

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana

Annual Financial Statements
For the Year Ended December 31, 2021

Bienville Parish Hospital
Service District No. 2
Annual Financial Statements
For the Year Ended December 31, 2021
With Supplemental Information Schedules

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Bienville Parish Hospital
Service District No. 2
Management Discussion and Analysis
December 31, 2021

The management of the Bienville Parish Hospital Service District No. 2 offers readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended December 31, 2021. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the district's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of district finances. It is also intended to provide readers with an analysis of the district's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the district. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the district's financial activity, identify changes in the district's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This section is intended to serve as an introduction to the district's financial statements. The district's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of the district's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the district's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down to show the district's governmental activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues.

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Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government’s financial position. At the close of the most recent fiscal year, the District’s assets exceeded its liabilities by \$5,939,781 (net position); this represents an increase of \$406,930 from the last fiscal year. Of this total net asset amount, \$5,939,781 is unrestricted net position.

The following is a condensed statement of the Bienville Parish Hospital Service District No. 2’s net position as of December 31, 2021 and 2020:

	2021	2020
Assets		
Current & Other Assets	\$5,164,642	\$4,813,532
Capital Assets (net)	969,900	871,712
Total Assets	\$6,134,542	\$5,685,244
Liabilities		
Other Liabilities	\$194,761	\$152,394
Long-term Liabilities	0	0
Total Liabilities	194,761	152,394
Net Position		
Net investment in capital assets	969,900	871,712
Unrestricted	4,969,881	4,661,138
Total Net Position	\$5,939,781	\$5,532,850

Approximately 16% of the District’s net position of \$5,939,781 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, District infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District’s capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$4,969,881 is unrestricted net position, which may be used to meet the government’s on-going obligations to citizens and creditors.

The District has total outstanding debt of \$0, which was used to finance some of the \$969,900 net capital assets. Total liabilities of \$194,761 are equal to 3% of the total net position.

The following is a summary of the statement of activities -- governmental-type activities:

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	2021	2020
Revenue		
Program Revenue	\$1,648,983	\$2,293,818
General Revenue & Transfers	1,337,212	302,807
Total Revenue	2,986,195	2,596,625
Expenses		
Program Expenses	2,579,265	2,759,165
Total Expenses	2,579,265	2,759,165
Increase (Decrease) in Net Position	406,930	(162,540)
Net Position, beginning	5,532,851	5,695,391
Prior period adjustment	0	0
Net Position, ending	\$5,939,781	\$5,532,851

Governmental Activities

The governmental activities of the District include personnel services, operating services, materials and supplies, interest on long-term debt, and depreciation. The district is heavily dependent on charges for services to support its operations. Charges for services provided 55% of the district's revenues. The district's operations are primarily staff oriented. As a result, employee salaries and benefits make up approximately 43% of total expenses.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for a particular purpose.

The District currently maintains two individual governmental fund types. These fund types include the General Fund and Special Revenue Funds. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and Special Revenue Funds. The General fund and the Family Clinic fund are considered to be major funds.

The District adopts an annual budget for the General Fund, Family Clinic Fund, and Wellness Center Fund. A statement of revenues, expenditures, and changes in fund balances is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget figures for each major fund and the Wellness Center Fund.

Financial Analysis of the District's Governmental Funds

The General Fund reported an ending fund balance of \$3,757,290 which is an increase of \$210,917. The entire fund balance is unreserved.

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The Family Clinic Fund reported an ending fund balance of \$1,257,781, which is an increase of \$119,613 from prior year. This increase is caused by a decrease in operating services and an increase in operating transfers in and revenues.

The Wellness Center Fund reported an ending fund balance of \$7,047, which is a decrease of \$15,160 from prior year. This decrease is caused by a decrease in operating transfers in.

General Fund Budgetary Highlights

The District amended its original General Fund, Family Clinic Fund, and Wellness Center budgets once during the course of the year. Two (2) funds were in compliance with local budget laws of 5%. The Family Clinic Fund was not in compliance with local budget laws of 5%.

Capital Asset and Debt Administration

The total net invested in capital assets as of December 31, 2021 is \$969,900.

The new major capital assets purchased in fiscal 2021 for governmental activities were building improvements still in progress and fixtures and a new generator for the General fund totaling \$227,055.

Current Financial Factors

The District does not anticipate any other changes in its day-to-day operations that will have a material effect on its 2022 budget.

Requests for Information

This financial report is designed to provide a general overview of the Bienville Parish Hospital Service District No. 2's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lee Locke, P. O. Box 766 or 1175 Pine Street, Suite 100, Arcadia, LA 71001 or call at 318-263-7970.

WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Board of Commissioners
Bienville Parish Hospital District No. 2
Arcadia, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bienville Parish Hospital District No. 2 ("District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 4 and 25 through 27 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation paid elected officials and schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wade & Perry

Ruston, Louisiana
June 29, 2022

Bienville Parish Hospital Service District No. 2
Statement of Net Position
December 31, 2021

	ASSETS	
Cash and cash investments		\$2,685,064
Receivables		2,441,888
Internal balances		0
Other assets		37,690
Capital assets (net)		<u>969,900</u>
TOTAL ASSETS		<u>\$6,134,542</u>
Deferred outflows of resources		0
	LIABILITIES	
Accounts, salaries, and other payables		\$43,764
Unearned revenue		98,760
Compensated absences liability		<u>52,237</u>
TOTAL LIABILITIES		<u>194,761</u>
Deferred inflows of resources		0
	NET POSITION	
Net invested in capital assets		969,900
Unrestricted		<u>4,969,881</u>
TOTAL NET POSITION		<u>\$5,939,781</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Statement of Activities
For the Year Ended December 31, 2021

EXPENSES	
Personnel services	\$1,105,313
Operating services	1,289,380
Materials and supplies	56,944
Depreciation	<u>128,868</u>
Total program expenses	2,580,505
PROGRAM REVENUES	
Charges for services	<u>1,648,983</u>
Net program expense	<u>(931,522)</u>
GENERAL REVENUES	
Property taxes	1,049,808
Use of money and property	287,404
ARP grant	1,240
Operating transfers (net)	<u>0</u>
Total general revenues	<u>1,338,452</u>
<i>Net Change in Net Position</i>	406,930
Net Position – beginning	5,532,851
Prior period adjustment	<u>0</u>
Net Position – ending	<u><u>\$5,939,781</u></u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Balance Sheet, Governmental Funds
 December 31, 2021

	Major Funds		Non-major	Total
	General Fund	Family Clinic Fund	Wellness Center Fund	
ASSETS				
Cash and cash investments	\$2,559,961	\$112,966	\$12,137	\$2,685,064
Receivables	1,014,311	1,427,577		2,441,888
Due from other funds	194,115	594	1,458	196,167
Other assets		34,977	2,713	37,690
TOTAL ASSETS	<u>\$3,768,387</u>	<u>\$1,576,114</u>	<u>\$16,308</u>	<u>\$5,360,809</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	\$11,097	\$29,414	\$3,253	\$43,764
Unearned revenue		98,760		98,760
Due to other funds		190,159	6,008	196,167
Total liabilities	<u>11,097</u>	<u>318,333</u>	<u>9,261</u>	<u>338,691</u>
Fund balances:				
Restricted for debt service				0
Unassigned	3,757,290	1,257,781	7,047	5,022,118
TOTAL LIABILITIES AND FUND BALANCES	<u>\$3,768,387</u>	<u>\$1,576,114</u>	<u>\$16,308</u>	<u>\$5,360,809</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Reconciliation of The Governmental Funds Balance Sheet
 to The Government-Wide Financial Statement of Net Position
 December 31, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balances, Total governmental funds (Statement C)	\$5,022,118
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:	
Compensated absences	(52,237)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Governmental capital assets	5,027,840
Less accumulated depreciation	<u>(4,057,940)</u> <u>969,900</u>
Total Net Position of Governmental Activities (Statement A)	<u><u>\$5,939,781</u></u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2021

	Major Funds		Non-major	Total
	General Fund	Family Clinic Fund	Wellness Center Fund	
REVENUES				
Fees and charges for services		\$1,607,549	\$41,434	\$1,648,983
Property taxes	\$1,049,808			1,049,808
Use of money and property	287,404			287,404
Total Revenues	<u>1,337,212</u>	<u>1,607,549</u>	<u>41,434</u>	<u>2,986,195</u>
EXPENDITURES				
General government:				
Personnel services	63,905	971,211	63,570	1,098,686
Operating services	170,201	1,072,109	47,070	1,289,380
Materials and supplies	2,134	48,856	5,954	56,944
Capital outlay	227,055			227,055
Total Expenditures	<u>463,295</u>	<u>2,092,176</u>	<u>116,594</u>	<u>2,672,065</u>
Excess (Deficiency) of Revenues over Expenditures	873,917	(484,627)	(75,160)	314,130
OTHER FINANCING SOURCES (USES)				
Operating transfers in		603,000	60,000	663,000
Operating transfers out	(663,000)			(663,000)
ARP grant		1,240		1,240
Total Other Financing Sources (Uses)	<u>(663,000)</u>	<u>604,240</u>	<u>60,000</u>	<u>1,240</u>
Net Change in Fund Balances	210,917	119,613	(15,160)	315,370
Fund Balances – beginning	3,546,373	1,138,168	22,207	4,706,748
Prior period adjustment				0
Fund Balances – ending	<u>\$3,757,290</u>	<u>\$1,257,781</u>	<u>\$7,047</u>	<u>\$5,022,118</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Reconciliation of The Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balances, Total governmental funds (Statement E)	\$315,370
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds	(6,627)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$227,055) exceeded depreciation (\$128,868) in the current period.	<u>98,187</u>
Change in Net Position of Governmental Activities (Statement B)	<u><u>\$406,930</u></u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2021

INTRODUCTION

Bienville Parish Hospital Service District No. 2 is controlled by a board of Commissioners who are appointed by the Bienville Parish Police Jury, and is exempt from income taxes. The District owns and operates the Family Clinic and the Wellness Center for the purpose of providing for the medical needs of the citizens of Bienville Parish. The District also contracts with various other health care providers in which the district provides space in return for rent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As the governing authority of the parish, for reporting purposes, the Bienville Parish Police Jury is the financial reporting entity for Bienville Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the Bienville Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and;
 - a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of the District's governing body and has the ability to impose its will, the agency was determined to be a component unit of the Bienville Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

The accompanying financial statements of the district have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

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As of and For the Year Ended December 31, 2021

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. The General fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policy.

The Special revenue funds are used to account for operations of the Family Clinic and the Wellness Center.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include

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water and sewer services to the residents of the District. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Deposits and Investments

The District's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the District are reported at fair value.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectives. The District calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

The District levies a property tax on all property subject to taxation in the service district. The 6.00 mill tax was reappraised for a period of 10 years, beginning with the year 2016 and ending with the year 2026, to be dedicated and used for acquiring, maintaining, operating, and supporting facilities, equipment and furnishings. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District. Property tax notices are mailed by November 15 each year, are due by December 31, and become delinquent on January 1 of the following year.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2021

F. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building	40 years
Equipment	5-10 years

G. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

H. Fund Equity

In the government wide statements, net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

The District adopted GASB 54 in the year ended December 31, 2012. As such, fund balances of the governmental funds are classified as follow:

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2021

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments.

Committed - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - all other spendable amounts.

As of December 31, 2021, fund balances are composed of the following:

	<u>General Fund</u>	<u>Family Clinic</u>	<u>Wellness Center</u>
Nonspendable:			
Prepaid items	\$0	\$0	\$0
Restricted:			
Debt service	0	0	0
Unassigned	<u>3,757,290</u>	<u>1,257,781</u>	<u>7,047</u>
Total fund balances	<u>\$3,757,290</u>	<u>\$1,257,781</u>	<u>\$7,047</u>

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from the estimates.

J. RISK MANAGEMENT

The district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the district maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2021.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2021

K. VACATION AND SICK LEAVE

All full-time employees of the district earn 10 days of vacation leave after one full year of service, and fifteen days of vacation leave after six years of service. Full-time employees earn 10 days of sick leave after one full year of service. Employees may carry forward a maximum of one year of accrued vacation time and unlimited accrued sick leave time. Part-time employees are also eligible for vacation and sick leave at a lower rate of accrual. Upon separation of employment, employees are paid for accrued vacation leave.

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

2. LEVIED TAXES

The following are the principal taxpayers for the parish and their 2021 assessed valuation (amounts expressed in thousands):

<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
ETC Tiger Pipeline	oil and gas	35,312,988	19.34%
Regency Intrastate	oil and gas	18,132,546	9.93%
Bear Creek Storage	oil and gas	17,986,440	9.85%
Total		<u>71,431,974</u>	<u>39.11%</u>

3. CASH AND CASH EQUIVALENTS

At December 31, 2021, the District has cash and cash equivalents (book balances) totaling \$2,685,064 as follows:

Demand deposits	\$192,488
Interest-bearing demand deposits	1,003,158
Investments	1,489,318
Petty cash	100
Total	<u>\$2,685,064</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on

Bienville Parish Hospital
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Arcadia, Louisiana
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deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2021, the District has \$2,705,283 in deposits (collected bank balances). These deposits are secured from risk by \$366,336 of federal deposit insurance and \$2,338,947 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$2,441,888 at December 31, 2021, are as follows:

<u>Class of Receivable</u>	
Property taxes	\$1,009,810
Other	
Fees, charges, and commissions for services:	
Patient fees	1,427,577
Utility reimbursements	<u>4,501</u>
Total	<u>\$2,441,888</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2021, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$88,871			\$88,871
Other- Construction in Progress	<u>0</u>	<u>\$194,758</u>		<u>194,758</u>
Total capital assets not being depreciated	<u>88,871</u>	<u>194,758</u>	<u>0</u>	<u>283,629</u>
Capital assets being depreciated:				
Buildings	3,433,143	\$24,786		3,457,929
Improvements other than buildings	191,962			191,962
Machinery and equipment	<u>1,086,808</u>	<u>7,512</u>		<u>1,094,320</u>
Total capital assets being depreciated	<u>4,711,913</u>	<u>32,298</u>	<u>0</u>	<u>4,744,211</u>

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2021

	Beginning Balance	Increases	Decreases	Ending Balance
Less:				
Accumulated depreciation	3,929,072	128,868		4,057,940
Total capital assets being depreciated, net	\$871,712	\$98,188	\$0	\$969,900

Depreciation expense of \$128,868 for the year ended December 31, 2021, was charged to the general governmental functions.

6. LEASES

The district contracts with various other health care providers to serve the medical needs of the citizens of Bienville Parish. The District provides space for these providers in return for rent. Current leases include: 1) Green Clinic Management Co with a monthly payment of \$1,000 which ended in May, 2021; 2) Magnolia Home Health with a monthly payment of \$1,050; 3) the Bienville parish health unit with an annual payment of \$12,000; 4) Louisiana Extended Care Hospital with a monthly payment of \$17,000; 5) Bienville Medical Center with a monthly payment of \$3,425; and 6) *Bienville Medical Center Digital Reader* with a monthly payment of \$740.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2021 is as follows:

Due To/From Other Funds:		
Receivable fund	Payable fund	Amount
General fund		\$194,115
	Wellness Center	(189,565)
	Family clinic fund	(4,550)
Total		\$0

The balances consist of allocations for management fees, insurance, payroll and utilities reimbursements. The district's management will determine an action to take in order to reduce the interfunds in approximately 5 years.

Advances From/To Other Funds:		
Receivable fund	Payable fund	Amount
Wellness center fund		\$60,000
Family clinic fund		603,000
	General fund	(663,000)
Total		\$0

The transfers consist of allocations for payroll and various operations expenses.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2021

8. MANAGEMENT REVIEW

Subsequent events have been evaluated through June 29, 2022. This date represents the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Property taxes			\$1,049,808	\$1,049,808
Use of money and property	302,574	288,075	\$287,404	(671)
Other revenue				0
Total Revenues	<u>302,574</u>	<u>288,075</u>	<u>1,337,212</u>	<u>1,049,137</u>
EXPENDITURES				
General government:				
Personnel services	87,300	63,300	63,905	(605)
Operating services	64,624	163,076	170,201	(7,125)
Material & Supplies	500	1,982	2,134	(152)
Capital outlay	<u>600,000</u>	<u>247,000</u>	<u>227,055</u>	<u>19,945</u>
Total Expenditures	<u>752,424</u>	<u>475,358</u>	<u>463,295</u>	<u>12,063</u>
Excess (Deficiency) of Revenues over Expenditures	(449,850)	(187,283)	873,917	1,061,200
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>(285,000)</u>	<u>(640,000)</u>	<u>(663,000)</u>	<u>(23,000)</u>
Total Other Financing Sources (Uses)	<u>(285,000)</u>	<u>(640,000)</u>	<u>(663,000)</u>	<u>(23,000)</u>
Net Change in Fund Balance	(734,850)	(827,283)	210,917	1,038,200
Fund Balance (Deficit) at Beginning of Year	3,609,993	3,546,373	3,546,373	0
Prior period adjustment	0	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$2,875,143</u>	<u>\$2,719,090</u>	<u>\$3,757,290</u>	<u>\$1,038,200</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Family Clinic Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Fees and charges for services	\$3,080,000	\$1,840,000	\$1,607,549	(\$232,451)
Use of money and property	0	0		0
Total Revenues	3,080,000	1,840,000	1,607,549	(232,451)
EXPENDITURES				
General government:				
Personnel services	1,172,680	951,500	971,211	(19,711)
Operating services	2,023,260	1,042,167	1,072,109	(29,942)
Materials and supplies	60,000	82,723	48,856	33,867
Capital outlay				0
Total Expenditures	3,255,940	2,076,390	2,092,176	(15,786)
Excess (Deficiency) of Revenues over Expenditures	(175,940)	(236,390)	(484,627)	(248,237)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	180,000	580,000	603,000	23,000
ARP grant			1,240	1,240
Total Other Financing Sources (Uses)	180,000	580,000	604,240	24,240
Net Change in Fund Balance	4,060	343,610	119,613	(223,997)
Fund Balance (Deficit) at Beginning of Year	915,348	1,138,168	1,138,168	0
Prior period adjustment				0
Fund Balance (Deficit) at End of Year	<u>\$919,408</u>	<u>\$1,481,778</u>	<u>\$1,257,781</u>	<u>(\$223,997)</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

(2) explanation of material variances - overbudgeted fees and charges for services

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Wellness Center Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Fees and charges for services	\$54,000	\$42,000	\$41,434	(\$566)
Use of money and property	0	0	0	0
Total Revenues	54,000	42,000	41,434	(566)
EXPENDITURES				
General government:				
Personnel services	81,000	63,300	63,570	(270)
Operating services	53,900	48,144	47,070	1,074
Materials and supplies	20,000	4,000	5,954	(1,954)
Capital outlay				0
Total Expenditures	154,900	115,444	116,594	(1,150)
Excess (Deficiency) of Revenues over Expenditures	(100,900)	(73,444)	(75,160)	(1,716)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	105,000	60,000	60,000	0
Total Other Financing Sources (Uses)	105,000	60,000	60,000	0
Net Change in Fund Balance	4,100	(13,444)	(15,160)	(1,716)
Fund Balance (Deficit) at Beginning of Year	10,268	22,207	22,207	0
Fund Balance (Deficit) at End of Year	\$14,368	\$8,763	\$7,047	(\$1,716)

Notes to the Schedule

(1) method of budgetary accounting - GAAP

OTHER SUPPLEMENTAL SCHEDULES

Bienville Parish Hospital Service District No. 2
Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2021

<u>Board Member</u>	<u>Amount</u>
Dan Madden	\$525
Gary Gantt	600
Randy Wright	750
Shirley Payne	900
John Fontenot	750
Sharon Jackson	525
Moselene Green	<u>825</u>
Total	<u>\$4,875</u>

Bienville Parish Hospital Service District No. 2
Schedule of Compensation, Benefits and Other Payments
to Agency Head
For the Year Ended December 31, 2021

Schedule 5

Agency Head Name: Lee Locke

<u>Purpose</u>	<u>Amount</u>
Salary	\$80,000
Benefits-insurance	10,416
Benefits-medicare	1,207
Benefits-social security	5,160
Other amounts paid on behalf	3,400

OTHER REPORTS

WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Report on Compliance and Other Matters and on Internal Control
over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Commissioners
Bienville Parish Hospital District No. 2
Arcadia, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Bienville Parish Hospital District No. 2 ("District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 29, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were

not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies. 2021-02

Compliance and Other Matters

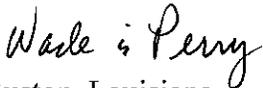
As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-01.

District's Response to Findings

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

Purpose of this Report

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



Ruston, Louisiana

June 29, 2022

Bienville Parish Hospital Service District No. 2
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the District.
2. One instance of noncompliance material to the financial statements of the District was disclosed during the audit.
3. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. Financial Statements Findings

2021-01. Failing to comply with local budget act pursuant to R.S. 39:1310

Condition: For the year ended December 31, 2021, Family Clinic Fund budgeted revenues and other sources exceeded actual revenues and other sources by \$208,211, or 8.6%.

Criteria: According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Cause: Management overbudgeted fees and charges for services.

Effect: Noncompliance with local budget law.

Recommendation: Management should monitor budget and actual figures and amend as necessary.

2021-02. Inadequate internal controls for compensated absences

Condition: Policy indicates that the maximum accrual for full time employees is 120 hours. Two employees are being allowed to carryover in excess of 120 hours, with no written documentation to support this practice.

Criteria: Good internal controls require that records for accumulating balances for unused vacation time be maintained and reviewed to ensure amounts are being calculated correctly.

Cause: Compensated absence records are not being reviewed timely.

Effect: Inaccurate reporting of compensated absences.

Recommendation: We suggest the District develop procedures to ensure all employees follow the policy.

Bienville Parish Hospital Service District No. 2
Summary of Prior Year Findings
For the Year Ended December 31, 2021

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2020-01. Violation of Article VII, Section14

Status: Resolved

BIENVILLE PARISH HOSPITAL DISTRICT NO. 2
PO Box 766
Arcadia, LA 71001

CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2021

The Bienville Parish Hospital District No. 2 hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 2021-01. The District agrees with the recommendations. Management will monitor the budget versus actual and amend as necessary.
- 2021-02. The District agrees with the recommendations. Management will review the balances and adhere to the policy. This finding will be corrected in July, 2022.

WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Bienville Parish Hospital Service District #2 (District) and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures were obtained and address the functions noted above. There is no mention of dollar thresholds for travel and expense reimbursements, no mention of documentation requirements, and no mention of required approvers. There are no written policies and procedures regarding ethics policy, debt service policy. There is no written policies and procedures regarding disaster recover/business continuity pertaining to periodic testing/verification that backups be restored, timely application of all available system and

² The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee³

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions.

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions.

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁶ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

⁴ Proprietary and special revenue funds are defined under GASB standards. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary and special revenue operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions

Collections (excluding electronic funds transfers)⁷

- 4. Obtain a listing of deposit sites⁸ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management represented the list obtained was complete.

- 5. For each deposit site selected, obtain a listing of collection locations⁹ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

No exceptions

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

No exceptions

⁷ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

The Family Clinic fund does not use sequentially pre-numbered receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management represented the list obtained was complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The district administrator signs checks and also mails them.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

There is no evidence on four of the 5 invoices of segregation of duties.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹⁰. Obtain management's representation that the listing is complete.

Management represented the list obtained was complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Two of the 3 credit cards have no written evidence of review and approval.

- b) Observe that finance charges and late fees were not assessed on the selected statements.
No exceptions

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)¹¹. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

- (1) No exceptions
(2) No written documentation of purpose
(3) Not exceptions

¹⁰ Including cards used by school staff for either school operations or student activity fund operations.

¹¹ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

Travel and Travel-Related Expense Reimbursements¹² (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Management represented the list obtained was complete.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management represented the list obtained was complete.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹³ (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable

¹² Non-travel reimbursements are not required to be tested under this category.

¹³ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

There was no mention of the contract being approved in the minutes.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Not applicable

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions

Payroll and Personnel

- 16. Obtain a listing of employees and officials¹⁴ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management represented the list obtained was complete.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials¹⁵ documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Three of the 5 employees' leave taken is not reflected in the entity's cumulative leave records correctly.

¹⁴ "Officials" would include those elected, as well as board members who are appointed.

¹⁵ "Officials" would include those elected, as well as board members who are appointed.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions.

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions.

- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions

*Ethics*¹⁶

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions

*Debt Service*¹⁷

- 21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Not applicable

¹⁶ The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

¹⁷ This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management represented the list obtained is complete.

24. Observe the entity has posted, on its premises¹⁸ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁹

The District does not have a website but the Family Clinic/Wellness Center does have a website. This notice is not posted on the website. The notice is posted on the premises.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5

¹⁸ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁹ This notice is available for download or print at www.ifa.la.gov/hotline.

computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

*Sexual Harassment*²⁰

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

The District does not have a website. The Family Clinic and Wellness Center have a website. This policy is not posted on the website but it is posted on the premises.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

22; 100%.

- b) Number of sexual harassment complaints received by the agency;

Zero

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

Zero

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Zero

- e) Amount of time it took to resolve each complaint.

Not applicable

²⁰ A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.

We were engaged by Bienville Parish Hospital Service District #2 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Bienville Parish Hospital Service District #2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Wade Perry

Ruston, LA
June 29, 2022

Bienville Parish Hospital Service District #2
PO Box 766 1175 Pine Street, Suite 100
Arcadia, LA 71001

June 29, 2022

Wade & Perry, CPAs
Ruston, LA

The following is Management's Response to the 2021 AUP report submitted for Bienville Parish Hospital Service District #2.

WRITTEN POLICIES AND PROCEDURES

1. h) Management will work toward documenting a complete policy for travel and expense reimbursements.
- i) Management will work toward documenting ethics policy.
- j) Management will work toward documenting debt service policy.
- k) Management will work toward documenting a complete information technology disaster recover/business continuity policy.

COLLECTIONS

7. a) Management will work toward implementing checks and balances for this procedure.

NON-PAYROLL DISBURSEMENTS

9. d) Management will work toward implementing checks and balances for this procedure.
10. b) Management will work toward implementing checks and balances for this procedure.

CREDIT CARDS/DEBIT CARDS, ETC.

12. a) Management will work toward documenting approval of monthly statements.
13. (2) Management will work toward documenting business/public purpose.

CONTRACTS

15. b) Management will work toward documenting all contracts in the minutes.

PAYROLL AND PERSONNEL

17. c) Management will work toward maintaining leave taken in our cumulative leave records.

FRAUD NOTICE

24. Management will work toward adding the fraud notice to it's website.

SEXUAL HARASSMENT

27. Management will work toward adding the sexual harassment policy and complaint procedure to it's website.