

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Annual Financial Report
For the Year Ended December 31, 2023



HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Table of Contents
For the Year Ended December 31, 2023

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report		1-3
Required Supplementary Information (Part A)		
Management's Discussion and Analysis (unaudited)		4-8
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	9
Statement of Activities	B	10
Fund Financial Statements		
Balance Sheet – Governmental Funds	C	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	E	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	14
Statement of Net Position – Proprietary Fund	G	15
Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Fund	H	16
Statement of Cash Flows – Proprietary Fund	I	17
Notes to the Financial Statements		18-29
Required Supplementary Information (Part B)		
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual – Governmental Fund – General Fund		30
Notes to Budgetary Comparison Schedule		31
Other Supplementary Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head		32
Reports Required by <i>Government Auditing Standards</i>		
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 <i>Government Auditing Standards</i>		33-34
Schedule of Findings and Questioned Costs		35-36
Summary Schedule of Prior Audit Findings		37

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT

**Board of Commissioners
Hospital Service District No. 1 of Ouachita Parish
West Monroe, Louisiana**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Hospital Service District No. 1 of Ouachita Parish (the District), a component unit of the Ouachita 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 District'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 governmental activities, the business-type activities, and each major fund of the District as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

**Board of Commissioners
Hospital Service District No. 1
of Ouachita Parish
West Monroe, Louisiana**

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 auditors' 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 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, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment 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.
- 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Emphasis of Matter

As discussed in Note 1B, the financial statements referred to above do not include the Living Well Foundation, which should be included in order to conform with accounting principles generally accepted in the United States of America. As a result, the financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the District (as described in Note 1B) as of December 31, 2023, and the changes in its financial position and its cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

The financial statements of the reporting entity of the District, as of and for the year ended December 31, 2023, were audited, in accordance with auditing standards generally accepted in the United States of America, by other auditors, and their report thereon, dated June 10, 2024, expressed an unmodified opinion on those financial statements.

**Board of Commissioners
Hospital Service District No. 1
of Ouachita Parish
West Monroe, Louisiana**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 4-8 and pages 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic 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 basis 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 to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 10, 2024

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Management's Discussion and Analysis
For the Year Ended December 31, 2023

Our discussion and analysis of the Hospital Service District No. 1 of Ouachita Parish (the District), a component unit of the Ouachita Parish Police Jury, provides an overview of the District's activities for the year ended December 31, 2023. Please read it in conjunction with the District's financial statements that begin on page 9.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements (GWFS), 2) fund financial statements (FFS), and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. This report does not contain the financial activity of the Living Well Foundation, a component unit of Hospital Service District No. 1 of Ouachita Parish, which can be obtained from Jim Allbritton (Board Chair 2024) or Todd Burgess (Vice Chair, Finance/Investment Committee 2024) of the Foundation, at P.O. Box 2773, West Monroe, LA 71294, by phone at 318-396-5066 or from its website at LivingWellFoundation.net.

Government-wide Financial Statements

The government-wide financial statements of the District report information about the District using accounting method similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The *Statement of Net Position (Statement A)* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities (Statement B)* presents the current year's revenues and expenses and other information showing how the District's net position changed during the year. The change in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one governmental fund, the General Fund, and one proprietary fund, the Wellness Center, which is an enterprise fund.

Governmental Fund

The governmental fund (Statements C, D, E, and F) is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Management's Discussion and Analysis
For the Year Ended December 31, 2023

the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Fund

The proprietary fund (Statements G, H, and I) encompasses one enterprise fund (which accounts for the financial activities of the Wellness Center) on the fund financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District compliance with the Local Government Budget Act for the major governmental fund. Required supplementary information can be found beginning on page 30.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$16,539,842. The District's assets total \$16,631,232. Cash, investments, receivables, and other assets total \$11,018,317, which is 66% of total assets while net capital assets total \$5,612,915, which is 34% of total assets. The District's liabilities are composed of accounts payable, deferred revenues, and payroll and taxes payable associated with the ongoing operations.

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Management's Discussion and Analysis
For the Year Ended December 31, 2023

A Summary of the District's net position is as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Current & other assets	\$ 11,018,317	\$ 10,282,869
Capital assets	<u>5,612,915</u>	<u>5,874,902</u>
Total assets	<u>\$ 16,631,232</u>	\$ 16,157,771
Current & other liabilities	<u>\$ 91,390</u>	<u>\$ 90,199</u>
Total liabilities	<u>\$ 91,390</u>	<u>\$ 90,199</u>
Net investment in capital assets	\$ 5,612,915	\$ 5,874,902
Unrestricted	<u>10,926,927</u>	<u>10,192,670</u>
Total net position	<u>\$ 16,539,842</u>	<u>\$ 16,067,572</u>

Governmental and Business-Type Activities

The District's net position increased by \$472,270 during the current fiscal year. Before transfers between governmental activities and business-type activities, governmental activities experienced a \$325,010 increase and business-type activities experienced a \$147,260 increase. A summary of the 2023 governmental and business-type activities as compared to the 2022 activities is as follows:

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues	\$ 1,674,705	\$ 1,522,641
General revenues		
Interest income	378,471	(177,040)
Sale of merchandise (net)	23,915	22,526
Equity transfer in	-	-
Other income	<u>49,042</u>	<u>27,243</u>
Total revenues	2,126,133	1,395,370
Expenses		
General government	70,261	70,653
Health and welfare	<u>1,583,602</u>	<u>1,560,450</u>
Total Expenses	<u>1,653,863</u>	<u>1,631,103</u>
Increase (decrease) in net position	472,270	(235,733)
Net position at beginning of year	<u>16,067,572</u>	<u>16,303,305</u>
Net position at end of year	<u>\$16,539,842</u>	<u>\$16,067,572</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Management's Discussion and Analysis
For the Year Ended December 31, 2023

While expenses remained steady during the year, program revenues increased by \$152,064, or 10%, due to increase in rates during the middle of 2022. Interest income (including change in unrealized gains/losses for investments), increased by 555,511, which includes a net unrealized gain on investments for 2023 as opposed to a loss in 2022. Also, rising interest rates being paid helped contribute to the increase.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the District present its General Fund and its Enterprise Fund. The changes discussed in the section below provide explanations of the funds' activities during the year.

Governmental Fund

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. This being said, the District is unique amongst most entities in that its fund balance in its governmental fund essentially equals its net position in its governmental activities which renders further discussion redundant. The only variance is that the governmental fund does not include the capital assets that are included in governmental activities. However, more detail is given in the governmental fund statements which can be of benefit to the users of these financial statements.

Proprietary Fund

Similar to the discussion in the previous paragraph, the District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

GENERAL BUDGETARY ANALYSIS

General Fund

The District employs formal budgetary integration as a management control device during the year. Budgeted amounts included in the Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual include the original adopted budget amounts and the final amended budget amounts.

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the District must adopt a budget for the General Fund prior to December 31. The original budget for the District was adopted in November of 2022, and the final budget amendment was adopted in December of 2023.

Revenues: Revenues for the General Fund were projected to increase during 2023 as compared with 2022 due to increased market performance. Investment earnings surpassed expectations; final budgeted earnings were \$361,857 and actual earnings were \$378,471.

Expenditures: General governmental expenditures were projected to remain consistent with 2022 expenditures. Actual expenditures were less than final budget expenditures by \$11,914.

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Management's Discussion and Analysis
For the Year Ended December 31, 2023

CAPITAL ASSETS

At December 31, 2023, the District's capital assets were substantially comprised of the Wellness Center and the expansion and improvements thereto. As shown in the notes to the financial statements, depreciable assets have a carrying value of \$3,458,940 (\$8,642,168 in cost less \$5,183,228 in accumulated depreciation), and non-depreciable assets (land) have a carrying value of \$1,003,180. In governmental activities, depreciable assets have a carrying value of \$287,820 (\$387,670 in cost less \$99,850 in accumulated depreciation), and non-depreciable assets (land) have a carrying value of \$862,975. These governmental activity capital assets are not related to the Wellness Center.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Wellness Center is in a positive cash flow situation. The Hospital Service District meets monthly to review the financials and operations of the center. Should in the future a need arise the commissioners would review and take appropriate action.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to show its accountability for the money it expends. If you have questions about this report or need additional financial information, contact Mr. Mike Mulhearn, Chairman of the District, at 3215 Cypress Street, West Monroe, Louisiana 71291 or call him at 318-329-9100.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 8,673	\$ 1,329,213	\$ 1,337,886
Investments	9,579,871	-	9,579,871
Receivables	47,834	28,068	75,902
Internal Balances	(1,404)	1,404	-
Prepaid Items	3,466	14,477	17,943
Other Assets	-	6,715	6,715
Capital Assets (net)	1,150,795	4,462,120	5,612,915
Total Assets	<u>\$ 10,789,235</u>	<u>\$ 5,841,997</u>	<u>\$ 16,631,232</u>
Liabilities			
Accounts Payable and Accrued Expenses	\$ 552	\$ 30,061	\$ 30,613
Deferred Revenues	-	49,118	49,118
Payroll and Taxes Payable	-	11,659	11,659
Total Liabilities	<u>\$ 552</u>	<u>\$ 90,838</u>	<u>\$ 91,390</u>
Net Position			
Net Investment in Capital Assets	\$ 1,150,795	\$ 4,462,120	\$ 5,612,915
Unrestricted (Deficit)	9,637,888	1,289,039	10,926,927
Total Net Position	<u>\$ 10,788,683</u>	<u>\$ 5,751,159</u>	<u>\$ 16,539,842</u>

The accompanying notes are an integral part of this financial statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Statement of Activities
December 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs					
Primary Government					
Governmental Activities					
General Government	\$ 70,261	\$ -	\$ (70,261)	\$ -	\$ (70,261)
Total Governmental Activities	<u>70,261</u>	<u>-</u>	<u>(70,261)</u>	<u>-</u>	<u>(70,261)</u>
Business-Type Activities					
Health and Welfare	\$ 1,583,602	\$ 1,674,705	\$ -	\$ 91,103	\$ 91,103
Total Business-Type Activities	<u>1,583,602</u>	<u>1,674,705</u>	<u>-</u>	<u>91,103</u>	<u>91,103</u>
Total Primary Government	<u>\$ 1,653,863</u>	<u>\$ 1,674,705</u>	<u>(70,261)</u>	<u>91,103</u>	<u>20,842</u>
General Revenues					
Use of Money and Property (Including Unrealized Gains and Losses)			378,471	-	378,471
Sale of Merchandise (net)			-	23,915	23,915
Equity Transfers In			-	-	-
Other Income			16,800	32,242	49,042
Transfers			-	-	-
Total General Revenues and Transfers			<u>395,271</u>	<u>56,157</u>	<u>451,428</u>
Change in Net Position			325,010	147,260	472,270
Net Position - Beginning of Year			<u>10,463,673</u>	<u>5,603,899</u>	<u>16,067,572</u>
Net Position - End of Year			<u>\$ 10,788,683</u>	<u>\$ 5,751,159</u>	<u>\$ 16,539,842</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
 West Monroe, Louisiana

Governmental Fund - General Fund

Balance Sheet

December 31, 2023

Assets	
Cash	\$ 8,673
Investments	9,579,871
Receivables	47,834
Prepaid Expenses	3,466
Due from Proprietary Fund	-
Total Assets	\$ 9,639,844
Liabilities	
Accounts Payable	\$ 552
Due to Proprietary Fund	1,404
Total Liabilities	1,956
Fund Balance	
Nonspendable - Prepaid Expenses	3,466
Unassigned	9,634,422
Total Fund Balance	9,637,888
Total Liabilities and Fund Balance	\$ 9,639,844

The accompanying notes are an integral part of this financial statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
 West Monroe, Louisiana

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
December 31, 2023

Fund Balance - Governmental Fund	\$ 9,637,888
----------------------------------	--------------

The cost of capital assets (land) is reported as an expenditure in the governmental fund. The Statement of Net Position includes the land as an assets among the assets of the District.

Capital asset	
Land	862,975
Building	377,308
Land Improvements	900
Equipment	9,462
Accumulated depreciation	<u>(99,850)</u>
	1,150,795

Net Position - Governmental Activities	<u><u>\$ 10,788,683</u></u>
--	-----------------------------

The accompanying notes are an integral part of this financial statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

Revenues

Use of Money and Property (Including Unrealized Gains and Losses)	378,471
Other Income	16,800
Total revenues	395,271

Expenditures

General Government	
Accounting	629
Advertising and Promotion	917
Bank Fees	55
Cooperative Endeavor	-
Insurance	22,064
Office Expenses	-
Other Expenses	9,787
Professional Fees - Accounting and Auditing	4,200
Professional Fees - Legal	7,900
Professional Fees - Other	1,818
Salaries and Benefits	11,678
Capital Expenditures	-
Total General Government	59,048

Excess (Deficiency) of Revenues Over Expenditures 336,223

Other Financing Sources (Uses)

Transfers from Enterprise Fund	-
Total Other Financing Sources (Uses)	-

Excess (Deficiency) of Revenues and Other Sources

Over Expenditures and Other Uses 336,223

Fund Balance - Beginning of Year 9,301,665

Fund Balance - End of Year \$ 9,637,888

The accompanying notes are an integral part of this financial statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds to the Statement of Activities
for the Year Ended December 31, 2023

Net Change in Fund Balance - Governmental Fund	\$ 336,223
<p>Capital assets and depreciation are not reported in the governmental fund In the Statement of Net Position, capital assets and accumulated depreciation are reported.</p>	
Transfer in of Capital Assets from Enterprise Fund	-
Capital Outlays	-
Depreciation Expense	<u>(11,213)</u>
Change in net position in governmental activities	<u>\$ 325,010</u>

The accompanying notes are an integral part of this financial statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
 West Monroe, Louisiana

Proprietary Fund - Statement of Net Position
December 31, 2023

	Business-Type Activities
	Enterprise Fund
	Wellness Center
Assets	
Current Assets	
Cash	\$ 1,329,213
Accounts Receivable	28,068
Due from General Fund	1,404
Prepaid Expenses	14,477
Other Assets	6,715
Total Current Assets	1,379,877
Capital Assets	
Building and Improvements	6,894,639
Land Improvements	670,050
Fitness Equipment	942,932
Office Equipment	131,478
Warehouse	3,069
Total Capital Assets	8,642,168
Accumulated Depreciation	(5,183,228)
Net Depreciable Capital Assets	3,458,940
Land	1,003,180
Capital Assets	4,462,120
Total Assets	\$ 5,841,997
Liabilities	
Current Liabilities	
Accounts Payable	\$ 30,061
Unearned Income	49,118
Payroll and Taxes Payable	11,659
Total liabilities	\$ 90,838
Net Position	
Net Investment in Capital Assets	\$ 4,462,120
Unrestricted	1,289,039
Total Net Position	\$ 5,751,159

The accompanying notes are an integral part of this financial statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Proprietary Fund - Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2023

		<u>Business-Type Activities</u>
		<u>Enterprise Fund</u>
		<u>Wellness Center</u>
Operating Revenues		
Charges for Services		\$ 1,674,705
Merchandise Sales	\$ 61,115	
Merchandise Purchases	<u>(37,200)</u>	23,915
Other Income		32,242
Total Operating Revenues		<u>1,730,862</u>
Operating Expenses		
Accounting		5,625
Auditing		14,000
Administrative Expenses		8,038
Advertising and Promotion		46,766
Bad Debt Expense		29,760
Bank Fees		61,919
Dues and Subscriptions		38,248
Depreciation		294,219
Equipment		34,408
Repair and Maintenance		44,769
Housekeeping		57,401
Insurance Expense		94,973
Licenses		592
Office Supplies and Postage		41,954
Salaries and Benefits		674,453
Security		1,095
Supplies		3,987
Telephone and Communication		15,778
Training		5,644
Utilities		109,973
Total Operating Expenses		<u>1,583,602</u>
Operating Income (Loss)		147,260
Other Financing Sources (Uses)		
Transfers to General Fund		<u>-</u>
Total Other Financing Sources (Uses)		-
Net Income (Loss)		147,260
Net Position - Beginning of Year		5,603,899
Net Position - End of Year		<u>\$ 5,751,159</u>

The accompanying notes are an integral part of this financial statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Proprietary Fund - Statement of Cash Flows
For the Year Ended December 31, 2023

	<u>Business-Type Activities Enterprise Fund Wellness Center</u>
Cash Flows from Operating Activities	
Receipts from Memberships	\$ 1,707,230
Net Receipts from Sale of Merchandise	23,710
Payments to Employees	(676,451)
Payments to Suppliers for Goods and Services	(611,369)
Net Cash Provided (Used) by Operating Activities	<u>443,120</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(43,824)
Transfer from General Fund	-
Net Cash Provided (Used) by Financing Activities	<u>(43,824)</u>
Net Increase (Decrease) in Cash	399,296
Cash - Beginning of Year	929,917
Cash - End of Year	<u><u>\$ 1,329,213</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 147,260
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	294,219
Loss on Disposal of Assets	379
Changes in Assets and Liabilities	
Receivables	1,512
Prepaid Expenses	(4,325)
Other Assets	(205)
Accounts Payable	7,507
Due from Other Funds	105
Accrued Payroll Expenses	(2,103)
Unearned Income	(1,229)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 443,120</u></u>
Cash Shown on Statement of Net Position	<u><u>\$ 1,329,213</u></u>

The accompanying notes are an integral part of this financial statement.

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Overview

Hospital Service District No. 1 of Ouachita Parish, Louisiana, (the District - a component unit of the Ouachita Parish Police Jury) is a body corporate and political subdivision of the State of Louisiana which was formed on July 18, 1951, by Ordinance No. 7006 of the Ouachita Parish Police Jury (the Police Jury), as provided by Revised Statutes 46:1051-1067. The boundaries of the District comprise all of the territory within Ward No. 5 of Ouachita Parish as it stood in 1951. The District is governed by a Board of Commissioners consisting of five members who are appointed by the Ouachita Parish Police Jury.

On January 31, 2007, the District sold a hospital and associated real estate it owned to a national hospital chain. Substantially all of the net proceeds were transferred to a new nonprofit foundation. Ward Five Healthcare Foundation, which legally changed its name in 2010 to the Living Well Foundation (the Foundation). Not included in the sale was a wellness center and real estate located nearby. Since the sale, the District has owned and operated the Wellness Center, has overseen the operation of the Foundation, and has overseen the winding-up process of the nonprofit corporation, Glenwood Resolution Authority, Inc. (GRA) which formerly operated the hospital and wellness center.

Note 1 – Summary of Significant Accounting Policies

A. Basis of Presentation

The District's financial statements are prepared in accordance with accounting principles accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The financial statements follow the guidance included in GASB Statement No. 62 — *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*.

B. Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) is the accepted standard setting authority for generally accepted accounting principles as applied to governmental entities. GASB Statement Number 61 *The Financial Reporting Entity: Omnibus* establishes criteria for determining which component units of governments should be considered part of a primary government (the District) for financial reporting purposes.

The basic criterion for determining a component unit is accountability. As the Police Jury appoints all of the commissioners of the District, the District is considered a component unit of the Police Jury, the reporting entity of the parish. Considered in the determination of component units of the District is the Living Well Foundation (the Foundation). The Foundation was created on August 17, 2006. The District is the sole member of the Foundation, and, therefore,

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

the Foundation is a component unit of the District. However, the Foundation is not included in the accompanying financial statements. The District's financial statements are not intended to and do not report on the reporting entity of the District but rather are intended to reflect only the financial statements of the primary government of Hospital Service District No. 1 of Ouachita Parish. This report does not contain the financial activity of the Living Well Foundation, a component unit of Hospital Service District No. 1 of Ouachita Parish, which can be obtained from Ken Phillips (Vice Chair, Finance/Investment Committee) of the Foundation at P.O. Box 2773, West Monroe, LA 71294, by phone at 318-396-5066, or from its website at LivingWellFoundation.net.

The accompanying basic financial statements present information only on the two funds maintained by the District and do not present information on the Police Jury.

C. Fund Accounting

The financial transactions of the District are organized and operated on the basis of funds. The operations of each fund are accounted for with a set of self-balancing accounts that includes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District uses the following fund types (governmental and proprietary) and funds (General Fund and Enterprise Fund).

Governmental Fund

Governmental funds account for general governmental activities including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt. Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues, and expenditures/expenses. Major funds are larger, more significant funds. Nonmajor funds are the Governmental Funds that do not meet the dollar tests for major funds. The District has one governmental fund and it is as follows:

General Fund — The General Fund is the general operating fund of the District. It accounts for all of financial resources except those required to be accounted for in another fund and is always a major fund.

Proprietary Fund

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of fund equity, is an important financial indicator.

Enterprise Fund - The Enterprise Fund accounts for the operations (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the fund financial statements. The Wellness Center is the District's only enterprise fund, and it is a major fund.

Operating revenues consist of charges for services, merchandise sales, intergovernmental revenues, and other miscellaneous revenues. All revenues not meeting the previously mentioned definitions are reported as nonoperating revenues.

Activities accounted for in the enterprise fund follow all applicable GASB pronouncements as well as applicable Financial Accounting Standard Board (FASB) pronouncements issued on or before November 30, 1989.

D. Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the District has an enforceable legal claim to the revenues, expenses, gains, losses, assets, and liabilities.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

"measurable and available"). "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Interest income on time deposits is recorded when the time deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded at the end of each month when credited by the bank. Interest income on investments is recorded periodically as the instruments mature.

Substantially all other revenues are recorded when they become available to the District.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds not expected to be repaid and sale of assets are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

E. Budgetary Practices

A proposed budget for the ensuing year, prepared on the modified accrual basis of accounting, is prepared annually by the Board of Commissioners. This budget is based on past expenditures and modified for planned activities.

Notice of the location and availability of the proposed budget for public inspection and the date of the public hearing to be conducted on the budget are then advertised in the official journal of the District. Prior to or as a part of the selected December meeting, the District conducts a public hearing on the proposed budget in order to receive comments from the citizenry.

Changes are made to the proposed budget based on the public hearing and the desires of the District as a whole. The budget is then adopted during the District's selected December meeting,

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

and a notice certifying completion of the required budgetary actions is published in the official journal of the parish.

During the year, the commissioners receive monthly budget comparison statements that are used as a tool to control District operations.

F. Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and certificates of deposits. 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 the laws of the United States.

For financial statement purposes, the District considers cash in its checking account to be the only cash item.

G. Investments

Under state law, the District may invest in United States Treasury obligations, United States Government instrumentalities, and other allowable short-term obligations, including repurchase agreements and certificates of deposit. In accordance with the provisions of GASB Statement 31, investments are carried at fair market value or amortized cost.

H. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, and fixtures and equipment, are reported in the governmental or business-type activities columns in the government-wide financial statements. The District considers assets with an initial individual cost of \$500 or more and an estimated life of 1 year or more as a capital asset. Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value as the date of donation. Estimated useful life is management's estimate of how long the assets is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following useful lives:

<u>Number of Years</u>	<u>Asset</u>
3 to 5	Computer Equipment
5	Furniture and Fixtures
5 to 15	Fitness Equipment
40	Buildings

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

J. Cooperative Endeavor Agreements

The District may enter into cooperative endeavors to enhance the quality of life of all residents within certain northeastern Louisiana parishes. When such endeavors are approved by the Board, they are recorded as a payable at that time and are disbursed according to the terms of the agreements at a certain point in the future.

K. Compensated Absences

All full-time employees earn vacation at rates varying from 5 to 15 days each year depending upon length of service with the District. Employees cannot carry forward accrued annual leave from year to year.

All full-time employees earn sick leave after one year of service and can use up to 10 days of sick leave per year. Employees cannot carry forward sick leave from year to year.

L. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – consists of net position without constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws and regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the District’s policy that when both restricted and unrestricted funds are available to be spent, restricted funds will be utilized first.

In the fund financial statements, governmental fund equity is classified as fund balance. In accordance with GASB Statement 54, fund balances of governmental funds are classified as follows:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Restricted – represents balances where constraints have been established by parties outside the District’s office or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority.

Assigned – represents balances that are constrained by the government’s intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the District reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the District reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

M. Bad Debts

The District uses the direct write-off method for recognizing for recognizing bad debts. Under this method, the receivable is charged to bad debt expense when the account is deemed to be uncollectible. Bad debts of \$29,760 were recognized for 2023.

N. Interfund Transactions

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-wide Financial Statements.

O. Use of Estimates

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

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Cash and Cash Equivalents

At December 31, 2023, the District had reconciled bank deposits of \$1,337,264, petty cash of \$622 and a bank balance of \$1,334,624. These deposits are stated at cost, which approximates market. Of the deposits (or the resulting bank balances), \$250,000 is secured by Federal Deposit Insurance Coverage (FDIC) and the remaining \$1,084,624 by the pledge of securities.

Custodial credit risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand.

Note 3 – Investments

At December 31, 2023, the District's investments of \$9,579,871 consist of the following securities and are carried at fair value. All investments are Level I securities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
Federal Farm Credit Banks	\$ 6,096,865	63.6%
Federal Home Loan Banks	2,330,864	24.3%
Federal Home Loan Mortgage	496,414	5.2%
Cash	655,728	6.9%
Total	<u>\$ 9,579,871</u>	<u>100%</u>

Investments are in accordance with LRS 33:2955 (A)(1)(e) and are not required to be covered by the pledge of securities owned by the fiscal agent bank.

Credit risk - The District minimizes credit risk, which is the risk due to the failure of the security issuer or backer by limiting investments to certain investments primarily limited to:

- a. direct United States Treasury obligations;
- b. bonds; debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America or such other instruments that are federally sponsored;
- c. direct security repurchase agreements of any federal book entry only securities enumerated in paragraphs in (a) or (b) above;

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Investments (continued)

- d. time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks or share accounts and share certificate accounts of federally or state-chartered credit unions issuing time certificates of deposit;
- e. mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Company Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investment of funds in such mutual or trust fund institutions shall be limited to 25% of the monies considered available for investment;
- f. investment grade (A-I/P-1) commercial paper of domestic United States corporations.

Concentration of credit risk – The investments shall be diversified by:

- a. Limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities);
- b. Limiting investment in securities that have higher credit risks;
- c. Investing in securities with varying maturities;
- d. Continuously investing a portion of the portfolio in readily available funds such as money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Interest rate risk – The District manages its interest rate risk, which is the risk the market value of securities will fall due to changed in market interest rates, by:

- a. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity;
- b. Investing primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

Note 4 – Receivables

Accounts receivable of \$75,902 at December 31, 2023, are comprised of the following:

	General Fund	Enterprise Fund	Total
Accrued Interest	\$ 47,834	\$ -	\$ 47,834
Accounts Receivable	-	28,068	28,068
Total	\$ 47,834	\$ 28,068	\$ 75,902

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Receivables (continued)

All of the General Fund's \$47,834 receivable is classified as current. The Enterprise Fund's aging of receivables is as follows: \$21,352 is current; \$4,385 is 31 to 60 days; \$905 is 61 to 90 days; and \$1,426 is 90 plus days.

Note 5 – Capital Assets

Changes in capital assets for the year ended December 31, 2023, are as follows:

	<u>Balance 1/1/23</u>	<u>Additions</u>	<u>Disposals & Transfers</u>	<u>Balance 12/31/23</u>
<u>Governmental Activities</u>				
Capital Assets, not being Depreciated				
Land	862,975	-	-	862,975
Total Capital Assets, not being Depreciated	862,975	-	-	862,975
Capital Assets being Depreciated				
Building and Improvements	377,308			377,308
Land Improvements	900			900
Equipment	9,462	-	-	9,462
Total Capital Assets being Depreciated	387,670	-	-	387,670
Less Accumulated Depreciation				
Buildings and Improvements	81,920	10,253	-	92,173
Land Improvements	630	90	-	720
Equipment	6,087	870	-	6,957
Total Accumulated Depreciation	88,637	11,213	-	99,850
Total Capital Assets being Depreciated, net	299,033	(11,213)	-	287,820
Total Governmental Activities Capital Assets, net	1,162,008	(11,213)	-	1,150,795

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Capital Assets (continued)

Business-Type Activities

Capital Assets, not being Depreciated				
Land	\$ 1,003,180	-	-	\$ 1,003,180
Total Capital Assets, not being Depreciated	<u>1,003,180</u>	<u>-</u>	<u>-</u>	<u>1,003,180</u>
Capital Assets being Depreciated				
Building and Improvements	6,870,492	24,147	-	6,894,639
Land Improvements	668,700	1,350	-	670,050
Fitness Equipment	932,022	15,456	(4,546)	942,932
Office Equipment	128,608	2,870	-	131,478
Warehouse	3,069	-	-	3,069
Total Capital Assets being Depreciated	<u>8,602,891</u>	<u>43,823</u>	<u>(4,546)</u>	<u>8,642,168</u>
Less Accumulated Depreciation				
Buildings and Improvements	3,525,134	196,417	-	3,721,551
Land Improvements	623,064	7,956	-	631,020
Fitness Equipment	626,025	86,726	(4,168)	708,583
Office Equipment	115,885	3,120	-	119,005
Warehouse	3,069	-	-	3,069
Total Accumulated Depreciation	<u>4,893,177</u>	<u>294,219</u>	<u>(4,168)</u>	<u>5,183,228</u>
Total Capital Assets being Depreciated, net	<u>3,709,714</u>	<u>(250,396)</u>	<u>(378)</u>	<u>3,458,940</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 4,712,894</u>	<u>(250,396)</u>	<u>(378)</u>	<u>\$ 4,462,120</u>

All depreciation expense for business-type activities is charged to health and welfare.

Note 6 – Living Well Foundation

The Cooperative Endeavor Agreement provides that the Living Well Foundation will pay or reimburse all reasonable and necessary District overhead expenses. Since 2009, the District has annually waived this requirement and plans to continue to do so for the foreseeable future.

Note 7 – Board Compensation

For the year ended December 31, 2023, there was no compensation paid to members of the Board of Commissioners.

Note 8 – Interfund Transactions

At December 31, 2023, the General Fund owed the Proprietary Fund \$1,404 for payroll liabilities which will be reimbursed after year-end.

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Subsequent Events

Management has evaluated subsequent events through June 10, 2024, the date which the financial statements were available to be issued and determined that there were no events that occurred subsequent to the reporting period that are required to be disclosed.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Resources				
General Revenues				
Use of Money and Property	\$ 157,496	\$ 361,857	\$ 378,471	\$ 16,614
Other Income	16,800	16,800	16,800	-
Total Resources	<u>174,296</u>	<u>378,657</u>	<u>395,271</u>	<u>16,614</u>
Charges to Appropriations				
General Government	70,806	70,962	59,048	11,914
Capital Expenditures	-	-	-	-
Grants	-	-	-	-
Total Charges to Appropriations	<u>70,806</u>	<u>70,962</u>	<u>59,048</u>	<u>11,914</u>
Excess (Deficiency) of Revenues Over Expenditures	103,490	307,695	336,223	28,528
Other Financing Sources and (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	103,490	307,695	336,223	28,528
Fund Balance (Deficit) at Beginning of Year	<u>10,752,783</u>	<u>10,463,673</u>	<u>9,301,665</u>	<u>(1,162,008)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 10,856,273</u>	<u>\$ 10,771,368</u>	<u>\$ 9,637,888</u>	<u>\$ (1,133,480)</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2023

Budgetary Policies: A proposed budget for the ensuing year, prepared on the modified accrual basis of accounting, is prepared annually by the Board of Commissioners. This budget is prepared for planned activities in the upcoming year.

Notice of the location and availability of the proposed budget for public inspection and the date of the public hearing to be conducted on the budget are then advertised in the official journal of the District. Prior to or as a part of the selected December meeting, the District conducts a public hearing on the proposed budget(s) in order to receive comments from the citizenry.

Changes are made to the proposed budget based on the public hearing and the desires of the District as a whole. The budget is then adopted during the District's selected December meeting, and a notice certifying completion of the required budgetary actions is published in the official journal of the parish.

During the year, the commissioners receive monthly financial statements that are used as a tool to control District operations.

State law requires the District to amend its budgets when revenues plus projected revenues within a fund are expected to fall short of budgeted revenues by five percent or more and when expenditures and other uses of a fund are expected to exceed budgeted amounts by five percent or more.

OTHER SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2023

Mike Mulhearn, Chairman of the Board exercised supervision over Hospital Service District No. 1 of Ouachita Parish and, thus, is considered the agency head for the purpose of this schedule.

For the year ended December 31, 2023, Mr. Mulhearn received no payments for his services.

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

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

**Board of Commissioners
Hospital Service District No. 1 of Ouachita Parish
West Monroe, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Hospital Service District No. 1 of Ouachita Parish (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Board of Commissioners
Hospital Service District No. 1 of Ouachita Parish
West Monroe, Louisiana**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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.

This report is intended solely for the information and use of management of the Hospital Service District No. 1 of Ouachita Parish, Ouachita Parish Police Jury, entities granting funds to the District, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

West Monroe, Louisiana
June 10, 2024

Cameron Hines & Company (APAC)

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

We have audited the financial statements of Hospital Service District No. 1 of Ouachita Parish as of and for the year ended December 31, 2023, and have issued our report thereon dated June 10, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2023, resulted in an unmodified opinion.

Section I- Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards: N/A

Material Weakness Identified yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Type of Opinion on Compliance For Major Programs

Unmodified Modified

Disclaimer Adverse

Are there findings required to be reported in accordance with the Uniform Guidance?

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster):

Dollar threshold used to distinguish between Type A and Type B Programs:

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance?

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section II- Financial Statement Findings – N/A

Section III- Federal Award Findings and Questioned Costs – N/A

HOSPITAL SERVICE DISTRICT NO. 1
OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

2022-01 Budget Authority and Control

Condition:

It was noted that actual revenues on the general fund fell short of total budgeted revenues by more than five percent, and expenditures on the general fund exceeded the total budgeted expenditures by more than five percent.

Recommendation:

We recommend the District monitor its budget on a regular basis so amendments can be made in a timely manner in order to comply with state budget laws.

Current Status:

This item is resolved.

Hospital Service District No. 1

*Independent Accountants' Report on
Applying Agreed-Upon Procedures*

For the Year Ended December 31, 2023



CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P.O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Hospital Service District No.1 of Ouachita Parish
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. The Hospital Service District No.1 of Ouachita Parish's management is responsible for those C/C areas identified in the SAUPs.

The Hospital Service District No.1 of Ouachita Parish 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:¹
- 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

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

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***², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- 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.

Findings: No exceptions noted.

2) Board or Finance Committee³

- 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

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

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

- 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 funds⁴, and semi-annual budget-to-actual, at a minimum, on all 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 funds⁵ 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.⁶

Findings: No exceptions noted.

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 accounts⁷ (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, 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.

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

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

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

Findings: No exceptions noted.

4) Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ 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 locations¹⁰ 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 also 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). *Alternatively, 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.¹¹
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

⁸ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

¹¹ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

- 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 receipt¹² 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.

Findings: No exceptions noted.

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

¹² As required by Louisiana Revised Statute 39:1212.

- 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.

Findings: No exceptions noted.

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 cards¹³. 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 #7B 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)¹⁴. 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.

¹³ Including cards used by school staff for either school operations or student activity fund operations.

¹⁴ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

Findings: One transaction tested did not include the original receipt.

7) Travel and Travel-Related Expense Reimbursements¹⁵ (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);
 - 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 that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

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. *Alternatively, 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 Law¹⁶ (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 documented approval); and

¹⁵ Non-travel reimbursements are not required to be inspected under this category.

¹⁶ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- 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.

Findings: No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁷ 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 procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials¹⁸ 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 agrees 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'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 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.

Findings: No exceptions noted.

¹⁷ "Officials" would include those elected, as well as board members who are appointed.

¹⁸ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

10) *Ethics*¹⁹

- 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 that 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 that 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.

Findings: No exceptions noted.

11) *Debt Service*²⁰

- 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).

Findings: This procedure is not applicable to this entity.

12) *Fraud Notice*²¹

- 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.

¹⁹ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²⁰ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

- B. Observe that 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.

Findings: No exceptions noted.

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 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. 42:1267²². The requirements are as follows:
- i. Hired before June 9, 2020 - completed the training; and
 - ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Findings: We performed the procedure and discussed the results with management.

²² While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

14) Prevention of Sexual Harassment²³

- 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 that 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.

Findings: No exceptions noted.

Management's Response

We agree with the results of the procedures and will address the identified exception.

We were engaged by the Hospital Service District No.1 of Ouachita Parish 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 the Hospital Service District No.1 of Ouachita Parish and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

²³ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 10, 2024