

**LOWER CAMERON
HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana**

**Financial Statements
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lower Cameron Hospital Service District No. 2
Cameron, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Lower Cameron Hospital Service District No. 2, component unit of 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 the Lower Cameron Hospital Service District No. 2's basic 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 No. 2 as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 No. 2 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 opinions.

Responsibilities 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 District No. 2'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement basic financial statements. Such information, although not a basic 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.

Auditor's Responsibility 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 with GAAS and *Government 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, internal omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 accounts and disclosures in the financial statements.
- Obtain 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 District No. 2'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lower Cameron Hospital Service District No. 2'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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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 my 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Cameron Hospital Service District No. 2's basic financial statements. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, Benefits and Other Payments is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024 on our consideration of the Lower Cameron Hospital Service District No. 2'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 solely 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 effectiveness of the Lower Cameron Hospital Service District No. 2's 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 No. 2's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
May 3, 2024

**LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2023**

The Management’s Discussion and Analysis of the Lower Cameron Hospital Service District No. 2 (the District) financial performance presents a narrative overview and analysis of the District’s financial activities for the year ended December 31, 2023. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information. Please read this document in conjunction with the additional information contained in the financial statements.

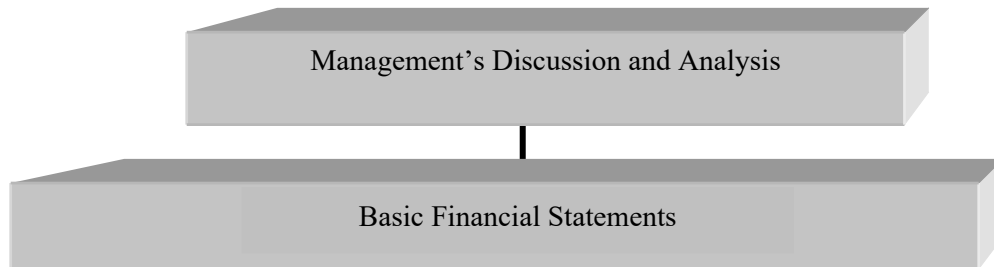
FINANCIAL HIGHLIGHTS

- ★ The District’s assets exceeded its liabilities at the close of fiscal year 2023 by \$3,887,453. Of this amount, \$3,547,430 (unrestricted net position) may be used to meet the District’s ongoing obligations to its users.

The District’s revenue and support was more than its expenses by \$287,560.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management’s Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2023**

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Position; the Statements of Activities; and the Statements of Cash Flows.

The Statements of Net Position (page 6) presents the current and long term portions of assets and liabilities separately. The difference between total assets and deferred outflows and total liabilities is net position and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Activities (page 7) presents information showing how the District’s assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statements of Cash Flows (page 8) presents information showing how the District’s cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	2023	2022	2021
Current and other assets	\$3,687,134	\$3,301,154	\$3,183,038
Capital assets	340,023	357,573	373,304
Total assets	<u>4,027,157</u>	<u>3,658,727</u>	<u>3,556,342</u>
Current liabilities	139,704	58,834	322,898
Total liabilities	<u>139,704</u>	<u>58,834</u>	<u>322,898</u>
Net position:			
Net investment in capital assets	340,023	357,573	373,304
Unrestricted	3,547,430	3,242,320	2,860,140
Total net position	<u>3,887,453</u>	<u>3,599,893</u>	<u>3,233,444</u>
Total liabilities and net position	<u>\$4,027,157</u>	<u>\$3,658,727</u>	<u>\$3,556,342</u>

**LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2023**

	2023	2022	2021
Revenue and support	\$1,006,416	\$870,488	\$852,692
Expenses	718,856	504,039	494,675
Increase(decrease) in net position	\$287,560	\$366,449	\$358,017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2023, the District had \$340,023 net of accumulated depreciation, invested in capital assets, including buildings and improvements.

CONTACTING THE HOSPITAL’S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lynn Griffith, Secretary, Lower Cameron Hospital Service District No. 2.

2023
Cameron, Louisiana
Statements of Net Position
As of December 31, 2023

	2023
Assets	
Current Assets	
Cash and cash equivalents	\$ 637,462
Investments - LAMP	2,140,596
Prepaid expenses	11,778
Ad valorem taxes receivable	897,298
Total Current Assets	3,687,134
Property, Plant and Equipment	
Furniture and equipment	7,374
Building and improvements	592,230
	599,604
Less accumulated depreciation	(259,581)
Net Property, Plant and Equipment	340,023
Total Assets	4,027,157
Liabilities and Net Position	
Current Liabilities	
Accounts payable	139,704
Total Current liabilities	139,704
Long Term Liabilities	
Total Liabilities	139,704
Net Position	
Net investment in capital assets	340,023
Net position - unrestricted	3,547,430
Total net position	\$ 3,887,453

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Statements of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2023

	2023
Revenue and Support	
Revenue:	
Ad valorem taxes	\$ <u>891,046</u>
Support:	
Contributions	-
Miscellaneous	377
Interest income	<u>114,993</u>
Total Support	<u>115,370</u>
Total Revenue and Support	<u>1,006,416</u>
Expenses	
General and administrative:	
Management fees	482,784
Office expense	2,533
Insurance expense	17,064
Legal and professional	15,119
Repairs and maintenance expense	10,234
Board commissioners expense	4,200
Depreciation expense	17,550
Utilities expense	6,840
Miscellaneous expense	<u>162,532</u>
Total Expenses	<u>718,856</u>
Change in Net Position	287,560
Net Position - Beginning of Year	<u>3,599,893</u>
Net Position - End of Year	<u>\$ <u>3,887,453</u></u>

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Statements of Cash Flows
For the Years Ended December 31, 2023

	2023
Cash Flows From Operating Activities	
Receipts from taxes, donors, interest income, and other	\$ 956,638
Payments to suppliers and other	(625,810)
Net cash provided (used) by operating activities	330,828
Cash Flows From Capital and Related Financing Activities	
Purchase of equipment	-
Net cash provided (used) by capital and related financing activities	-
Cash Flows From Investing Activities	
Purchase (sale) of investments, net	(105,152)
Net cash provided (used) by investing activities	(105,152)
Net increase (decrease) in Cash and Cash Equivalents	225,676
Cash and Cash Equivalents - Beginning of Year	411,786
Cash and Cash Equivalents - End of Year	\$ 637,462
Reconciliation of operating income to net cash provided (used) by operating activities:	
Change in net assets	\$ 287,560
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,550
(Increase) decrease in taxes receivable	(49,778)
(Increase) decrease in prepaid expenses	(5,374)
Increase (decrease) in accounts payable	80,870
Net Cash Provided (Used) by Operating Activities	\$ 330,828

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements
December 31, 2023

Note 1 - Organization and Summary of Significant Accounting Policies

The Lower Cameron Hospital Service District No. 2 is a component unit of the Cameron Parish Police Jury. The District owns a building which houses a rural health clinic located in the Johnson Bayou community of Cameron Parish, Louisiana.

Reporting Entity - As more fully described in the paragraph above, the Hospital Service District is a component unit of the Cameron Parish Police Jury.

Basis of Accounting - The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*.

The District uses the accrual basis of accounting. The revenues are recognized when they are 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. 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 non-operating revenues and expenses.

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

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management - The District is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements (Continued)
December 31, 2023

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Property, Plant, and Equipment - Property, plant, and equipment of the District is recorded at cost. Depreciation is recorded using the straight- line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives.

The estimated useful lives of the various assets follow guidelines established by the American Hospital Association, and are categorized as follows:

	Life
Buildings and improvements	10 - 40 years
Furniture and equipment	5 – 10 years

The District entered into a cooperative endeavor agreement with Cheniere LNG Terminals, Inc. (Cheniere), whereby, Cheniere donated a building and improvements valued at \$530,000 to be used as a health clinic to the District. The agreement also included the donation of land by the Stream Family Limited Partnership, where the clinic is situated. No value has been assigned to the land.

The costs of maintenance and repairs of property and equipment are charged to expense as incurred. Expenditures for additions, improvements, and replacements are capitalized. The cost and related accumulated depreciation of property and equipment retired are removed from the accounts and any resulting gain or loss is recognized.

Cash and Cash Equivalents - The District considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Note 2 - Management Services Agreement

The District entered into a management services agreement with West Cal Cam Hospital, effective November 1, 2007, for the purpose of managing the rural health clinic. The compensation for said services will be cost based, with a minimum fee \$25,000 per month.

Note 3 - Compensation of the Board of Commissioners

The members of the Board of Commissioners of Lower Cameron Hospital District No. 2 received the following compensation for the fiscal year ended December 31, 2023.

Allison Romero	\$ 400
Wendy Harrington	400
Lynn Griffith	2,700
April Young	400
Rhonda Coleman	300
	\$ <u>4,200</u>

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements (Continued)
December 31, 2023

Note 4 - Subsequent Event

The District evaluated its December 31, 2023 financial statements for subsequent events through the date the financial statements are available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Note 5- Cash, Cash Equivalents, Certificates of Deposit and Other Investments

Under Louisiana Revised Statutes 39:2955, the District may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having a principal office in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds register with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies. The District has no formal investment policy.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

The District had cash, cash equivalents (book balances) totaling \$637,362 at December 31, 2023. The deposits were insured by federal deposit insurance and the pledge of securities owned by the fiscal agent bank.

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 agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned. At December 31, 2023, the District has \$637,462 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$391,997 of pledged securities held by the custodial bank in the District's name.

The District deposits its cash with high quality financial institutions, and management believes the District is not exposed to significant credit risk on those amounts.

The carrying amount of the District's investment in LAMP was \$2,140,596 as of December 31, 2023.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements (Continued)
December 31, 2023

Note 5- Cash, Cash Equivalents, Certificates of Deposit and Other Investments (continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's. The District does not have credit risk policies for investments.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of December 31, 2023. The District does not have interest rate risk policies for investments.

Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Notes to Financial Statements (Continued)
December 31, 2023

Note 6 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. For the year ended December 31, 2023, taxes of 4 mills were levied on property with net assessed valuations of approximately \$230,870,500. Total taxes earned, net of pension funds, was \$891,046. The 4 mills were dedicated for maintenance.

Note 7 - Forged Checks

During 2024, eight checks were forged on the District's bank account totaling \$161,390. This activity was reported to management of the District's bank and appears that the funds will be repaid by the bank. The Cameron Parish District Attorney and Sheriff were also notified of this activity.

SUPPLEMENTARY INFORMATION

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants

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

Board of Commissioners
Lower Cameron Hospital Service District No. 2
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 Lower Cameron Hospital District No. 2, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lower Cameron Hospital District No. 2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lower Cameron Hospital District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Lower Cameron Hospital District No. 2's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings, Item 2023-02, to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings, Item 2023-01 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether financial statements of Lower Cameron Hospital Service District No. 2 are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lower Cameron Hospital Service District No. 2's Response to Findings

Lower Cameron Hospital Service District No. 2's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Lower Cameron Hospital Service District No. 2's responses were 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.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
May 3, 2024

LOWER CAMERON HOSPITAL SERVICE DISTRICT NO. 2
Cameron, Louisiana
Schedule of Findings
December 31, 2023

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Significant deficiencies in internal control – refer to B. 2023-01; material weakness in internal control – refer to B. 2023-02.
3. No instance of non-compliance noted.

B. GAGAS Findings:

2023-01 Segregation of Duties

Condition: A proper segregation of duties is not possible due to the small number of people involved in the District's day-to-day operations.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records could go undetected.

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

Response: Management has considered this deficiency and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to adequately segregate duties. Commissioners have implemented supervision and review procedures to the extent possible. This a repeat finding.

2023-02 Financial Statement Reporting

Condition: The District maintains its books and records on the modified cash basis of accounting. The District relies on the auditing firm to assist in adjusting the modified cash basis books to accrual basis and to assist in the preparation of external financial statements and related disclosures.

Criteria: Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the District's internal control structure and because of the limitations of the accounting staff, the design of the District's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Effect: Misstatements in financial statements could go undetected.

Recommendation: Management should have heightened awareness of all transactions being reported.

Response: Management has considered this weakness and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to remove this deficiency. To the extent possible, management has implemented review procedures.

C. Prior Year Findings:

2022-01 Segregation of Duties - A proper segregation of duties is not feasible due to the small number of people involved in the District's day-to-day operations.

2022-02 Financial Statement Reporting – The District maintains its books and records on the cash basis of accounting. The District relies on the auditing firm to assist in adjusting the cash basis books to accrual basis and to assist in the preparation of external financial statements and related disclosures. Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the District's internal control structure and because of the limitations of the accounting staff, the design of the District's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

I. LOWER CAMERON PARISH HOSPITAL SERVICE DISTRICT #2

Schedule of Compensation, Benefits and Other Payments to the President of the Board of Commissioners

Year Ended December 31, 2023

Agency Head: Lynn Griffith, Secretary Treasurer

Purpose	Amount
Commissioner Fees	\$ 2,700.00
Benefits-insurance	0.00
Benefits-retirement	0.00
Benefits-Other	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

Note: This schedule is included as supplementary information.

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Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Lower Cameron Hospital Service District No. 2 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, 2023 through December 31, 2023. Lower Cameron Hospital Service District No. 2's management is responsible for those C/C areas identified in the SAUPs.

Lower Cameron Hospital Service District No. 2 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, 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.
 - 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.

- iii. **Disbursements**, including processing, reviewing, and approving.
- 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 confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- 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.
- 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.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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).
- 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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- 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.

Exception (1): The District does not have written policies and procedures addressing the above business functions.

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.
 - 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 all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*
 - iii. 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.
 - 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.

Exception (2Aiv): The District is unable to resolve "Segregation of Duties" and "Controls over Financial Reporting" audit findings due to a lack of sufficient financial resources.

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 or electronically logged);
- ii. Bank reconciliations include written 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 or electronically logged); and
- iii. 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.

Exception (3Aii): Bank reconciliations do not include evidence of that a member of management that does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites 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).
- 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 there are no written policies or procedures, then 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:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - 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;
 - iii. Each employee responsible for collecting cash is not also 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
 - 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 also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for 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). *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:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of these procedures.

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).
- B. For each location selected under procedure #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;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - 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;

- 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
- 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.

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

- 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
 - 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.
- 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) and 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. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements

Exception (5Biii): Noted the employee(s) responsible for processing payments also add/modify vendor files.

Exception (5Biv): Noted the employee(s) responsible for mailing payments also signs checks.

Exception (5Cii): Noted some purchases do not require a second purchase approval.

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.
- 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 excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- 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)¹. For each transaction, observe 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of these procedures.

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 reimbursement 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);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- 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
- iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

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. *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:
 - 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;
 - 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);
 - 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 document approval); and
 - 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

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 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #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);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 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 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.
- 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.

No exceptions were found as a result of these procedures.

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

- 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.
- 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 these procedures.

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

These procedures are not applicable to the entity. The entity did not have any debt outstanding during 2023.

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.
- 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 these procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is 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.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is 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.
 - 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- 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. 42:12672. The requirements are as follows:
- 1. Hired before June 9, 2020 - completed the training; and
 - 2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.

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 that

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.

- 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).
- 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;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of these procedures.

Management's Responses

1 – The District will prepare and adopt written policies and procedures over the applicable categories.

2Aiv – The District is unable to resolve the “Segregation of Duties” and “Controls over Financial Reporting” due to a lack of sufficient financial resources.

5Cii – The Board requires a purchase approval process for all purchases at meetings.

We were engaged by Lower Cameron Hospital Service District No. 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 Lower Cameron Hospital Service District No. 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.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
May 3, 2024