify your family size, so we can recalculate your monthly payment. You must do this even if your income and family size has not changed.

Recertify electronically at StudentLoans.gov.

We must receive your application by 01/25/2018. If we do not receive your application within 10 days of this date, your monthly payment is estimated to be \$1,425.56, first due on 03/20/2018.

If you do not provide documentation by the deadline above, unpaid interest will be capitalized (added to the principal balance of your loan).

Why should you recertify?

- You still wish to have your payment amount based on your income and family size
- If you do not recertify, you will be placed on the Alternative Repayment plan.
 - Payments made while on the Alternative Repayment plan will not count as qualifying payments toward Public Service Loan Forgiveness (PSLF).
 - Your new repayment term will be the lesser of either 120 months or the number of months remaining in your REPAYE repayment term.

We will continue to remind you annually of your need to recertify your income and family size so that we can re-evaluate your payment amount. Visit MyFedLoan.org/REPAYE for more information.

Account Summary

[Need Help?](#)

We're here to assist you.



Alerts & Messages

- Welcome to Account Access!

Payment Summary

Last Payment: \$1,145.00 on 12/08/2017 [View Payment History](#)

Current Payment Due: \$0.00 [View Billing Details](#)

[Make a Payment](#)

[I can't afford this payment](#)

Account Profile

Address:
13764 POWERS RD
HAMSHIRE, TX 77622 -8451

Phone:
(409) 782-6179 *primary*
(409) 267-3137 *alternate*

Email:
Redwine2018@aol.com

[Update Information](#)

[Change Password](#)

Loan Summary

Date	Loan Type	Status	Balance
01/30/2017	Direct Sub Consolidation Loan	Repayment	\$7,515.49
01/30/2017	Direct Unsub Consolidation Ln	Repayment	\$115,259.13
05/22/2016	Direct Unsub Stafford Loan	Paid In Full	\$0.00
05/18/2015	Direct Unsub Stafford Loan	Paid In Full	\$0.00
05/18/2015	Direct Student Plus Loan	Paid In Full	\$0.00
05/21/2014	Direct Unsub Stafford Loan	Paid In Full	\$0.00
05/21/2014	Direct Student Plus Loan	Paid In Full	\$0.00
01/07/2014	Direct Unsub Stafford Loan	Paid In Full	\$0.00
08/13/2012	Direct Sub Stafford Loan	Paid In Full	\$0.00
08/13/2012	Direct Unsub Stafford Loan	Paid In Full	\$0.00
09/27/2010	Direct Sub Stafford Loan	Paid In Full	\$0.00
09/27/2010	Direct Unsub Stafford Loan	Paid In Full	\$0.00

[View Loan Details](#)

Total Loan Balance: \$122,774.62

Mortgage Applicants



Getting a Loan Verification Letter to give to your mortgage company is easy.

[Download Letter](#)

[Learn More](#)



Do you work in public service?

You may qualify for the Public Service Loan Forgiveness program.

[Learn More](#)

Exhibit “F”

Year 1, QIPP 1 NSGO, Number of Facilities, and IGT Amounts

NSGO Name	Number of Facilities	Share of Total IGT	IGT Request 6 Months
Private Homes	84	0.0000%	\$0.00
West Coke County Hospital District	1	0.0584%	\$55,441.00
McCamey County Hospital District	1	0.0674%	\$64,068.00
East Coke County Hospital District	1	0.0687%	\$65,274.00
Munday Nursing Center	1	0.0752%	\$71,427.00
Stonewall Memorial Hospital Gibson Care Center	1	0.0885%	\$84,075.00
Hamilton County Hospital District	2	0.0948%	\$90,070.00
Schleicher County Medical Center and Hospital District	1	0.0989%	\$93,981.00
Sterling County Nursing Home	1	0.1084%	\$102,949.00
Mitchell County Hospital	1	0.1132%	\$107,531.00
Parmer County Hospital District	1	0.1218%	\$115,694.00
Muleshoe Area Hospital District	1	0.1245%	\$118,265.00
Crockett County Care Center	1	0.1300%	\$123,517.00
Moore County Hospital District	1	0.1348%	\$128,038.00
Dallam Hartley Counties Hospital District	1	0.1456%	\$138,309.00
County of Yoakum	1	0.1537%	\$146,035.00
Andrews County Hospital District	1	0.1603%	\$152,237.00
County of La Salle	1	0.1830%	\$173,877.00
Farwell Hospital District	1	0.2187%	\$207,763.00
Hemphill County Hospital District	2	0.2333%	\$221,604.00
Chambers County	1	0.2701%	\$256,575.00
Chambers County Public Hospital District No. 1	1	0.2815%	\$267,419.00
Burleson County Hospital District	2	0.2899%	\$275,388.00
Ballinger Memorial Hospital District	2	0.3288%	\$312,345.00
Hansford County Hospital District	2	0.3551%	\$337,360.00
County of Throckmorton	3	0.3577%	\$339,797.00
Booker Hospital District	3	0.3596%	\$341,636.00
Frio Hospital District	1	0.4122%	\$391,582.00
Parker County Hospital District	2	0.4903%	\$465,751.00
Dimmitt Regional Hospital District	3	0.5925%	\$562,852.00
Baylor County Hospital District	3	0.6294%	\$597,907.00
Gonzales Healthcare System	3	0.6543%	\$621,533.00
Olney-Hamilton Hospital District	2	0.6612%	\$628,125.00
Goodall-Witcher Hospital Authority	4	0.8321%	\$790,462.00
Tyler County Hospital District	4	0.8537%	\$810,958.00
Medina County Hospital District	5	1.0261%	\$974,734.00
Nacogdoches County Hospital District	5	1.0306%	\$979,070.00
Memorial Medical Center	5	1.0644%	\$1,011,154.00
Jack County Hospital District	3	1.0757%	\$1,021,901.00
Sweeney Hospital District	4	1.0912%	\$1,036,607.00
Bexar County Hospital District	4	1.1060%	\$1,050,669.00
Hopkins County Hospital District	6	1.1311%	\$1,074,490.00
McCulloch County Hospital District	6	1.1316%	\$1,074,940.00
Midland County Hospital District	5	1.1740%	\$1,115,273.00
Smithville Hospital Authority	4	1.1832%	\$1,124,021.00
Stephens Memorial Hospital District	5	1.3452%	\$1,277,902.00
Starr County Hospital District	4	1.4386%	\$1,366,609.00
Seminole Hospital District	10	1.8557%	\$1,762,858.00
Childress County Hospital District	13	2.0393%	\$1,937,248.00
South Limestone Hospital District	11	2.0654%	\$1,962,006.00
Palo Pinto County Hospital District	8	2.1053%	\$1,999,972.00
Nocona Hospital District	11	2.4307%	\$2,309,052.00
Val Verde County Hospital District	7	2.4568%	\$2,333,897.00
Stratford Hospital District Total	16	2.7262%	\$2,589,777.00
Citizens Medical Center County of Victoria	10	2.9522%	\$2,804,425.00
Decatur Hospital Authority	15	2.9536%	\$2,805,764.00
Guadalupe Regional Medical Center	13	3.1068%	\$2,951,302.00
DeWitt Medical District	12	3.6181%	\$3,437,008.00
Eastland Memorial Hospital District	20	4.5964%	\$4,366,392.00
Winnie-Stowell Hospital District	19	5.0307%	\$4,778,980.00
Liberty County Hospital District No. 1	24	5.6575%	\$5,374,402.00
OakBend Medical Center	20	5.6712%	\$5,387,367.00
Fannin County Hospital Authority	25	5.7571%	\$5,469,005.00
Uvalde County Hospital Authority	26	6.8699%	\$6,526,167.00
Coryell County Memorial Hospital Authority	28	7.2212%	\$6,859,874.00
Parkland Health and Hospital System	29	7.3406%	\$6,973,289.00
Grand Total	514	100.0000%	\$94,996,000.00

QIPP Income Statement (Year 1-4)

*75% Achievement													
Existing Loan Structures, 25 Homes, & Increases for Years 2, 3, and 4													
	Year 1			Year 2			Year 3			Year 4			Grand Total Yr. 1-4
QIPP Summary by IGT	QIPP/IGT 1	QIPP/IGT 2	Year 1 Total	QIPP/IGT 3	QIPP/IGT 4	Year 2 Total	QIPP/IGT 5	QIPP/IGT 6	Year 3 Total	QIPP/IGT 7	QIPP/IGT 8	Year 4 Total	
Loan Received	\$4,775,587	\$4,765,392	\$9,540,979	\$6,585,199	\$6,585,199	\$13,170,398	\$7,316,888	\$7,316,888	\$14,633,775	\$8,048,576	\$8,048,576	\$16,097,153	\$53,442,305
110% IGT Out	(\$4,775,587)	(\$4,765,392)	(\$9,540,979)	(\$6,585,199)	(\$6,585,199)	(\$13,170,398)	(\$7,316,888)	(\$7,316,888)	(\$14,633,775)	(\$8,048,576)	(\$8,048,576)	(\$16,097,153)	(\$53,442,305)
Total Component 1 Payments	\$4,775,587	\$4,765,392	\$9,540,979	\$6,585,199	\$6,585,199	\$13,170,398	\$7,316,888	\$7,316,888	\$14,633,775	\$8,048,576	\$8,048,576	\$16,097,153	\$53,442,305
Loan Repayment	(\$4,775,587)	(\$4,765,392)	(\$9,540,979)	(\$6,585,199)	(\$6,585,199)	(\$13,170,398)	(\$7,316,888)	(\$7,316,888)	(\$14,633,775)	(\$8,048,576)	(\$8,048,576)	(\$16,097,153)	(\$53,442,305)
IGT Reconciliation	\$434,144	\$433,217	\$867,362	\$598,654	\$598,654	\$1,197,309	\$665,172	\$665,172	\$1,330,343	\$731,689	\$731,689	\$1,463,378	\$4,858,391
Qtrly Supplemental Payment	\$3,644,874	\$2,716,710	\$6,361,584	\$3,988,019	\$3,988,019	\$7,976,037	\$4,431,132	\$4,431,132	\$8,862,264	\$4,874,245	\$4,874,245	\$9,748,490	\$32,948,375
Gross Revenue/Net Proceeds	\$4,079,019	\$3,149,927	\$7,228,946	\$4,586,673	\$4,586,673	\$9,173,346	\$5,096,303	\$5,096,303	\$10,192,607	\$5,605,934	\$5,605,934	\$11,211,868	\$37,806,767
Expenses			\$0										
1) Nursing Home Expenses			\$0										
Nursing Home IGT Reconciliation Payment	(\$217,072)	(\$216,609)	(\$433,681)	(\$299,327)	(\$299,327)	(\$598,654)	(\$332,586)	(\$332,586)	(\$665,172)	(\$365,844)	(\$365,844)	(\$731,689)	(\$2,429,196)
Nursing Home Qtrly Supplemental Payment	(\$1,822,437)	(\$1,358,355)	(\$3,180,792)	(\$1,994,009)	(\$1,994,009)	(\$3,988,019)	(\$2,215,566)	(\$2,215,566)	(\$4,431,132)	(\$2,437,123)	(\$2,437,123)	(\$4,874,245)	(\$16,474,188)
Nursing Home Component 1 Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow Timing Adjustment	\$0	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
Total Nursing Home Expenses	(\$2,039,509)	(\$1,574,964)	(\$3,614,473)	(\$2,293,337)	(\$2,293,337)	(\$4,586,673)	(\$2,548,152)	(\$2,548,152)	(\$5,096,303)	(\$2,802,967)	(\$2,802,967)	(\$5,605,934)	(\$18,903,383)
2) District Expenses			\$0										
Interest Expense	(\$504,147)	(\$354,435)	(\$858,583)	(\$695,184)	(\$546,548)	(\$1,241,732)	(\$772,427)	(\$624,073)	(\$1,396,500)	(\$849,669)	(\$701,034)	(\$1,550,703)	(\$5,047,517)
Professional Services	(\$649,800)	(\$649,800)	(\$1,299,600)	(\$855,000)	(\$855,000)	(\$1,710,000)	(\$855,000)	(\$855,000)	(\$1,710,000)	(\$855,000)	(\$855,000)	(\$1,710,000)	(\$6,429,600)
Total District Expenses	(\$1,153,947)	(\$1,004,235)	(\$2,158,183)	(\$1,550,184)	(\$1,401,548)	(\$2,951,732)	(\$1,627,427)	(\$1,479,073)	(\$3,106,500)	(\$1,704,669)	(\$1,556,034)	(\$3,260,703)	(\$11,477,117)
Total Expenses	(\$3,193,457)	(\$2,579,199)	(\$5,772,656)	(\$3,843,520)	(\$3,694,885)	(\$7,538,405)	(\$4,175,578)	(\$4,027,225)	(\$8,202,803)	(\$4,507,636)	(\$4,359,001)	(\$8,866,637)	(\$30,380,501)
Total Net Cash to District	\$885,562	\$570,728	\$1,456,290	\$743,153	\$891,788	\$1,634,941	\$920,725	\$1,069,079	\$1,989,804	\$1,098,298	\$1,246,933	\$2,345,231	\$7,426,266
Proposed Loan Structures, 25 Homes, & Increases for Years 2, 3, and 4													
	Year 1			Year 2			Year 3			Year 4			Grand Total Yr. 1-4
QIPP Summary by IGT	QIPP/IGT 1	QIPP/IGT 2	Year 1 Total	QIPP/IGT 3	QIPP/IGT 4	Year 2 Total	QIPP/IGT 5	QIPP/IGT 6	Year 3 Total	QIPP/IGT 7	QIPP/IGT 8	Year 4 Total	
Loan Received	\$4,775,587	\$4,765,392	\$9,540,979	\$6,585,199	\$6,585,199	\$13,170,398	\$7,316,888	\$7,316,888	\$14,633,775	\$8,048,576	\$8,048,576	\$16,097,153	\$53,442,305
110% IGT Out	(\$4,775,587)	(\$4,765,392)	(\$9,540,979)	(\$6,585,199)	(\$6,585,199)	(\$13,170,398)	(\$7,316,888)	(\$7,316,888)	(\$14,633,775)	(\$8,048,576)	(\$8,048,576)	(\$16,097,153)	(\$53,442,305)
Total Component 1 Payments	\$4,775,587	\$4,765,392	\$9,540,979	\$6,585,199	\$6,585,199	\$13,170,398	\$7,316,888	\$7,316,888	\$14,633,775	\$8,048,576	\$8,048,576	\$16,097,153	\$53,442,305
Loan Repayment	(\$4,775,587)	(\$4,765,392)	(\$9,540,979)	(\$6,585,199)	(\$6,585,199)	(\$13,170,398)	(\$7,316,888)	(\$7,316,888)	(\$14,633,775)	(\$8,048,576)	(\$8,048,576)	(\$16,097,153)	(\$53,442,305)
IGT Reconciliation	\$434,144	\$433,217	\$867,362	\$598,654	\$598,654	\$1,197,309	\$665,172	\$665,172	\$1,330,343	\$731,689	\$731,689	\$1,463,378	\$4,858,391
Qtrly Supplemental Payment	\$3,644,874	\$2,716,710	\$6,361,584	\$3,988,019	\$3,988,019	\$7,976,037	\$4,431,132	\$4,431,132	\$8,862,264	\$4,874,245	\$4,874,245	\$9,748,490	\$32,948,375
Gross Revenue/Net Proceeds	\$4,079,019	\$3,149,927	\$7,228,946	\$4,586,673	\$4,586,673	\$9,173,346	\$5,096,303	\$5,096,303	\$10,192,607	\$5,605,934	\$5,605,934	\$11,211,868	\$37,806,767
Expenses			\$0										
1) Nursing Home Expenses			\$0										
Nursing Home IGT Reconciliation Payment	(\$217,072)	(\$216,609)	(\$433,681)	(\$299,327)	(\$299,327)	(\$598,654)	(\$332,586)	(\$332,586)	(\$665,172)	(\$365,844)	(\$365,844)	(\$731,689)	(\$2,429,196)
Nursing Home Qtrly Supplemental Payment	(\$1,822,437)	(\$1,358,355)	(\$3,180,792)	(\$1,994,009)	(\$1,994,009)	(\$3,988,019)	(\$2,215,566)	(\$2,215,566)	(\$4,431,132)	(\$2,437,123)	(\$2,437,123)	(\$4,874,245)	(\$16,474,188)
Nursing Home Component 1 Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow Timing Adjustment	\$0	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
Total Nursing Home Expenses	(\$2,039,509)	(\$1,574,964)	(\$3,614,473)	(\$2,293,337)	(\$2,293,337)	(\$4,586,673)	(\$2,548,152)	(\$2,548,152)	(\$5,096,303)	(\$2,802,967)	(\$2,802,967)	(\$5,605,934)	(\$18,903,383)
2) District Expenses			\$0										
Interest Expense	(\$504,147)	(\$354,435)	(\$858,583)	(\$830,590)	(\$704,428)	(\$1,535,017)	(\$1,024,364)	(\$807,146)	(\$1,831,510)	(\$1,126,801)	(\$909,300)	(\$2,036,101)	(\$6,261,211)
Professional Services	(\$649,800)	(\$649,800)	(\$1,299,600)	(\$855,000)	(\$855,000)	(\$1,710,000)	(\$855,000)	(\$855,000)	(\$1,710,000)	(\$855,000)	(\$855,000)	(\$1,710,000)	(\$6,429,600)
Total District Expenses	(\$1,153,947)	(\$1,004,235)	(\$2,158,183)	(\$1,685,590)	(\$1,559,428)	(\$3,245,017)	(\$1,879,364)	(\$1,662,146)	(\$3,541,510)	(\$1,981,801)	(\$1,764,300)	(\$3,746,101)	(\$12,690,811)
Total Expenses	(\$3,193,457)	(\$2,579,199)	(\$5,772,656)	(\$3,978,926)	(\$3,852,764)	(\$7,831,690)	(\$4,427,516)	(\$4,210,298)	(\$8,637,814)	(\$4,784,768)	(\$4,567,267)	(\$9,352,035)	(\$31,594,195)
Total Net Cash to District	\$885,562	\$570,728	\$1,456,290	\$607,747	\$733,909	\$1,341,656	\$668,787	\$886,006	\$1,554,793	\$821,166	\$1,038,666	\$1,859,833	\$6,212,572
Difference	\$0	\$0	\$0	(\$135,406)	(\$157,879)	(\$293,285)	(\$251,938)	(\$183,073)	(\$435,011)	(\$277,132)	(\$208,267)	(\$485,398)	(\$1,213,694)

Post Oak Bank QIPP Accounts Flow Chart

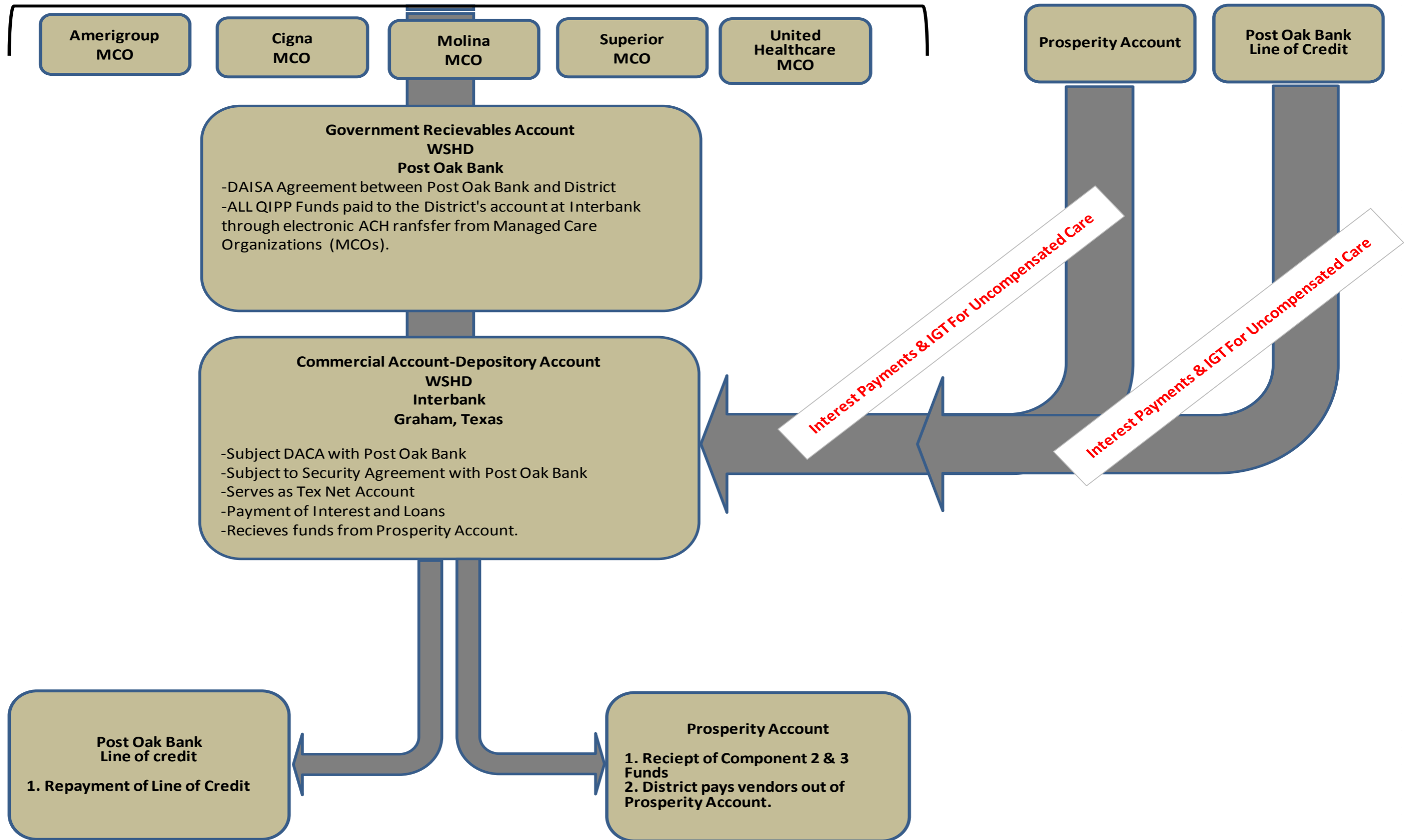
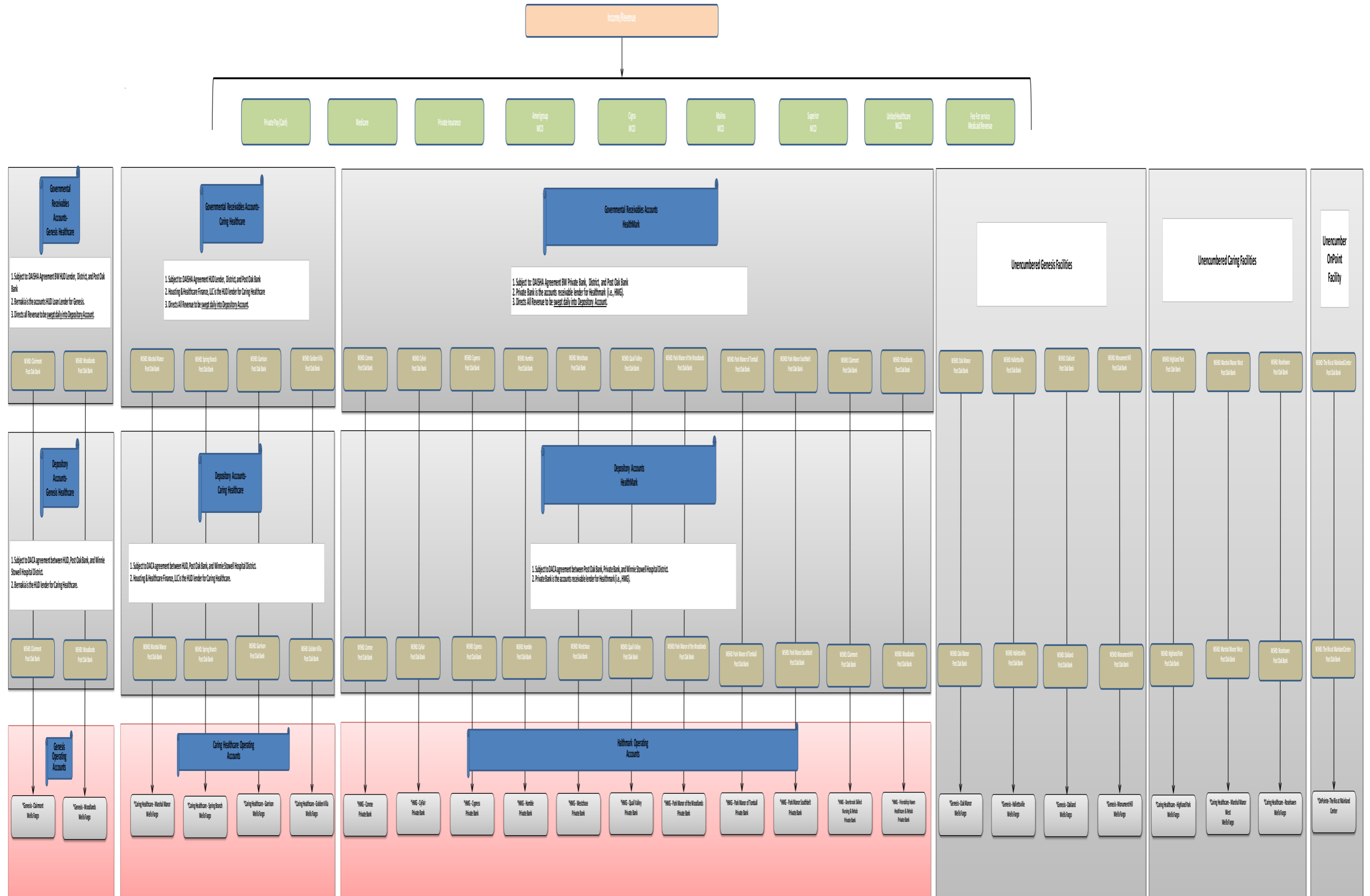
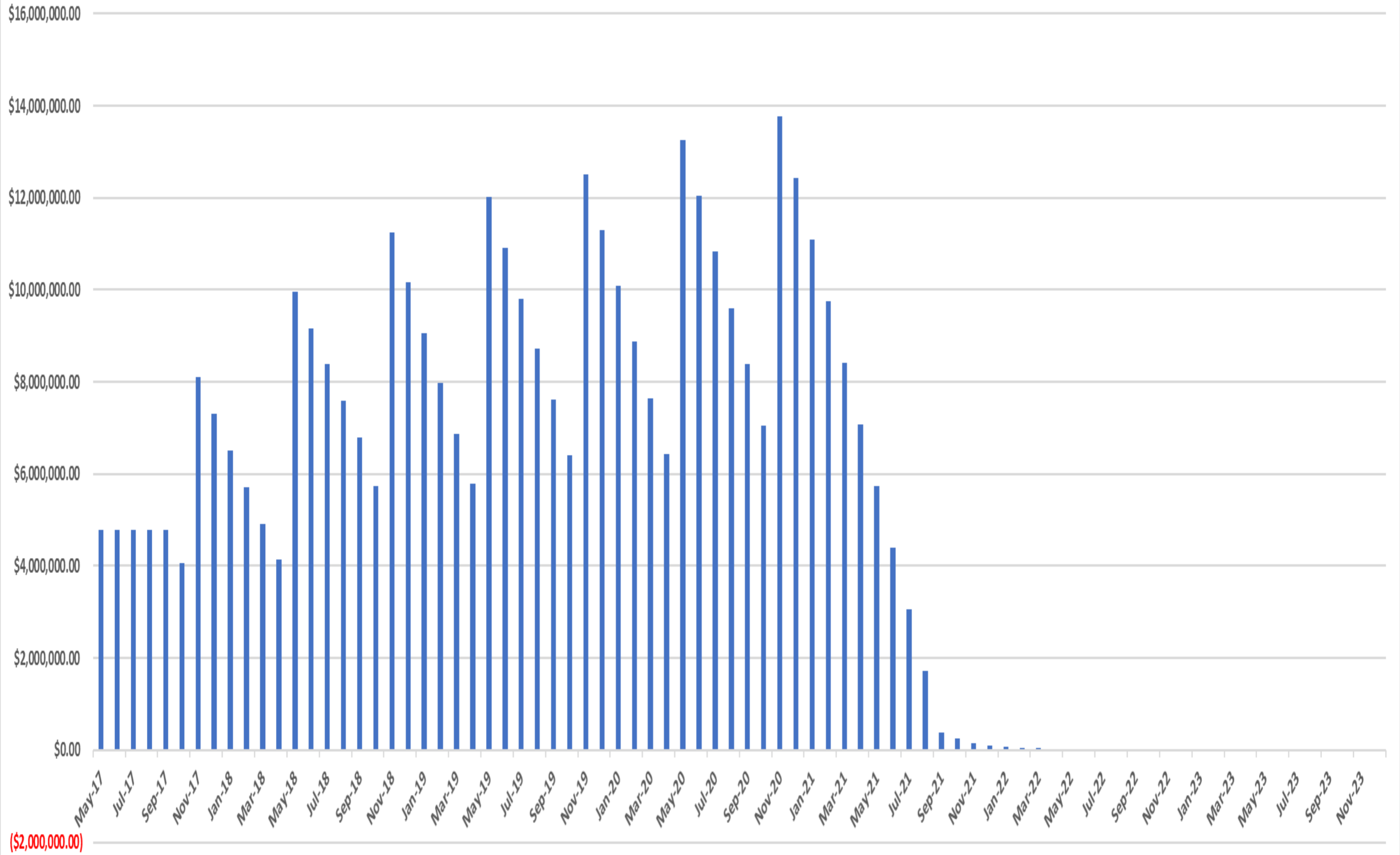


Chart of Accounts at Post Oak Bank-25 Nursing Facilities



Outstanding Money



Quality Improvement Payment Program (QIPP)

HMG Healthcare, LLC

WINNIE STOWELL

Timeline and Payments for QIPP year 2

TIMELINE AND DEADLINES

Jan 2018: Deadline for QIPP CHOW applications with effective date of 4/1/2018

Jan/Feb 2018: Deadline to for all CHOW documents

March 2018: Contract Amendment Deadline

4/1/2018: QIPP CHOW effective date

4/1-4/30/2018: QIPP enrollment period

5/31/2018: First ½ IGT due from participating NSGO NFs

- Summer 2018: QIPP trainings to be held
- 9/1/18: QIPP year 2 launch date

PAYMENTS

Quarterly Payments based on quality benchmarks reached

\$400 million available quality pool for all QIPP participants

- Lapsed funds are redistributed to other QIPP participants

Facility Information

PARK MANOR OF THE WOODLANDS

LEGAL BUSINESS NAME	HMG PARK MANOR OF THE WOODLANDS , L.L.C.
FEDERAL PROVIDER NUMBER	676273
ADDRESS	1014 WINDSOR LAKES BLVD.
CITY	THE WOODLANDS
STATE	TX
ZIP CODE	77384
PROVIDER COUNTY	MONTGOMERY
ADMINISTRATOR	CONNER GREENSPAN
DIRECTOR OF NURSING	ADA FISCU
DATE FIRST APPROVED TO PROVIDE MCR & MCD	MARCH 25, 2011

PARK MANOR OF TOMBALL

LEGAL BUSINESS NAME	HMG PARK MANOR OF TOMBALL, L.L.C.
FEDERAL PROVIDER NUMBER	676165
ADDRESS	250 SCHOOL STREET
CITY	TOMBALL
STATE	TX
ZIP CODE	77375
PROVIDER COUNTY	HARRIS
ADMINISTRATOR	FRANCESCA CAIN
DIRECTOR OF NURSING	DONNA WILLIAMS
DATE FIRST APPROVED TO PROVIDE MCR & MCD	FEBRUARY 21, 2008

Facility Information

PARK MANOR SOUTHBELT

LEGAL BUSINESS NAME	HMG PARK MANOR OF SOUTHBELT, L.L.C.
FEDERAL PROVIDER NUMBER	675819
ADDRESS	11902 RESOURCE PKWY
CITY	HOUSTON
STATE	TX
ZIP CODE	77089
PROVIDER COUNTY	HARRIS
ADMINISTRATOR	JESSICA BROWN
DIRECTOR OF NURSING	TINA COOK
DATE FIRST APPROVED TO PROVIDE MCR & MCD	MARCH 14, 2000

DEERBROOK SKILLED NURSING AND REHAB

LEGAL BUSINESS NAME	HMG PARK MANOR OF DEERBROOK, L.L.C.
FEDERAL PROVIDER NUMBER	676263
ADDRESS	9250 HUMBLE-WESTFIELD RD
CITY	HUMBLE
STATE	TX
ZIP CODE	77338
PROVIDER COUNTY	HARRIS
ADMINISTRATOR	AMY HICKS
DIRECTOR OF NURSING	LESLIE PATT
DATE FIRST APPROVED TO PROVIDE MCR & MCD	FEBRUARY 7, 2011

Facility Information

FRIENDSHIP HAVEN HEALTHCARE AND REHAB

LEGAL BUSINESS NAME	FRIENDSWOOD TRS, LLC
FEDERAL PROVIDER NUMBER	675744
ADDRESS	1500 SUNSET DR.
CITY	FRIENDSWOOD
STATE	TX
ZIP CODE	77546
PROVIDER COUNTY	HARRIS
ADMINISTRATOR	RAYMOND HOWARD
DIRECTOR OF NURSING	SANDRA COLLEY
DATE FIRST APPROVED TO PROVIDE MCR & MCD	

Facility Information *(cont.)*

PARK MANOR OF THE WOODLANDS

ANNUAL MCD DAYS	19,297
NUMBER OF CERTIFIED BEDS	124
TOTAL NUMBER OF PENALTIES	13
NUMBER OF PAYMENT DENIALS	1
NUMBER OF FINES	2
TOTAL AMOUNT OF FINES	\$19,810
NUMBER OF FACILITY REPORTED INCIDENTS	1
NUMBER OF SUBSTANTIATED COMPLAINTS	2
ADJ. CNA STAFFING HOURS PPD	1.99
ADJ. LPN STAFFING HOURS PPD	1.02
ADJ. RN STAFFING HOURS PPD	.29

PARK MANOR OF TOMBALL

ANNUAL MCD DAYS	23,097
NUMBER OF CERTIFIED BEDS	125
TOTAL NUMBER OF PENALTIES	8
NUMBER OF PAYMENT DENIALS	0
NUMBER OF FINES	0
TOTAL AMOUNT OF FINES	\$0
NUMBER OF FACILITY REPORTED INCIDENTS	0
NUMBER OF SUBSTANTIATED COMPLAINTS	0
ADJ. CNA STAFFING HOURS PPD	1.92
ADJ. LPN STAFFING HOURS PPD	.92
ADJ. RN STAFFING HOURS PPD	.25

Facility Information *(cont.)*

PARK MANOR OF SOUTHBELT

ANNUAL MCD DAYS	20,772
NUMBER OF CERTIFIED BEDS	120
TOTAL NUMBER OF PENALTIES	6
NUMBER OF PAYMENT DENIALS	0
NUMBER OF FINES	0
TOTAL AMOUNT OF FINES	\$0
NUMBER OF FACILITY REPORTED INCIDENTS	0
NUMBER OF SUBSTANTIATED COMPLAINTS	0
ADJ. CNA STAFFING HOURS PPD	1.97
ADJ. LPN STAFFING HOURS PPD	.78
ADJ. RN STAFFING HOURS PPD	.42

DEERBROOK SKILLED NURSING AND REHAB

ANNUAL MCD DAYS	21,057
NUMBER OF CERTIFIED BEDS	124
TOTAL NUMBER OF PENALTIES	14
NUMBER OF PAYMENT DENIALS	1
NUMBER OF FINES	1
TOTAL AMOUNT OF FINES	\$10,482.50
NUMBER OF FACILITY REPORTED INCIDENTS	0
NUMBER OF SUBSTANTIATED COMPLAINTS	2
ADJ. CNA STAFFING HOURS PPD	1.85
ADJ. LPN STAFFING HOURS PPD	.97
ADJ. RN STAFFING HOURS PPD	.28

Facility Information *(cont.)*

FRIENDSHIP HAVEN HEALTHCARE AND REHAB

ANNUAL MCD DAYS	28,640
NUMBER OF CERTIFIED BEDS	150
TOTAL NUMBER OF PENALTIES	5
NUMBER OF PAYMENT DENIALS	0
NUMBER OF FINES	0
TOTAL AMOUNT OF FINES	\$0
NUMBER OF FACILITY REPORTED INCIDENTS	0
NUMBER OF SUBSTANTIATED COMPLAINTS	0
ADJ. CNA STAFFING HOURS PPD	1.94
ADJ. LPN STAFFING HOURS PPD	.89
ADJ. RN STAFFING HOURS PPD	.17

Facility Information *(cont.)*

PARK MANOR OF THE WOODLANDS

OVERALL RATING	★
QM RATING	★★★
HEALTH INSPECTION RATING	★
STAFFING RATING	★★
RN STAFFING RATING	★★

PARK MANOR OF TOMBALL

OVERALL RATING	★★★★
QM RATING	★★★★★
HEALTH INSPECTION RATING	★★★★
STAFFING RATING	★
RN STAFFING RATING	★

Facility Information *(cont.)*

PARK MANOR OF SOUTHBELT

OVERALL RATING	★ ★
QM RATING	★ ★ ★ ★
HEALTH INSPECTION RATING	★ ★ ★
STAFFING RATING	★
RN STAFFING RATING	★ ★

DEERBROOK SKILLED NURSING AND REHAB

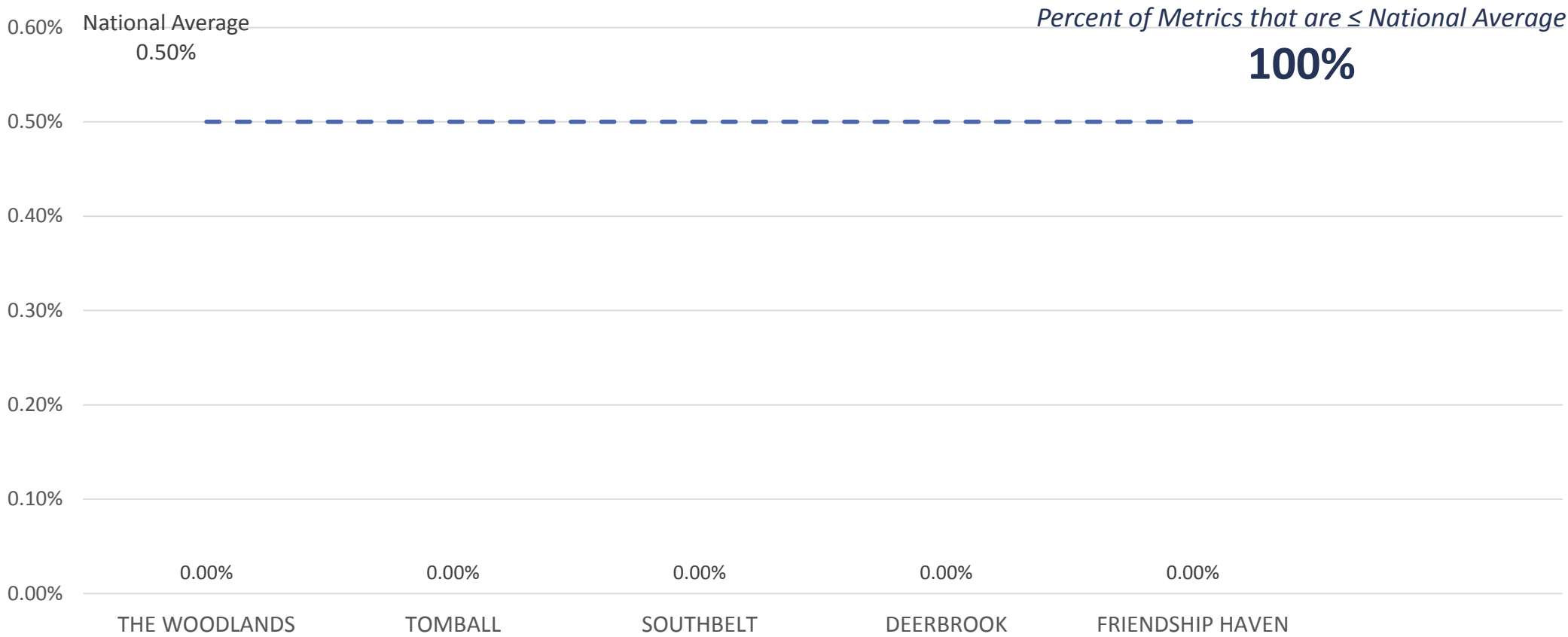
OVERALL RATING	★ ★ ★
QM RATING	★ ★
HEALTH INSPECTION RATING	★ ★ ★
STAFFING RATING	★ ★ ★
RN STAFFING RATING	★ ★

Facility Information *(cont.)*

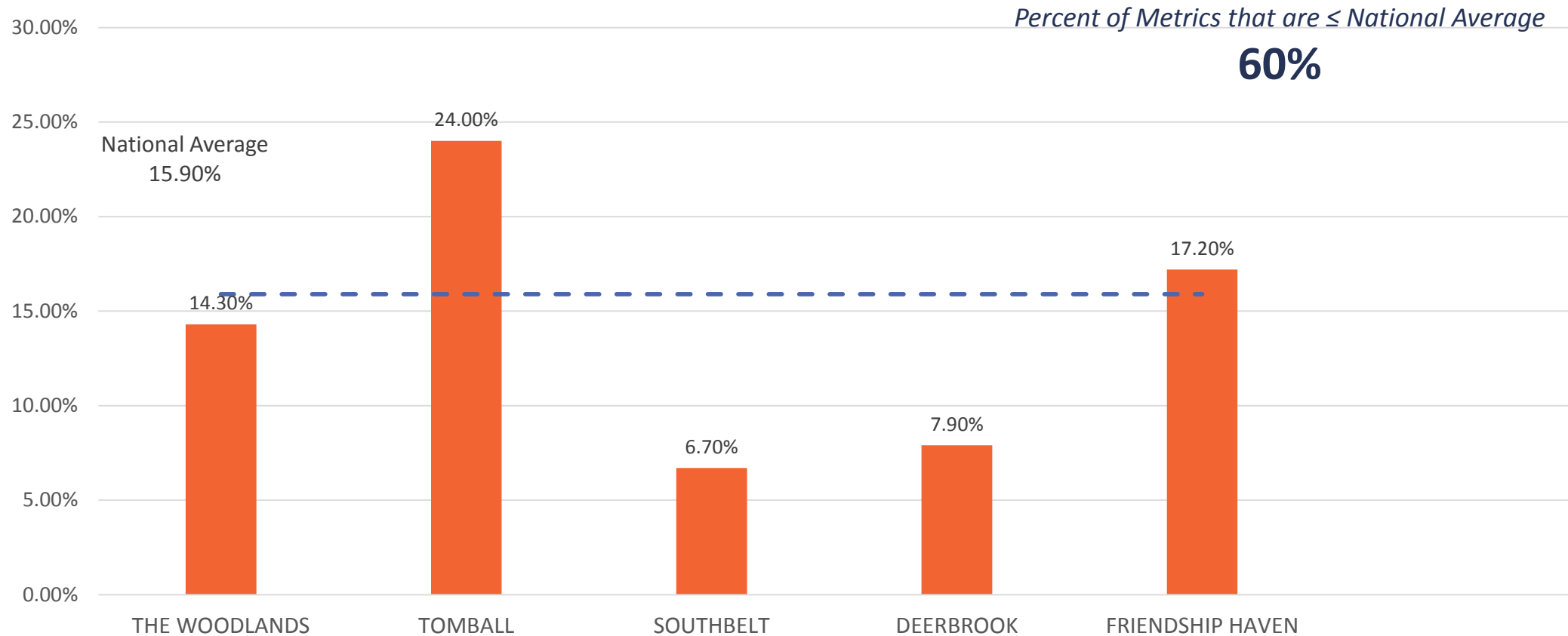
FRIENDSHIP HAVEN HEALTHCARE AND REHAB

OVERALL RATING	★
QM RATING	★★★★
HEALTH INSPECTION RATING	★★
STAFFING RATING	★
RN STAFFING RATING	★

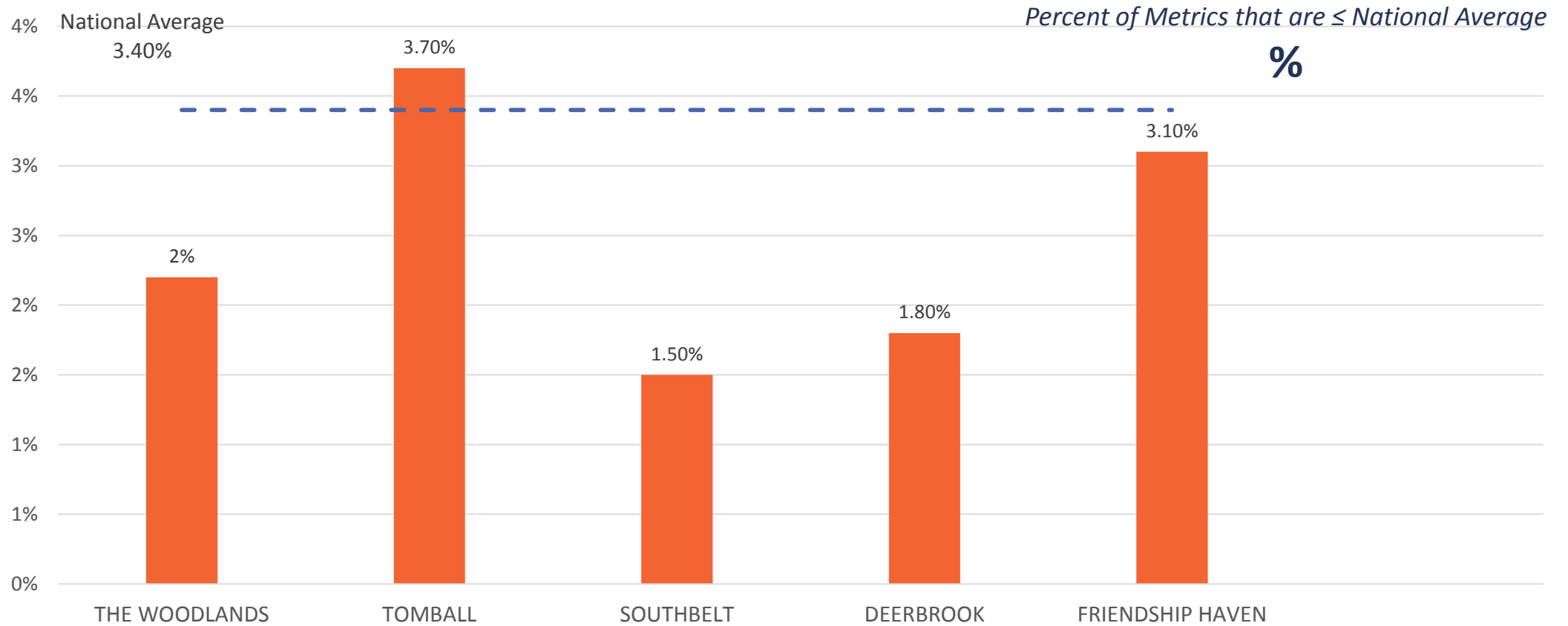
QIPP Quality Metrics – Restraints



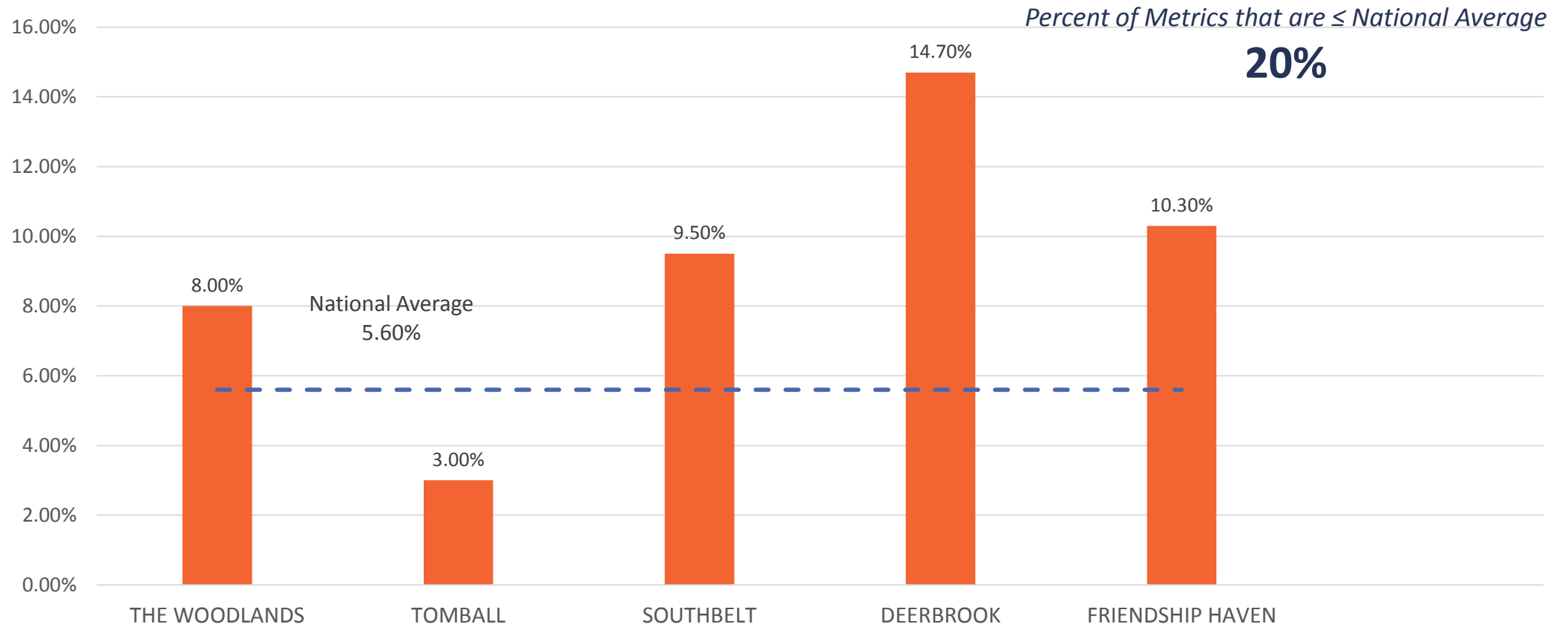
QIPP Quality Metrics – Antipsychotics



QIPP Quality Metrics – Falls w/Injury



QIPP Quality Metrics – Pressure Ulcers



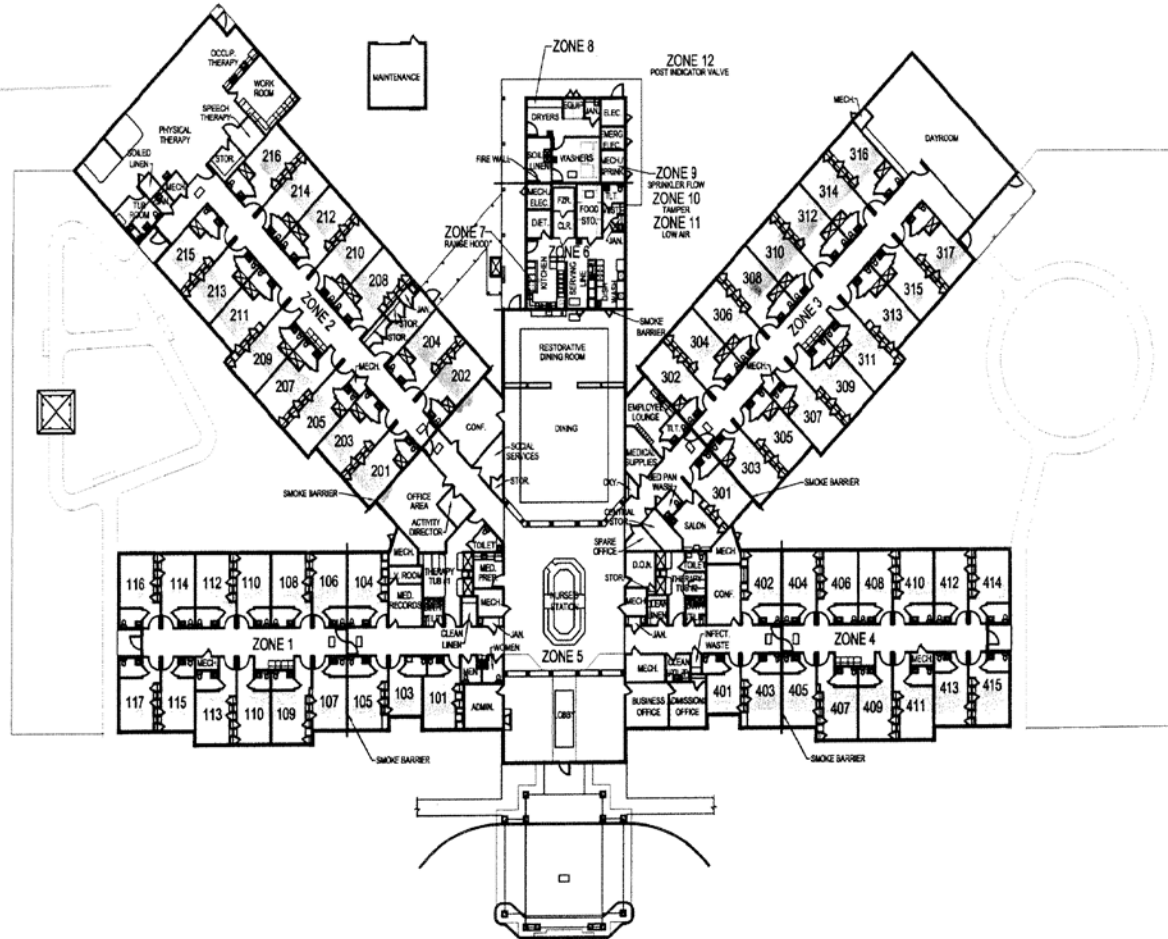
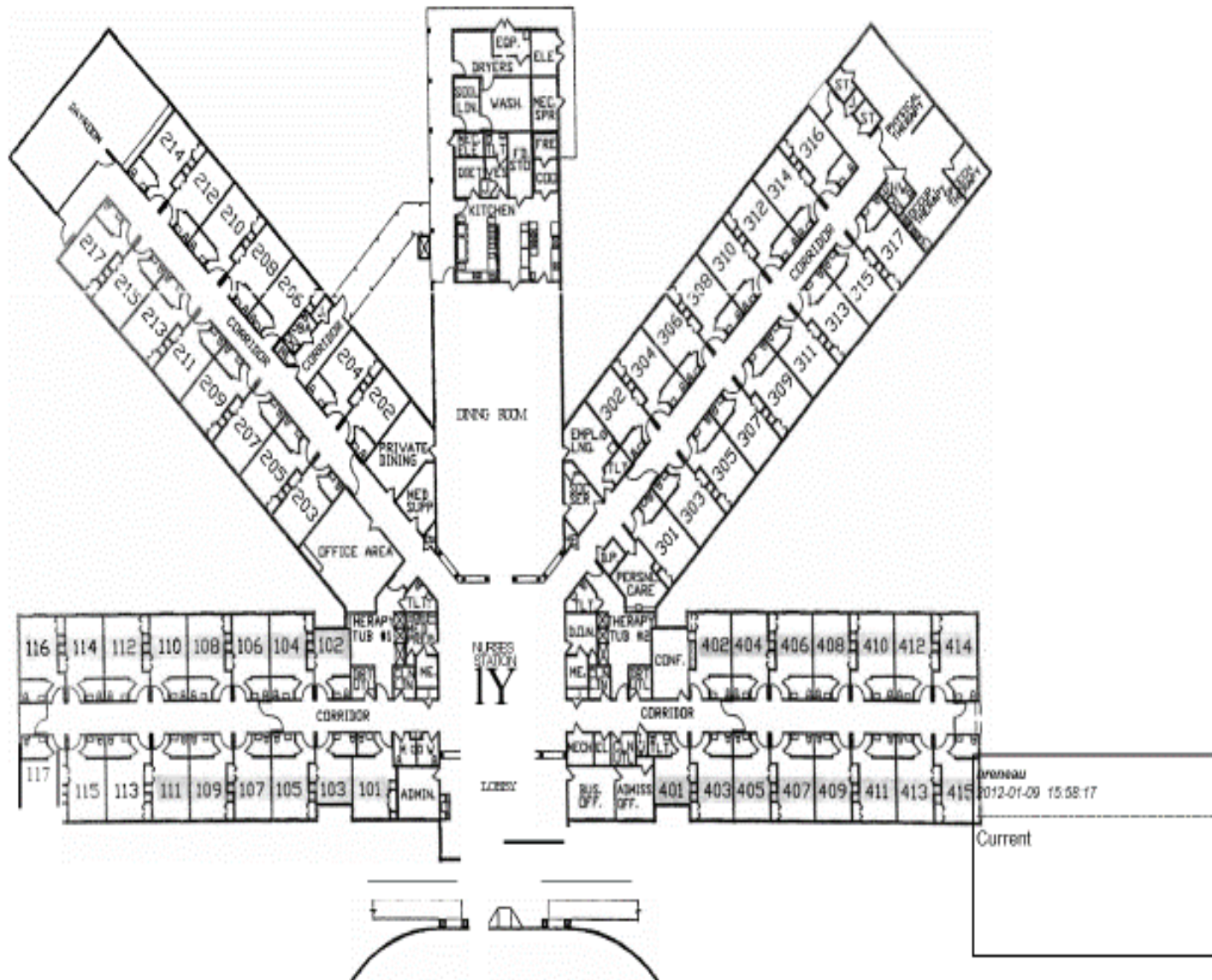


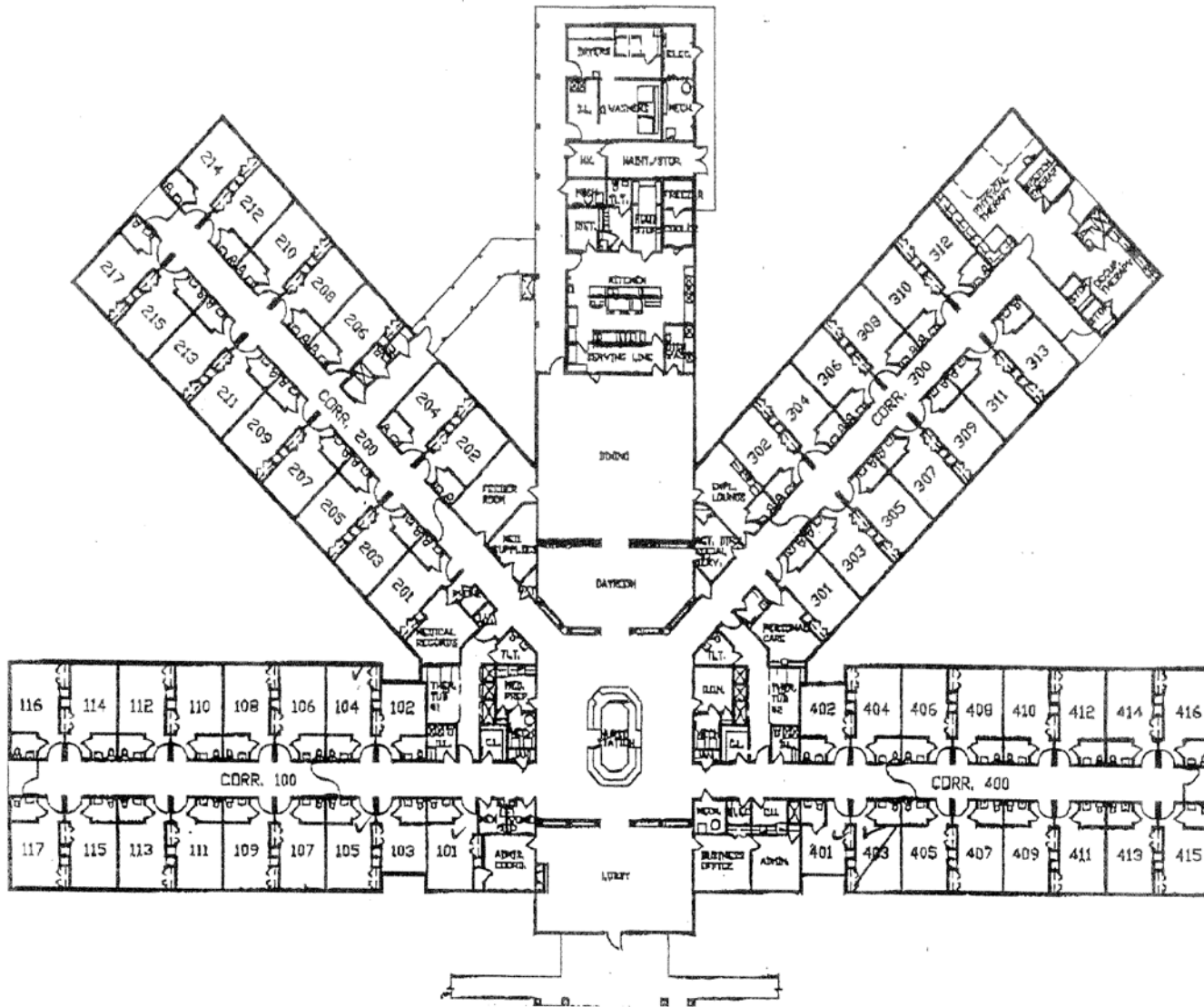
Fig. 10.02.01

PARK MANOR OF THE WOODLANDS

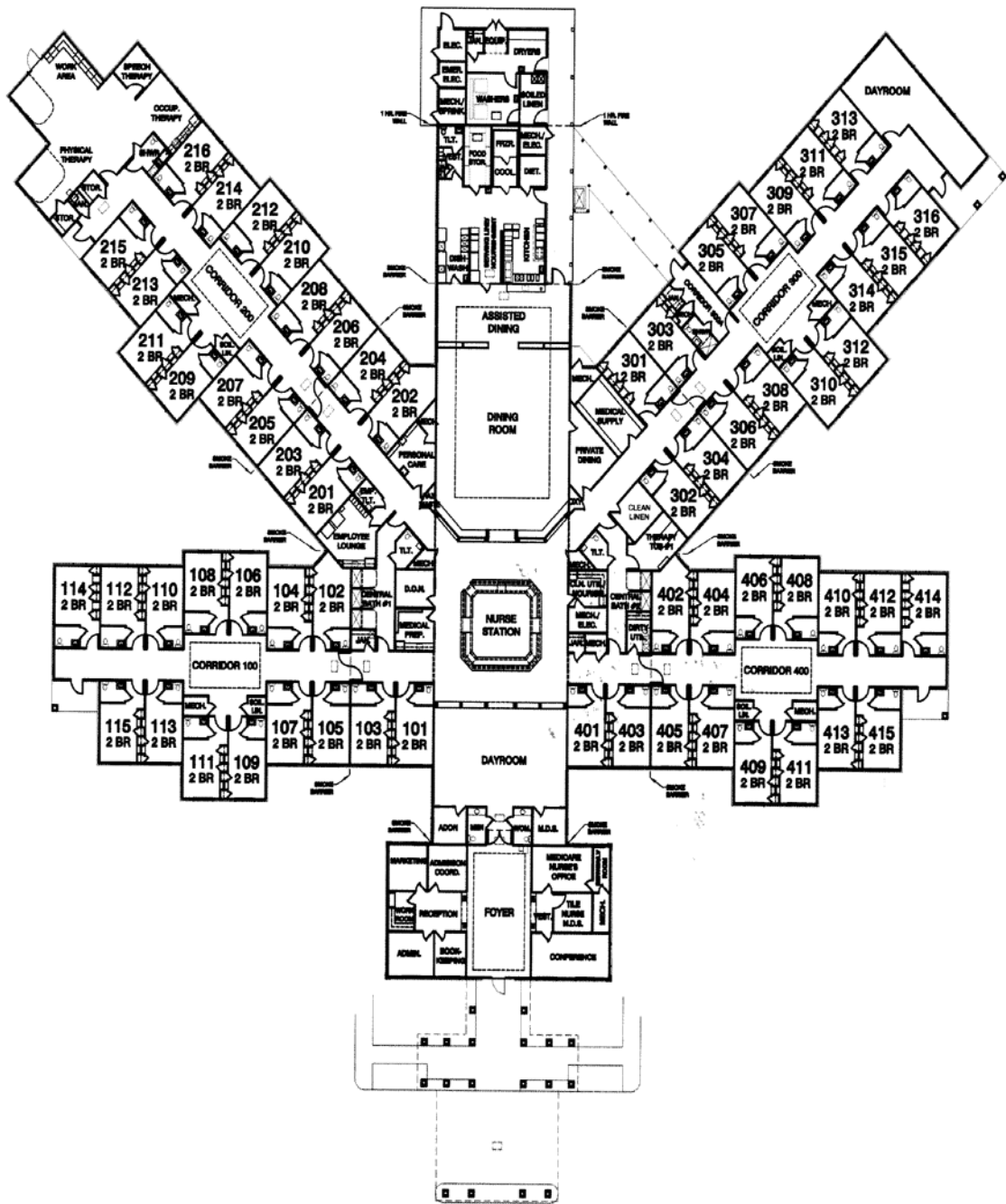
Current



PARK MANOR OF TOMBALL

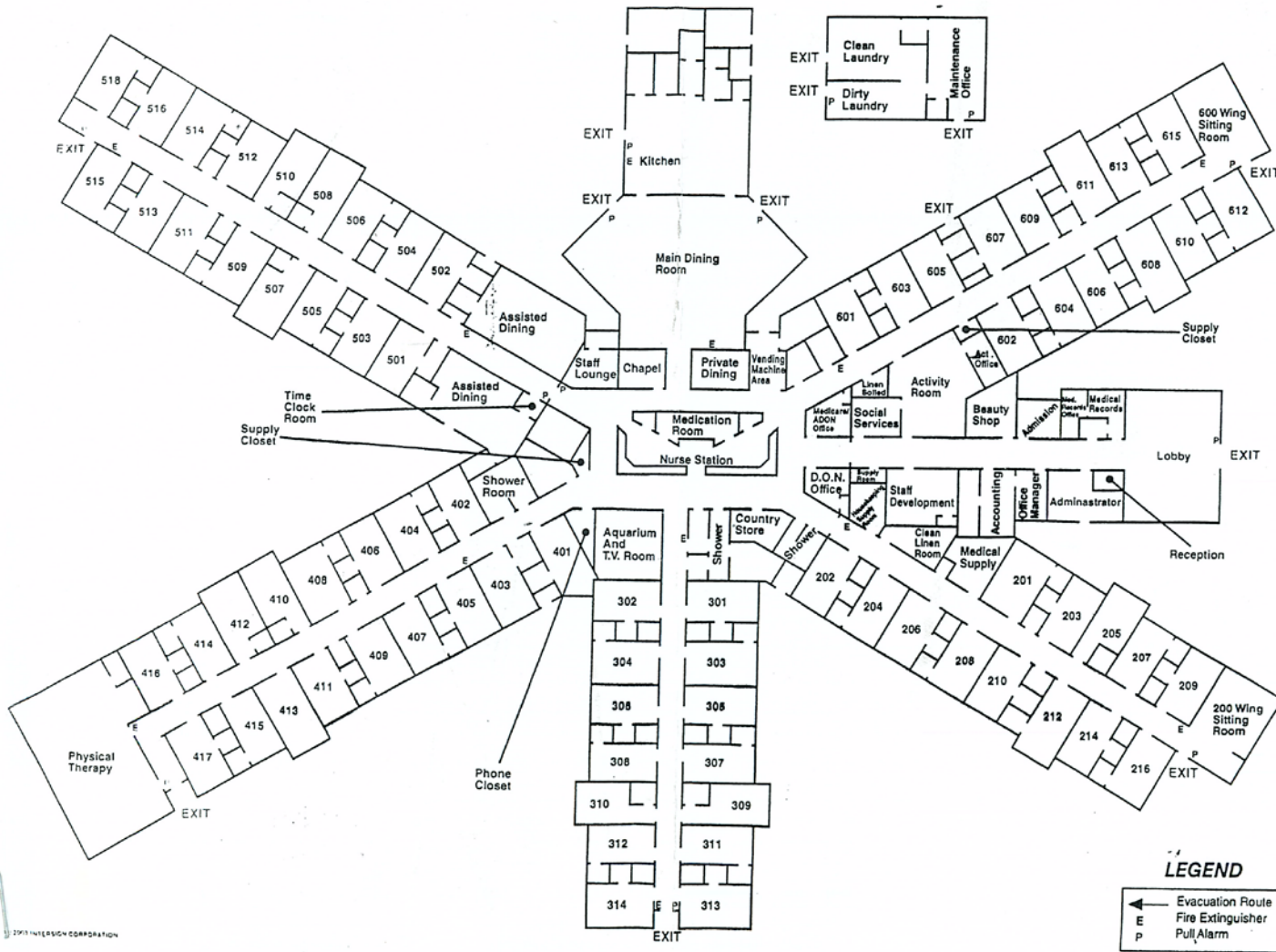


PARK MANOR OF SOUTHBELT




DEERBROOK SKILLED NURSING AND REHAB

Friendship Haven Evacuation Routes



FRIENDSHIP HAVEN NURSING AND REHABILITATION

	OnPointe Management, LLC Tax ID: 46-4937450		Texas Skilled Nursing Facilities							
LEGAL NAME	FACILITY NAME DBA	Physical & Billing Address	County	Licensed Beds	NEW TAX ID/EIN	NEW NPI Number	Vendor#	Medicaid Provider #	Medicare Provider #	2015 Cost Report Medicaid %
Villa del Mar at Mainland Center, LLC	The Rio at Mainland Center	1011 Mainland Center Texas, City 77591	Galveston	134 - 94 Dual Cert & 40 SNF Only	46-3539153	1508288325	5674	{001025697}	676360	
2015 Cost Report Medicaid Census	Star Plus MCO		MCD Days	Hospice	MCD Days less Hospice	/	Total Days	=	MCD % for QIPP	
	AGP, Molina, UHC		11,423	545	10,878		29,899		36.38%	