

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Financial Report

Year Ended December 31, 2023

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Commissioners
Hospital Service District No. 2 of the Parish of St. Mary
Morgan City, Louisiana

Report on the Financial Statements

We have reviewed the accompanying financial statements of Hospital Service District No. 2 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, which comprise the statement of net position as of December 31, 2023, and the related statements of revenues, expenses, and change in fund net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The District has omitted the 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 operation, economic, or historical context.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 24, 2024

BASIC FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Statement of Net Position
December 31, 2023

	Enterprise Fund
ASSETS	
Current assets	
Cash and interest-bearing deposits	\$ 307,874
Investments	1,393,813
Interest receivable	10,291
Total current assets	1,711,978
Restricted assets	
Cash and interest-bearing deposits	11,184
Investments	723,791
Total restricted assets	734,975
Noncurrent assets	
Lease receivable	1,163,125
Capital assets not being depreciated	
Land and improvements	118,210
Total noncurrent assets	1,281,335
Total assets	3,728,288
LIABILITIES	
Current liabilities	
Unearned rental income	112,916
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to lease receivable	1,163,125
NET POSITION	
Net investment in capital assets	118,210
Restricted for plant replacement and other	734,975
Unrestricted	1,599,062
Total net position	\$ 2,452,247

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

HOSPITAL SERVICE DISTRICT NO. 2
 PARISH OF ST. MARY
 Morgan City, Louisiana

Statement of Revenues, Expenses and Change in Fund Net Position
 Year Ended December 31, 2023

	Enterprise Fund
OPERATING REVENUES	
Rental income	\$ 88,142
OPERATING EXPENSES	
Advertising	1,863
Board per diem	3,480
Community outreach	31,910
Insurance	1,938
Legal and professional	92,291
Ochsner St. Mary funding allocations	45,939
Office expense	226
Total operating expenses	177,647
Operating loss	(89,505)
NONOPERATING INCOME	
Interest income from leasing agreement	62,437
Investment earnings, including changes in FMV	110,718
Net nonoperating income	173,155
Change in net position	83,650
Net position, beginning	2,368,597
Net position, ending	\$ 2,452,247

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

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Statement of Cash Flows
Year Ended December 31, 2023

	Enterprise Fund
OPERATING ACTIVITIES	
Rental receipts from lessee	\$ 88,142
Payments to suppliers, vendors, and others	<u>(177,647)</u>
Net cash used by operating activities	<u>(89,505)</u>
INVESTING ACTIVITIES	
Securities purchased	(408,734)
Securities redeemed matured	435,671
Interest received from lessee	62,437
Investment income received	<u>116,409</u>
Net cash provided by investing activities	<u>205,783</u>
Net increase in cash	116,278
Cash and cash equivalents, beginning	<u>202,780</u>
Cash and cash equivalents, ending	<u>\$ 319,058</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (89,505)
Adjustments to reconcile income from operations to net cash used by operating activities -	<u>-</u>
Net cash used by operating activities	<u>\$ (89,505)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to statement of net position:	
	December 31,
	2022 2023
Cash and cash equivalents:	
Current - unrestricted	\$ 185,821 \$ 307,874
Restricted	<u>16,959 11,184</u>
	<u>\$ 202,780 \$ 319,058</u>

Noncash investing activities:

The decrease in the fair value of the District's investments was \$33,268.

The accompanying notes to financial statements are an integral part of this statement

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Notes to Financial Statements

INTRODUCTION

Hospital Service District No. 2 (hereafter "District"), which is a component unit of the Parish of St. Mary, was created by Ordinance No. 420 of the Police Jury of St. Mary Parish (predecessor of the St. Mary Parish Council) to operate, control, and manage matters concerning the health care of citizens in the eastern portion of St. Mary Parish.

The District is governed by a board of commissioners, not to exceed seven members, appointed by the St. Mary Parish Council.

(1) Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
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Notes to Financial Statements (continued)

Because the parish council appoints the District's governing body, the District was determined to be a component unit of the Parish of St. Mary, the financial reporting entity. The accompanying component unit financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Fund Accounting

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) are maintained that comprises its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where (a) the intent of the governing body is that the cost (expense, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

D. Cash, Cash Equivalents and Investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts and savings accounts of the District. Interest-bearing deposits are stated at cost, which approximates market.

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principle offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Investments are stated at fair value as determined by quoted market prices or other observable inputs. If quoted market prices are not available, fair value is estimated by determining the fair value of investments possessing similar yield, maturity, and repayment and risk characteristics. Gains or losses on sales of investments are recognized using the specific identification method. The calculation of realized gains and losses is independent of the calculation of the net change in fair value of investments. Realized gains and losses on investments that were held in more than one calendar year and sold in the current year were

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Notes to Financial Statements (continued)

included as a change in fair value of investments reported in the prior year and the current year. Investment earnings include interest and dividend income, realized gains and losses, and unrealized gains and losses. Realized gains and losses are determined using the specific identification method. Investment earnings are reported as a component of nonoperating income.

For the purpose of the enterprise fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

E. Prepaid Expenses

The District records prepayments, such as insurance, as an asset on the balance sheet and systematically recognizes an expense ratably over the term of the prepayment

F. Restricted Assets

The District has restricted assets for future facility and equipment repairs and replacements.

G. Deferred Inflows of Resources

The District reports a separate section on the statement of net position for deferred inflows of resources related to its long-term lease with Ochsner Morgan City LLC. This separate financial statement element reflects an increase in net assets that applies to a future period. The District will not recognize the related inflows (revenues) until a future event occurs, i.e., payments on the lease.

H. Equity Classifications

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

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted funds to have been spent first.

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Notes to Financial Statements (continued)

I. 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.

J. Revenues and Expenses

Operating Revenues and Expenses –

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. Operating expenses for the proprietary funds include the cost of contractual services and supplies. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenses –

In the proprietary fund, expenses are classified as operating or nonoperating.

Proprietary funds report expenses relating to use of economic resources

K. Leases

The District recognizes a lease receivable and a deferred inflow of resources in the financial statements in accordance with GASBS No. 87, *Leases*.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The lease receivable is amortized on a straight-line basis over the lease term.

The District uses the interest rate implicit in the lease agreement, if determinable. When the implicit interest rate is not determinable, the District uses its estimated incremental borrowing rate as the discount rate for the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments through the noncancellable term of the lease, including any renewal or option periods regardless of the certainty the renewals or options being exercised.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease receivable as provided in GASBS 87.

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Notes to Financial Statements (continued)

(2) Cash and Interest-bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. At December 31, 2023, the District has cash and interest-bearing deposits totaling \$319,058. These deposits are fully secured by federal deposit insurance and not subject to custodial credit risk.

(3) Investments

State law allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U. S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. Government; time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana; savings account or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporation.

As of December 31, 2023, the District had the following investments and maturities (in years):

Description	Fair Value	≥ 5
U.S. Government and Government-Agency Securities	\$ 2,117,604	\$ 2,117,604

In accordance with GASB Statement No. 31, the District recognizes the net increase (decrease) in the fair value of its investments. For the year ended December 31, 2023, the fair value of the District's investments decreased \$33,268. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

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

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment. The District's investment policy conforms to state law, as described above, which has no provision for custodial risk.

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Notes to Financial Statements (continued)

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The types of investments allowed by state law ensure that the District is not exposed to credit risk.

The District's investments are asset-backed securities (ABS), mortgage-backed securities (MBS), and collateralized mortgage obligations (CMOs) that are not rated.

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of December 31, 2023. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District measures its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1-quoted prices for identical investments in active markets
- Level 2-observable inputs other than quoted market prices
- Level 3-unobservable inputs

The District's investments are measured using quoted prices for identical investments in active markets (Level 1 inputs). The investments are valued using quoted market prices of the underlying investment on a recurring basis. The District's investments are redeemable on demand.

Concentration of credit risk relates to the amount of investments in any one entity. At December 31, 2023, the District had no investments in any entity which exceeded 5% of total investments, except obligations of federal and state agencies.

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Notes to Financial Statements (continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 118,210	\$ -	\$ -	\$ 118,210
Capital assets being depreciated				
Buildings and improvements	<u>25,110,582</u>	<u>-</u>	<u>-</u>	<u>25,110,582</u>
Less: accumulated depreciation				
Buildings and improvements	<u>(25,110,582)</u>	<u>-</u>	<u>-</u>	<u>(25,110,582)</u>
Total capital assets, net	<u>\$ 118,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,210</u>

There was no depreciation for the year ended December 31, 2023.

(5) Compensation of Board Members

The schedule of compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 46.1053(C)(2)(a) limits compensation paid to board members, with the approval of the parish governing authority, for attendance at meetings of the District, in an amount of not less than twenty-five dollars nor more than forty dollars, not to exceed twenty-four meetings per year.

William A. Cefalu, Jr.	\$ 440
Donald Stephens	440
Angelena Brocato	520
Gary Stansbury	520
Heath Hofpaur	40
Kendra Thomas	440
Jackie Cheramie	560
William McCarty	<u>520</u>
Total	<u>\$ 3,480</u>

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Notes to Financial Statements (continued)

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's Chief Officer. For the year ended December 31, 2023 the District's Chief Officer, William A. Cefalu, Jr., received \$440 in per diem payments

(6) Risk Management

The District is exposed to various risks of loss related to torts and errors and omissions. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. There were no significant changes in coverage, retentions, or limits during the year ended December 31, 2023. Settled claims have not exceeded the commercial coverage in any of the three previous fiscal years.

(7) Lease

Effective June 28, 2019, the District executed a lease agreement which leased, for the initial term of ten (10) years, substantially all of the assets of the District to Ochsner Morgan City LLC (Ochsner), a general acute care hospital operating as a not-for-profit organization. Commitments, contracts, leases and agreements relating to assets and all licenses and permits to the extent assignable were included in the lease. Ochsner also assumed certain District liabilities. Upon expiration of the initial term, the lease shall automatically renew for an additional five (5) year term unless notification of intent not to renew is provided at least 365 days prior to the expiration of the current term.

Ochsner, at its own expense, shall repair and maintain the leased property at a combined cost not to exceed two hundred thousand dollars (\$200,000) in each lease year. During the initial term, Ochsner will make annual lease payments of one hundred fifty thousand, five hundred fifty-seven dollars (\$150,557). Rent is payable on the commencement date and on each anniversary of the commencement date thereafter. Rent for any successive terms shall continue as set forth in initial terms. All taxes and utilities shall be paid by Ochsner.

During the year ended December 31, 2023, the District recognized a lease receivable and a deferred inflow of resources in its financial statements. Future payments included in the measurement of the lease receivable are as follows:

<u>Year Ending</u> <u>December 31.</u>	<u>Receivable</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 92,517	\$ 58,040	\$ 150,557
2025	97,134	53,423	150,557
2026	101,981	48,576	150,557
2027	107,069	43,488	150,557
2028	112,412	38,145	150,557
2029-2033	<u>652,012</u>	<u>100,771</u>	<u>752,783</u>
	<u>\$ 1,163,125</u>	<u>\$ 342,443</u>	<u>\$ 1,505,568</u>

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Notes to Financial Statements (continued)

(8) New Accounting Pronouncements Scheduled to be Implemented

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The standard is effective for annual reporting periods beginning after June 15, 2023. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This standard is effective for annual reporting periods beginning after December 15, 2023. The effect of implementation on the District's financial statements has not yet been determined.

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Commissioners
Hospital Service District No. 2 of the Parish of St. Mary, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the compliance of Hospital Service District No. 2 of the Parish of St. Mary (hereinafter "District") with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A) during the year ended December 31, 2023, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The management of the District is responsible for its financial records and compliance with applicable laws and regulations.

An agreed-upon procedures engagement involves the performing of specific procedures that the District has agreed to and acknowledged to be appropriate to meet the intended purpose of the engagement in determining the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A) and report on exceptions based on the procedures performed. Additionally, the Louisiana Legislative Auditor (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 exceptions are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$60,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code), R.S. 38:2211-2296 (the public bid law), or the regulations of the Division of Administration and the State Purchasing Office, whichever is applicable; and report whether the expenditures were made in accordance with these laws.

No expenditures were made during the year that exceeded \$60,000 for materials and supplies, nor were there any expenditures for public works made during the year that exceeded \$250,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of the District as defined by R.S. 42:1101-1124 (the ethics law).

Lists were obtained for four (4) of the seven (7) members serving on the board during the fiscal period.

3. Obtain a list of all employees paid during the fiscal year.

The District had no employees during the fiscal year.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

Not applicable – the District has no employees.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Obtained a listing of all disbursements made during the year and a listing of outside business interests of the members of the Board of Commissioners and the Board's families. As applicable, no vendors appear on both lists.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

The District, which operates as an enterprise fund, is not required to adopt a budget under the provisions of the Local Government Budget Act, R.S. 39:1301 et seq.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

Not applicable.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more or whether actual expenditures exceed budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category of 5% or more in total).

Not applicable.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a) report whether the six disbursements agree to the amount and payee in the supporting documentation.

No exceptions were identified as a result of applying this procedure.

- b) report whether the six disbursements are coded to the correct fund and general ledger account, and

No exceptions were identified as a result of applying this procedure.

- c) report whether the six disbursements were approved in accordance with management's policies and procedures.

No exceptions were identified as a result of applying this procedure.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

We inspected documentation indicating the date and time of the postings required by the open meetings law. There were no exceptions identified.

Debt

11. Obtain bank deposit slips for the fiscal year and scan the deposit slips to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We inspected copies of all deposits for the fiscal year and observed no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

Not applicable – the District has no employees.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District provided for a timely report.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Not applicable – the District was compliant with R.S. 24:513.

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

The prior year report, dated June 28, 2023, did not include any suggestions, exceptions, recommendations, or comments with regard to the foregoing agreed upon procedures.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A), as required by RS 24:513 and the *Louisiana Governmental Audit Guide*, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the management of the District and LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with RS 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 24, 2024

HOSPITAL SERVICE DISTRICT NO. 2
PARISH OF ST. MARY
Morgan City, Louisiana

Schedule of Current and Prior Findings
Year Ended December 31, 2023

Current Findings

No items are required to be reported.

Prior Findings

No items were previously reported.

LOUISIANA ATTESTATION QUESTIONNAIRE

Exhibit A

Hospital Service District No. 2 of the Parish of St. Mary
Louisiana Attestation Questionnaire
Year Ended December 31, 2023

Kolder, Slaven & Company, LLC, CPAs
Post Office Box 3438
Morgan City, Louisiana 70381

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below as of December 31, 2023 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No N/A

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No N/A

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No N/A

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No N/A

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No N/A

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No N/A

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No N/A

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No N/A

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No N/A

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 Through 42:28.

Yes No N/A

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No N/A

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No N/A

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No N/A

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No N/A

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No N/A

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No N/A

We have provided you with all relevant information and access under the terms of our agreement.

Yes No N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No N/A

We are not aware of any material misstatements in the information we have provided to you.

Yes No N/A

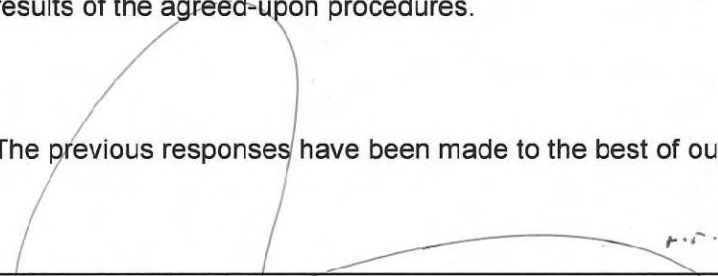
We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes No N/A

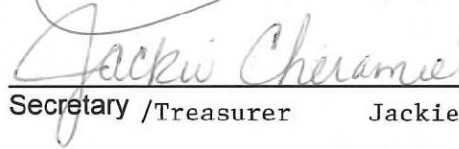
We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No N/A

The previous responses have been made to the best of our belief and knowledge.



President / Chairman William A. Cefalu, Jr., M.D.



Secretary / Treasurer Jackie Cheramie

January 3, 2024

Date