

East Union Hospital Service District

Independent Auditor's Reports and Financial Statements

March 31, 2022 and 2021

East Union Hospital Service District
March 31, 2022 and 2021

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Independent Auditor's Report

Board of Commissioners
East Union Hospital Service District
Farmerville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of East Union Hospital Service District (the District), as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of March 31, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional 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.

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

FORVIS,LLP

Waco, Texas
September 22, 2022

East Union Hospital Service District

Balance Sheets

March 31, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 607,932	\$ 612,634
Property taxes receivable	22,993	25,474
Other assets	2,423	-
Total current assets	<u>633,348</u>	<u>638,108</u>
Capital Assets, Net	<u>4,395,812</u>	<u>4,266,296</u>
Total assets	<u>\$ 5,029,160</u>	<u>\$ 4,904,404</u>

Liabilities and Net Position

Current Liabilities		
Accounts payable	\$ 2,324	\$ 12,159
Total current liabilities	<u>2,324</u>	<u>12,159</u>
Net Position		
Net investment in capital assets	4,395,812	4,266,296
Unrestricted	631,024	625,950
Total net position	<u>5,026,836</u>	<u>4,892,245</u>
Total liabilities and net position	<u>\$ 5,029,160</u>	<u>\$ 4,904,404</u>

East Union Hospital Service District
Statements of Revenues, Expenses and Changes in Net Position
Years Ended March 31, 2022 and 2021

	2022	2021
Operating Revenues		
Rent revenue	\$ 28,944	\$ 28,944
Total operating revenues	28,944	28,944
Operating Expenses		
Supplies and other	46,292	74,114
Depreciation and amortization	520,484	514,827
Total operating expenses	566,776	588,941
Operating Loss	(537,832)	(559,997)
Nonoperating Revenues (Expenses)		
Property taxes	672,197	703,292
Interest income	226	476
Grants	-	(179,408)
Total nonoperating revenues, net	672,423	524,360
Increase (Decrease) in Net Position	134,591	(35,637)
Net Position, Beginning of Year	4,892,245	4,927,882
Net Position, End of Year	\$ 5,026,836	\$ 4,892,245

East Union Hospital Service District
Statements of Cash Flows
Years Ended March 31, 2022 and 2021

	2022	2021
Operating Activities		
Payments to suppliers and contractors	\$ (58,550)	\$ (125,589)
Rental revenue receipts	28,944	28,944
Net cash used in operating activities	(29,606)	(96,645)
Noncapital Financing Activities		
Property taxes supporting operations	674,678	697,352
Grant payments made	-	(248,461)
Net cash provided by noncapital financing activities	674,678	448,891
Capital and Related Financing Activities		
Purchase of capital assets	(650,000)	(959,099)
Net cash used in capital and related financing activities	(650,000)	(959,099)
Investing Activities		
Interest received on bank deposits	226	476
Net cash provided by investing activities	226	476
Decrease in Cash	(4,702)	(606,377)
Cash, Beginning of Year	612,634	1,219,011
Cash, End of Year	\$ 607,932	\$ 612,634
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (537,832)	\$ (559,997)
Depreciation and amortization	520,484	514,827
Changes in operating liabilities		
Accounts payable	(9,835)	(51,475)
Other assets	(2,423)	-
Net cash used in operating activities	\$ (29,606)	\$ (96,645)

East Union Hospital Service District

Notes to Financial Statements

March 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

East Union Hospital Service District (the District) was created by an ordinance of the Union Parish Police Jury on June 8, 1971. The District is a political subdivision in the state of Louisiana. The District's commissioners are appointed by the Union Parish Police Jury.

Since December 1, 1983, when the District discontinued operating Union General Hospital, Inc. (the Hospital), its operations consist of administration of the facilities through a cooperative endeavor agreement as discussed further in *Note 4*, rental of adjoining physicians' offices, collection and administration of tax receipts.

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, nonexchange transactions. Nonexchange transactions that are not program specific, property taxes, investment income and grants made are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates

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

Property Taxes

The District levies a property tax on all property subject to taxation in the service district. Millage rates for 2022 and 2021 were 5.56 mills. The purpose of the tax is for constructing, maintaining, improving and operating the District. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District.

East Union Hospital Service District
Notes to Financial Statements
March 31, 2022 and 2021

Property taxes are levied by the District no later than November 15 of each year based on the preceding January 1 assessed property values. To secure payment, an enforceable lien attaches to the property on January 1, when the value is assessed. Property taxes become due and payable when levied between September 15 and November 15. This is the date on which an enforceable legal claim arises and the District records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after December 31.

The District received substantially all of its financial support from property taxes in 2022 and 2021. These funds were used to support operations and support provided to the Hospital.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Assets over \$5,000 and a three-year useful life are capitalized under the District's capitalization policy. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District:

Land improvements	5 – 25 years
Buildings and improvements	25 – 40 years
Equipment	3 – 25 years

Capital Asset Impairment

The District evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended March 31, 2022 and 2021.

Net Position

Net position of the District is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

East Union Hospital Service District
Notes to Financial Statements
March 31, 2022 and 2021

Income Taxes

As an essential government function, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law. However, the District is subject to federal income tax on any unrelated business taxable income.

Operating Revenues and Expenses

The statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with rental and maintenance of the Hospital facility, the District's principal activity. Nonexchange revenues, including taxes, grants made and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to maintain the facility in accordance with agreements, other than financing costs.

Note 2: Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Louisiana; bonds of any city, county, school district or special road district of the state of Louisiana; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At March 31, 2022 and 2021, none of the District's bank balances of \$607,932 and \$613,099, respectively, were exposed to custodial credit risk.

East Union Hospital Service District
Notes to Financial Statements
March 31, 2022 and 2021

Note 3: Capital Assets

Capital assets activity for the years ended March 31 was:

	2022				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 115,554	\$ -	\$ -	\$ -	\$ 115,554
Land improvements	193,621	-	-	-	193,621
Buildings and improvements	7,547,212	-	-	50,200	7,597,412
Equipment	3,782,092	-	-	166,693	3,948,785
Construction in progress	216,893	650,000	-	(216,893)	650,000
	<u>11,855,372</u>	<u>650,000</u>	<u>-</u>	<u>-</u>	<u>12,505,372</u>
Less accumulated depreciation					
Land improvements	124,095	16,179	-	-	140,274
Buildings and improvements	3,986,978	327,811	-	-	4,314,789
Equipment	3,478,003	176,495	-	-	3,654,497
	<u>7,589,076</u>	<u>520,485</u>	<u>-</u>	<u>-</u>	<u>8,109,560</u>
Capital assets, net	<u>\$ 4,266,296</u>	<u>\$ 129,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,395,812</u>
	2021				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 115,554	\$ -	\$ -	\$ -	\$ 115,554
Land improvements	193,621	-	-	-	193,621
Buildings and improvements	6,941,349	286,613	-	319,250	7,547,212
Equipment	3,660,431	22,493	-	99,168	3,782,092
Construction in progress	463,416	171,895	-	(418,418)	216,893
	<u>11,374,371</u>	<u>481,001</u>	<u>-</u>	<u>-</u>	<u>11,855,372</u>
Less accumulated depreciation					
Land improvements	107,916	16,179	-	-	124,095
Buildings and improvements	3,682,158	304,820	-	-	3,986,978
Equipment	3,284,175	193,828	-	-	3,478,003
	<u>7,074,249</u>	<u>514,827</u>	<u>-</u>	<u>-</u>	<u>7,589,076</u>
Capital assets, net	<u>\$ 4,300,122</u>	<u>\$ (33,826)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,266,296</u>

East Union Hospital Service District
Notes to Financial Statements
March 31, 2022 and 2021

Note 4: Operating Agreements

On November 22, 1983, the District entered into a cooperative endeavor agreement with a newly formed nonprofit corporation named "Union General Hospital, Inc." The agreement states the Hospital would operate the District's hospital facility known as Union General Hospital in Farmerville, Louisiana, as well as all related moveable property. The Hospital is a Louisiana nonprofit corporation, which has received exemption from income taxes as an organization described under section 501(c)(3) of the IRC.

The current agreement, dated September 8, 2010, had an original term through March 31, 2019. Thereafter, the agreement automatically renewed for an additional ten-year term renewal through March 31, 2029 with the same terms and conditions. The Hospital has agreed to maintain, at its expense, certain insurance, capital additions, and make necessary and proper repairs.

The District provided grants to the Hospital of \$0 and \$179,408 for the years ended March 31, 2022 and 2021, respectively.

No amounts were payable from the District to the Hospital at March 31, 2021 or March 31, 2022.

Supplementary Information

East Union Hospital Service District
Schedule of Compensation, Benefits and Other Payments to
Agency Head of Chief Executive Officer
Year Ended March 31, 2022

The District does not employ a Chief Executive Officer and no compensation, benefits or other payments were made during the year ending March 31, 2022 to an agency head. Accordingly, there are no amounts to report on the schedule of compensation, benefits and other payments to agency head or chief executive officer in accordance with Louisiana State Legislature (R.S. 24:513(A)(3)).



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

Independent Auditor's Report

Board of Commissioners
East Union Hospital Service District
Farmerville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of East Union Hospital Service District (the District), which comprise the balance sheet as of March 31, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2022.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding and response as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 are required to be reported under *Government Auditing Standards*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

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

FORVIS,LLP

Waco, Texas
September 22, 2022

East Union Hospital Service District
Schedule of Finding and Response
Year Ended March 31, 2022

Reference Number	Finding
2022-001	<p>Financial Reporting Process</p> <p>Criteria – Financial statements should be prepared in accordance with generally accepted accounting principles, and internal controls should be in place to ensure this happens.</p> <p>Condition – The District’s financial statements required adjusting entries to properly state the balance sheet and statement of revenues, expenses and changes in net position.</p> <p>Context – Monthly reconciliations and a formal review process were not performed on all balance sheet accounts resulting in inaccurate financial information.</p> <p>Effect – Material misstatements in the financial statements and accompanying notes could occur and not be prevented or detected by the District’s internal control structure.</p> <p>Cause – This is largely due to the staff and resource limitations.</p> <p>Recommendation – We suggest the District review monthly and year-end closing procedures to ensure that accurate and relevant information is reflected in the financial statements.</p> <p>Views of responsible officials and planned corrective actions – The District acknowledges the limitations of the existing staffing levels and as a result will review current procedures to improve the accuracy of financial information.</p>

East Union Hospital Service District
Summary Schedule of Prior Year Audit Finding
Year Ended March 31, 2021

Reference Number	Finding
2021-001	<p>Asset Capitalization</p> <p>Criteria – Generally accepted accounting standards require the capitalization of assets that are used in operations and have initial useful lives extending beyond a single reporting period. The District’s capitalization policy is to capitalize assets over a minimum dollar amount of \$5,000 with a useful life of three years or more. Accounting standards also require the depreciation of capital assets over their assigned useful life.</p> <p>Condition – The District improperly recorded all capital asset additions in 2021 as an expense and did not record an estimate for depreciation expense in 2021. Audit adjustments were proposed to properly state construction in progress, capital assets and related depreciation expense.</p> <p>Context – A formal review was not performed resulting in inaccurate financial information.</p> <p>Effect – Material misstatements in the financial statements and accompanying notes could occur and not be prevented or detected by the District’s internal control structure.</p> <p>Cause – This is largely due to the staff and resource limitations.</p> <p>Recommendation – We suggest the District review monthly and year-end closing procedures to ensure that accurate and relevant information is reflected in the financial statements.</p> <p>Views of responsible officials and planned corrective actions – The District acknowledges the limitations of the existing staffing levels and as a result will review current procedures to ensure the proper reporting of capital assets and related depreciation expense.</p>

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Board of Commissioners
East Union Hospital Service District
Farmerville, Louisiana

As part of our audit of the financial statements of East Union Hospital Service District (the District) as of and for the year ended March 31, 2022, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under 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

An audit performed 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 is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The District's significant accounting policies are described in *Note 1* of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

No matters are reportable.

Significant Unusual Transactions

No matters are reportable.

Financial Statement Disclosures

No matters are reportable.

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed Audit Adjustments Recorded

- Net position
- Capital assets and related depreciation and other expense

Auditor's Judgments About the Quality of the District's Accounting Principles

No matters are reportable.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (*attached*)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the District as of and for the year ended March 31, 2022, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be a deficiency or material weakness.

Material Weakness

Refer to the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Deficiency

Segregation of Duties

Management is responsible for establishing and maintaining effective internal controls over financial reporting. When designing an internal control structure, conflicts in the segregation of duties among different accounting functions should be limited. Generally, access; monitoring and recording responsibilities should be assigned to different individuals. In instances where these duties are not segregated, potential internal control weaknesses exist. We identified the following matter where conflicts exist.

The administrative assistant has access to cash receipts and has responsibility to record the receipts as well as reconcile the bank statement. When individuals have the ability to access payments received, responsibility to record the deposits, and responsibility to reconcile the bank accounts, there is generally a risk of misappropriation. While the financials are reviewed at board meetings, there are no procedures in place to catch checks received but not deposited. We recommend management evaluate the cash receipt process and consider adding additional oversight procedures to mitigate this risk.

OTHER MATTERS

GASB Statement No. 87, Leases (GASB 87)

GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for the District's fiscal year ending March 31, 2023. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

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

FORVIS,LLP

Waco, Texas
September 22, 2022

Representation of:
East Union Hospital Service District
P.O. Box 941
Farmerville, LA 71241-0941

Provided to:
FORVIS, LLP
Certified Public Accountants
510 N. Valley Mills Drive, Suite 200
Waco, TX 76710

The undersigned (“We”) are providing this letter in connection with FORVIS’ audit(s) of our financial statements as of and for the years ended March 31, 2021 and 2022 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended March 31, 2022.

Our representations are current and effective as of the date of FORVIS’ report: September 22, 2022.

Our engagement with FORVIS is based on our contract for services dated: August 3, 2022.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS’ report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

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

Confirmation of Matters Specific to the Subject Matter of FORVIS’ Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We

acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

4. We have everything we need to keep our books and records.
5. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
8. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.
10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
11. We disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. The entity has not entered into any new agreements with a related party or modified terms related to an existing related-party transaction during the year under audit, or as of the date of this letter. Further, we do not have any existing or ongoing agreements with related parties that are still in effect as of the date of this letter.
We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

12. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
13. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.
14. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Restrictions on cash balances or compensating balance agreements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or suspected asset retirement obligations.
15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
16. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
17. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
18. Adequate provisions and allowances have been accrued for any material losses from:
 - a. Uncollectible receivables.
 - b. Reducing obsolete or excess inventories to estimated net realizable value.
 - c. Sales commitments, including those unable to be fulfilled.
 - d. Purchase commitments in excess of normal requirements or above prevailing market prices.

19. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
20. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
21. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
22. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
23. With respect to any nonattest services you have provided us during the year, including drafting the financial statements and maintaining capital asset schedules:
- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
- We have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.
24. With regard to deposit and investment activities:
- a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
 - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

- d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
25. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
26. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
27. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
28. All funds that meet the quantitative criteria in in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, and No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34*, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
29. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
30. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
31. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
32. Capital assets; including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
33. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.
34. As an entity subject to *Government Auditing Standards*:
 - a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
 - b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
 - c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
 - d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.

- e. We have a process to track the status of audit findings and recommendations.
 - f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
 - g. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.
35. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been omitted from the report at our request and we acknowledge our responsibility for the exclusion of the information..
36. With regard to supplementary information:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.



Alice Bailey, Board Chair



Faye Alexander, Administrative Assistant

East Union Hospital Service District

Independent Accountant's Report on

Applying Agreed-Upon Procedures

For the Year Ended March 31, 2022



510 N. Valley Mills Drive, Suite 200 / Waco, TX 76710

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forvis.com

Independent Accountant's Report on Applying Agreed-Upon Procedures

Boards of Commissioners
East Union Hospital Service District
Farmerville, Louisiana

We have performed the procedures enumerated in the attachment to this report on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures as of and for the year ended March 31, 2022. The management of East Union Hospital Service District is responsible for the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures.

East Union Hospital Service District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures as of and for the year ended March 31, 2022. 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 the associated findings are described in the attachment to this report.

We were engaged by East Union Hospital Service District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures. 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 East Union Hospital Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

FORVIS, LLP

Waco, Texas
September 28, 2022

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

Written Policies and Procedures

Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings

The District does not have written policies and procedures that address budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, credit cards, travel and expense reimbursement, ethics, debt service information technology disaster recover or sexual harassment with respect to public funds.

Board or Finance Committee

Procedures

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget- to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Findings

The District's Board of Directors meeting minutes did not reference or include monthly budget-to-actual comparisons.

Except where otherwise stated, no exceptions were identified in the performance of the procedures listed above.

Bank Reconciliations

Procedures

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

Findings

Bank reconciliations are completed within two months of statement date by the Administrative Assistant, and include evidence of timely review an additional board member.

Except where otherwise stated, no exceptions were identified in the performance of the procedures listed above.

Collections (excluding electronic funds transfers)

Procedures

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings

Management provided a listing of cash/check/money order (cash) collection sites, asserting that five checks were received for the year ending March 31, 2022 at one location and that the listing was complete.

The Administrative Assistant is not bonded and is responsible for the receipt of funds, making deposits into the District's bank account, and reconciling the bank statement.

Except where otherwise stated, no exceptions were identified in the performance of the procedures listed above.

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

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

Procedures

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

East Union Hospital Service District

Applying Agreed-Upon Procedures

Year Ended March 31, 2022

Findings

The Administrative Assistant has the ability to add vendors to the District's master files as well as the authority to process payments.

Except where otherwise stated, no exceptions were identified in the performance of the procedures listed above.

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

Procedures

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

Findings

There were no credit cards, debit cards, fuel cards or P-cards maintained for the year ended March 31, 2022. Accordingly, there are no items to report for steps 11 through 13.

Travel and Travel-Related Expenses Reimbursements (excluding card transactions)

Procedures

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings

There were no travel related expenses incurred for the year ended March 31, 2022. Accordingly, there are no items to report for steps 14 through 14d.

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

Contracts

Procedures

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Findings

There were no contracts renewed or initiated for the year ended March 31, 2022. Accordingly, there are no items to report for steps 15 through 15d.

Payroll and Personnel

Procedures

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

East Union Hospital Service District
Applying Agreed-Upon Procedures
Year Ended March 31, 2022

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings

There were no employees maintained by the District for the year ended March 31, 2022. Accordingly, there are no items to report for steps 16 through 19.

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Ethics

Procedures

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Findings

There were no employees maintained by the District for the year ended March 31, 2022. Accordingly, there are no items to report for steps 20 through 20b.

Debt Service

Procedures

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings

There were no debt instruments issued, retired or outstanding for the year ended March 31, 2022. Accordingly, there are no items to report for steps 21 through 22.

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Fraud Notice

Procedures

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

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

Findings

The District does not have the notice required by R.S. 24:523.1 posted publicly as the District does not maintain a website and does not have a physical place of operation.

Except where otherwise stated, no exceptions were identified in the performance of the procedures listed above.

Information Technology Disaster Recovery/Business Continuity

Procedures

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have

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current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Findings

We performed the procedure and discussed the results with management.

Sexual Harassment

Procedures

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Findings

There were no employees maintained by the District for the year ended March 31, 2022.

While the District maintains a sexual harassment policy, the District does not have the notice required by R.S. 42:344 posted publicly as the District does not maintain a website and does not have a physical place of operation.

Except where otherwise stated, no exceptions were identified in the performance of the procedures listed above.

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Management's Response

Management understands the importance of having policies and procedures in place and being able to monitor those policies and procedures for compliance. Management is in the process of updating all policy and procedure manuals district-wide and will consider the findings noted in this document as the policies and procedures are being updated. Management will also look at procedures that are currently in place that do not meet the LLA's requirements to determine the changes necessary to ensure compliance.