

LOWER CAMERON HOSPITAL SERVICE DISTRICT
Cameron, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

August 16, 2024

Board of Commissioners
Lower Cameron Hospital Service District
Cameron, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activities of the Lower Cameron Hospital Service District, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Lower Cameron Hospital Service District's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lower Cameron Hospital Service District as of December 31, 2023, and the respective changes in financial position and the cash flows thereof for the year then ended in accordance with accounting standards generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lower Cameron Hospital Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Lower Cameron Hospital Service District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, is representations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining an understanding of internal control relevant to the audit 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 Lower Cameron Hospital Service District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lower Cameron Hospital Service District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises of The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2024, on our consideration of Lower Cameron Hospital Service District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lower Cameron Hospital Service District's internal control over financial reporting and compliance.

Sharon, Cassidy: Sullivan

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Statement of Net Position

December 31, 2023

ASSETS

Current Assets	
Cash	\$ 10,246,259
Receivables	
Ad valorem taxes, net	1,463,832
Prepaid expenses	5,404
Total Current Assets	<u>11,715,495</u>
Property, plant and equipment	
Buildings	-
Less accumulated depreciation	-
	<u>-</u>
Construction in progress	643,654
Land	31,321
	<u>674,975</u>
TOTAL ASSETS	12,390,470

DEFERRED OUTFLOW OF RESOURCES -

LIABILITIES AND NET POSITION

Current Liabilities	
Accounts payable	51,444
Due to other government agencies	364,272
Total Current Liabilities	<u>415,716</u>

DEFERRED INFLOWS OF RESOURCES -

Net Position	
Net investment in capital assets	674,975
Net position - unrestricted	11,299,779
Total Net Position	<u>11,974,754</u>

TOTAL LIABILITIES AND NET POSITION \$ 12,390,470

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

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Statement of Revenues, Expenses
and Changes in Net Position

Year Ended December 31, 2023

OPERATING REVENUES	
Rental Income	\$ 4,000
Other operating revenue	11,247
TOTAL OPERATING REVENUES	<u>15,247</u>
OPERATING EXPENSES	
Advertising	507
Contract labor	22,153
Depreciation	-
Legal and professional	71,457
Mitigation expense	12,388
Insurance	12,518
Utilities	883
Other operating expense	12,175
TOTAL OPERATING EXPENSES	<u>132,081</u>
OPERATING INCOME (LOSS)	<u>(116,834)</u>
NON-OPERATING REVENUES (EXPENSES)	
Ad valorem taxes, net	1,515,613
State revenue sharing	213
Investment income	5,028
Intergovernmental revenues - FEMA	350,480
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,871,334</u>
CHANGE IN NET POSITION	1,754,500
NET POSITION - BEGINNING	10,658,029
Prior period adjustments	(437,775)
NET POSITION - BEGINNING - Restated	<u>10,220,254</u>
NET POSITION - ENDING	<u><u>\$ 11,974,754</u></u>

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

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Statement of Cash Flows

Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers and others	\$ 15,247
Payments for supplies and expenses	(63,196)
Payments to employees for services	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(47,949)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Ad valorem taxes, net	2,065,985
State revenue sharing	213
Intergovernmental revenues - FEMA	350,480
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>2,416,678</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Increase in construction in progress	<u>(227,551)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(227,551)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>5,028</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,146,206
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,100,053</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 10,246,259</u>
SUPPLEMENTAL DISCLOSURES:	
Cash paid for interest	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (116,834)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	-
Increase (decrease) in:	
Accounts payable	68,885
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (47,949)</u>

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

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Notes to Financial Statements

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lower Cameron Hospital Service District (the "Service District") was established by the Cameron Parish Police Jury on July 15, 1959, by virtue of the authority of La. RS. 46: 1051 et seq. The purpose of the Service District is to provide health services to lower Cameron Parish. Construction of the hospital building was financed through a bond issue, Hill Burton Funding, and local contributions. The Service District's Board of Commissioners is appointed by the Cameron Parish Policy Jury. The Service District is a component unit of the Cameron Parish Police Jury. The accompanying financial statements present only the Hospital District.

Operation and Management

On January 1, 2014 the District entered into a Cooperative Endeavor Lease with Stonebridge whereby Stonebridge began operating the hospital facilities. The agreement was terminated in March 2023.

On August 15, 2024, The District entered into a Cooperative Endeavor Agreement with Southwest Louisiana Hospital Association d/b/a Lake Charles Memorial Hospital ("LCMH"). The District grants a personal servitude in the nature of a right of use in and to the District property to LCMH for the purpose of LCMH operating a mobile unit and clinic at the District property. The right of use shall continue for an initial term of five (5) years. Additionally, in the event LCMH and District do not execute a cooperative endeavor agreement by July 22, 2026, for LCMH to provide management services for Districts hospital, then LCMH may terminate the agreement after completion of year three (3) of the initial term. Beginning in year three (3) of this agreement, specifically commencing on August 15, 2027, in the event that the annual budget provides that the operational expenses less revenue generated by the mobile unit and clinic ("Net Operational Expenses") exceed the prior year net operational expenses by 25%, then either party may terminate this agreement by providing written notice on or before the commencement of the next immediate term year. The District shall obtain, mobilize, equip, and furnish a mobile unit at the District property. LCMH shall provide such management service necessary to operate and manage the mobile unit including, but limited to, hiring staff, purchasing supplies, and carrying out other endeavors necessary to operate a medical clinic in accordance with generally accepted standards. Within thirty (30) days of the commencement date, the District shall pay LCMH a one-time start up fee of \$4,500.00 (the "Start-Up Fee"). Thereafter, specifically commencing on August 15, 2025, LCMH shall charge District a monthly fee of \$2,000.00 for mobile unit indirect expenses incurred by LCMH each month during the term of this agreement. On a quarterly basis, the District will subsidize the mobile unit operational expenses and monthly mobile unit indirect expenses by reimbursing LCMH for LCMH's mobile unit operational expenses and monthly mobile unit indirect expenses during the prior quarter. Such subsidy will be offset by any revenues obtained by LCMH from its operation of the mobile unit during the prior quarter.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Lower Cameron Hospital Service District. The financial reporting entity consists of (a) the primary government (police jury), (b)

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Notes to Financial Statements

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion 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 to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron 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 the governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Notes to Financial Statements

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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 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, 2023, the District has \$10,246,898 in deposits (collected bank balances). These deposits are secured from risk by \$364,291 of federal deposit insurance and \$9,882,607 pledged securities held by the custodial bank in the name of the fiscal agency bank.

4. Accounts Receivable

Uncollectable amounts due for accounts receivable are recognized as bad debts using the direct write-off method. Uncollectable amounts are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that are materially different from the amount that would be charged if the reserve method were used.

5. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$10,246,259 which is all unrestricted.

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Notes to Financial Statements

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

The District did not adopt a budget in 2023 since the District was not in operation.

7. Net Position

In the financial statements, equity is classified as net assets and displayed in three components:

- a. Net investment in capital assets – Consist 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 that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Notes to Financial Statements

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

8. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Subsequent Events

Management has evaluated subsequent events through August 16, 2024 the date the financial statements were available to be issued.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2023, taxes of 16.13 mills were levied on property with taxable assessed valuations totaling \$96,628,539.

Total taxes levied were	<u>\$ 1,558,620</u>
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Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Notes to Financial Statements

December 31, 2023

NOTE C – PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings 40 years

A summary of changes in property, plant and equipment for the year ended December 31, 2023 are as follows:

	Beginning of Year	Net Additions	End of Year
Construction in Progress	\$ 416,103	\$ 227,551	\$ 643,654
Land	<u>31,321</u>	<u>-</u>	<u>31,321</u>
	447,424	<u>\$ 227,551</u>	674,975
Less accumulated depreciation	<u>-</u>		<u>-</u>
TOTALS	<u>\$ 447,424</u>		<u>\$ 674,975</u>

Depreciation expense was \$ - for the year ended December 31, 2023.

Construction is progress at December 31, 2023 of \$643,654 consists of project costs to demolish and rebuild the main hospital building. The project does not have an estimated completion date since plans are in the planning phase. The estimated total cost is \$21.7 million with cost being fully funded by insurance and FEMA.

In the fall of 2020, Cameron Parish was devastated by tow major hurricanes resulting in the Service District relocating. At the present time, the total loss to the District and the amount of reimbursement is unknown. The District is in the process of a two-phase repair process. Phase I of the approach is to restore essential hospital services to the main campus of the District with the scope of the Phase I repairs to focus on restoring acute beds, imaging and lab services together with reopening the essential emergency department. Phase II will focus on restoration of kitchen services at the District to provided food for patients and required staff housing. The District is in the process of requesting State Capital Outlay Funding, Insurance Proceed Funding, as well as other funding to rebuild the Hospital and provide services to the District.

NOTE D - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

The commissioners did not take a per diem payment in 2023.

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Notes to Financial Statements

December 31, 2023

NOTE E - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F- PRIOR PERIOD ADJUSTMENTS

Prior year net position was reduced by \$8,358,220 to record the impairment of the main building. The building was destroyed during Hurricane Laura in 2020. Prior year net position was also increased by \$7,833,285 for a payable to Medicare and Medicaid that was determined to not be owed by the District and by \$87,160 for other payables determined to be not owed by the District.

Net Position - Beginning	\$ 10,658,029
Prior period adjustment	<u>(437,775)</u>
Net Position – Beginning - Restated	<u>\$ 10,220,254</u>

NOTE G – TAX ABATEMENTS

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Cameron Parish Police Jury and directly affect the Districts' ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2023 \$656,625,000 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$10,591,361 in ad valorem taxes.

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Notes to Financial Statements

December 31, 2023

NOTE H – DUE TO OTHER GOVERNMENT AGENCIES

In previous years, the District received grant funds for rebuilding of the Hospital after Hurricanes Rita, Gustav and Ike. Based on management's records of grant funds received and expenditures, the District has recorded a liability of \$364,272 at December 31, 2023 due to other government agencies. The project worksheets associated with these grants are in the process of being closed by the Governor's Office of Homeland Security & Emergency Preparedness (GOHSEP). As of the date of this report, the final amount due to GOHSEP cannot be determined and the amount recorded may be subject to changes as the project close outs are finalized.

NOTE I – SUBSEQUENT EVENTS

On January 4, 2024 a lawsuit was filed by Stonebridge Health Systems, L.L.C. against the District in the amount of \$1,856,939 plus judicial interest owed on missed subsidiary payments. Stonebridge contends that the District owes subsidy payments for the time period August 2021 through March 2023. The results of the case are not known at this time.

In June 2024, a mobile medical unit was purchased for \$446,320.

OTHER INFORMATION

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended December 31, 2023

Agency Head Name: Stephanie Rodrique, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

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

August 16, 2024

Board of Commissioners
Lower Cameron Hospital Service District
Cameron, 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 business-type activities of the Lower Cameron Hospital Service District, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Lower Cameron Hospital Service District's basic financial statements, and have issued our report thereon dated August 16, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lower Cameron Hospital Service 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 Lower Cameron Hospital Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lower Cameron Hospital Service District's internal control.

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

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

weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lower Cameron Hospital Service 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses.

The Lower Cameron Hospital Service District's Responses to Findings

The Lower Cameron Hospital Service District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Lower Cameron Hospital Service 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 the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Shagun, Cassidy: Hillery

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Schedule of Findings and Responses

Year Ended December 31, 2023

1. Summary of Auditors' Results:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? ___ yes X no
- Control deficiencies identified that are
not considered to be material weakness(es)? X yes ___ none reported

Noncompliance material to financial
statements noted?

___ yes X no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2023-001: Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

LOWER CAMERON HOSPITAL SERVICE DISTRICT

Schedule of Findings and Responses - Continued

Year Ended December 31, 2023

Finding 2023-002: Late Submission of Financial Statements

Condition: The 2023 financial statements were not filed with the Legislative Auditor within the due date of June 30, 2024, in violation of R.S. 24:514.

Cause: The 2023 financial statements were not filed timely due to ongoing physical obstacles from Hurricane Laura.

Effect: The District is in violation of R.S:24:514.

Recommendation: Management should make information available to auditors sooner to ensure there is time to file the financial statements with the Legislative Auditor on time.

Management response: The late filing is an isolated occurrence due to the continued physical obstacles from the 2020 Hurricane Laura. Compliance will be adhered to in the future.

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

Finding 2022-001 – Segregation of Duties

Current status: This finding is considered resolved in 2023.

Finding 2022-002 – Lack of Written Policies

Current status: This finding is considered resolved in 2023.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023

August 16, 2024

Board of Commissioners
Lower Cameron Hospital Service District
and the Louisiana Legislative Auditor
Cameron, Louisiana

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 year January 1, 2023 through December 31, 2023. The District's management is responsible for those C/C areas identified in the SAUPs.

Lower Cameron Hospital Service 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 year January 1, 2023 through December 31, 2023. 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:

1) Written Policies and Procedures

A. 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:

- i. *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

The District's policies and procedures manual addresses budgeting.

- ii. *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.

The District's policies and procedures manual addresses purchasing.

- iii. *Disbursements*, including processing, reviewing, and approving.

The District's policies and procedures manual addresses disbursements.

- iv. *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 confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The District's policies and procedures manual addresses receipt/collections.

- v. *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 rates of pay or approval and maintenance of pay rate schedules.

The District's policies and procedures manual addresses payroll/personnel.

- vi. *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The District's policies and procedures manual addresses contracting.

- vii. *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The District's policies and procedures manual addresses travel and expense reimbursement.

- viii. *Credit Cards (and debit cards, fuel cards, purchase 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).

The District's policies and procedures manual addresses credit cards.

- ix. *Ethics*, 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) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The District's policies and procedures manual addresses ethics.

- x. *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The District's policies and procedures manual addresses debt service.

- xi. *Information Technology Disaster Recovery/Business Continuity*, includes (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.

The District's policies and procedures manual addresses information technology disaster recovery/business continuity.

- xii. *Prevention of Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The District's policies and procedures manual addresses prevention of sexual harassment.

2) Board or Finance Committee

- A. 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

- i. 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 were found as a result of this procedure.

- ii. 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 funds, and semi-annual budget-to-actual, at a minimum, on special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were found as a result of this procedure.

- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

No exceptions were found as a result of this procedure.

- iv. Observe whether the board finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were found as a result of this procedure.

3) Bank Reconciliations

A. 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 accounts (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:

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

No exceptions were found as a result of this procedure.

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared. (e.g., initialed and dated, electronically logged); and

No exceptions were found as a result of this procedure.

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

The bank reconciliation selected included items that have been outstanding for more than 12 months with no documentation reflecting management's research.

Management Response: Management will document its research of items outstanding for more than 12 months.

4) Collections

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash check 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).

The listing was provided by management.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 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 the job duties are properly segregated at each collection location such that:

- i. Employees that are responsible for cash collections do not share cash drawers registers;

No exceptions were found as a result of this procedure.

- ii. 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 were found as a result of this procedure.

- iii. 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, and

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- C. 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 were found as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure Bank Reconciliations procedure #3A (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). Obtain supported documentation for each of the deposits and:

- i. Observe that receipts are sequentially pre-numbered

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- iv. Observe that 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 were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements and petty cash purchases)*

- A. 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).

The listing was provided by management.

- B. For each location selected under #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

No exceptions were found as a result of this procedure.

- ii. At least two employees are involved in processing and approving payments to vendors:

No exceptions were found as a result of this procedure.

- iii. 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 were found as a result of this procedure.

- iv. 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; and

No exceptions were found as a result of this procedure.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were found as a result of this procedure.

- C. For each location selected under procedure #5A 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
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were found as a result of this procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g. initial date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions were found as a result of this procedure.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

No exceptions were found as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

The listing was provided by management. Not applicable, there were no active credit cards, bank debit cards, fuel cars or purchase cards during the fiscal period.

- B. 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:
- i. 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 excess fuel card usage) were reviewed and approved, in writing, (or electronically approved) by someone other than the authorized card holder; and

Not applicable, there were no active credit cards, bank debit cards, fuel cars or purchase cards during the fiscal period.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable, there were no active credit cards, bank debit cards, fuel cars or purchase cards during the fiscal period.

- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g. each card should have 10 transactions subject to inspection). For each transaction, observed that 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).

Not applicable, there were no active credit cards, bank debit cards, fuel cars or purchase cards during the fiscal period.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. 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 and 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
 - i. If reimbursed using a per diem, observe that 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 travel and travel-related expense reimbursements occurred in 2023.

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

No travel and travel-related expense reimbursements occurred in 2023.

- iii. Observe that 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 Policies and Procedures procedure #1A(vii); and

No travel and travel-related expense reimbursements occurred in 2023.

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

No travel and travel-related expense reimbursements occurred in 2023.

8) Contracts

- A. 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. 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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- iii. If the contract was amended (e.g. change order), observe that 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, the documented approval); and

No exceptions were found as a result of this procedure.

- iv. 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 that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

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

Not applicable. The District has no paid employees/elected officials.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation sick, compensatory):

Not applicable. The District has paid no employees/elected officials.

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

Not applicable. The District has no paid employees/elected officials.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Not applicable. The District has no paid employees/elected officials.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Not applicable. The District has no paid employees/elected officials.

C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to the entity policy.

Not applicable. The District has no paid employees/elected officials.

D. 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.

Not applicable. The District has no paid employees/elected officials.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates each employee official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

The required ethics training was not completed by one of the officials selected.

Management Response: Management will complete the required ethics training next year.

- ii. 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.

The District did not maintain documentation which demonstrated that each official was notified of any changes to the entity's ethics policy during the fiscal period.

Management Response: Management will maintain documentation which demonstrates each official was notified of any changes to the entity's ethics policy next year.

- B. Inquire and or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of this procedure.

11) Debt Service

- A. 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 that the State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

The District did not issue any debt.

- B. 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).

The District has no debt outstanding.

12) Fraud Notice

- A. 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 as required by R.S. 24:523

The District was not aware of any misappropriation of public funds or assets during the fiscal year.

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

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures,

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, then 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. No exceptions were found as a result of this procedure.

- iii. 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 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. No exceptions were found as a result of this procedure.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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 as required by R.S. 42:343.

The sexual harassment training was not completed by all the officials selected.

Management Response: Management will complete the sexual harassment training next year.

- B. 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).

No exceptions were found as a result of this procedure.

- C. 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 that the report includes the applicable requirements of R.S. 42:344:

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

No exceptions were found as a result of this procedure.

- ii. Number of sexual harassment complaints received by the agency;

No exceptions were found as a result of this procedure.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

We were engaged by Lower Cameron Hospital Service District 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 Lower Cameron Hospital Service District 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.

Shagun, Casiday, Skully