

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

Financial Statements
For the Year Ended December 31, 2017

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

For the Year Ended December 31, 2017

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* Denotes Schedule

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of **Hospital Service District No. 1 of Ouachita Parish** (the District), a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**Hospital Service District No. 1 Of Ouachita Parish
West Monroe, Louisiana**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Aggregately Discretely Presented Component Unit

As discussed in Note 1B, the financial statements referred to above do not include the Living Well Foundation which should be included in order to conform with accounting principles generally accepted in the United States of America. As a result, the financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the District (as described in Note 1B) as of December 31, 2017 and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. The amount by which this departure would increase (decrease) the assets, liabilities, fund balances, revenues and expenditures would be \$47,482,142, \$378,470, \$47,103,672, \$776,852 and \$580,422, respectively.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit” paragraph, the financial statements referred to in the first paragraph do not present fairly, in all material respects, the financial position of the aggregate discretely presented component unit of the District, as of December 31, 2017, or the changes in financial position, and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 5 through 9 and 34 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and

Hospital Service District No. 1 Of Ouachita Parish
West Monroe, Louisiana

other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

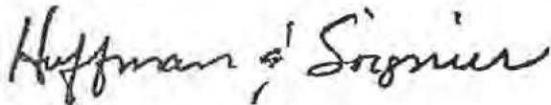
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital Service District's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This 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.



(A Professional Accounting Corporation)

June 22, 2018

REQUIRED SUPPLEMENTAL INFORMATION
(PART A)

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

Management's Discussion and Analysis
(unaudited)
For The Year Ended December 31, 2017

Our discussion and analysis of the Hospital Service District No. 1 of Ouachita Parish (the District), a component unit of the Ouachita Parish Police Jury, provides an overview of the District's activities for the year ended December 31, 2017. Please read it in conjunction with the District's financial statements that begin on page 11.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements (GWFS), 2) fund financial statements (FFS), and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. This report does not contain the financial activity of the Living Well Foundation, a component unit of Hospital Service District No. 1 of Ouachita Parish, which can be obtained from Deion Hemphill, Finance Committee Chair, at 318-323-7991 or from its website at LivingWellFoundation.net.

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

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

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

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

Governmental Fund

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

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(A Component Unit of the Ouachita Parish Police Jury)

Management's Discussion and Analysis
(unaudited)
For The Year Ended December 31, 2017

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

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

Proprietary Fund

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's compliance with the Local Government Budget Act for the major governmental fund. Required supplemental information can be found beginning on page 34.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by approximately \$16,213,000. The District's assets are mostly (64%) composed of cash and investments while another 36% is composed of capital assets. Its main liabilities are composed of accounts payable associated with the ongoing operations of the District and a multi-year liability associated with a cooperative endeavor agreement with the Ouachita Parish School Board.

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

Management's Discussion and Analysis
(unaudited)
For The Year Ended December 31, 2017

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

Summary of Net Position

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 10,475,990	\$ 10,360,126
Capital assets	5,834,977	5,969,814
Total assets	<u>16,310,967</u>	<u>16,329,940</u>
Current liabilities	97,741	111,124
Total liabilities	<u>97,741</u>	<u>111,124</u>
Invested in capital assets	5,834,977	5,969,814
Unrestricted	10,378,249	10,249,002
Total net position	<u>\$ 16,213,226</u>	<u>\$ 16,218,816</u>

Governmental and Business-Type Activities

The District's net position decreased by \$5,589 during the current fiscal year. Before transfers between governmental activities and business-type activities, governmental activities experienced a \$107,469 increase and business-type activities experienced a \$113,058 decrease. A summary of the 2017 governmental and business-type activities as compared to its 2016 activities is as follows:

Summary of Governmental and Business-Type Activities

	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues	\$ 1,173,022	\$ 1,105,790
General Revenues		
Interest income	113,811	60,721
Sale of merchandise (net)	9,996	6,266
Funds received from G.R.A., Inc.	82,064	-
Other income	16	22,550
Total revenues	<u>1,378,909</u>	<u>1,195,327</u>
Expenses		
General government	(88,406)	(125,710)
Health and welfare	(1,296,092)	(1,340,948)
Total expenses	<u>(1,384,498)</u>	<u>(1,446,658)</u>
Increase (decrease) in net position	(5,589)	(271,331)
Net position at beginning of year	16,218,815	16,490,146
Net position at end of year	<u>\$ 16,213,226</u>	<u>\$ 16,218,815</u>

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

Management's Discussion and Analysis
(unaudited)
For The Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Fund

The focus of the governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. This being said, the District is unique amongst most entities in that its fund balance in its governmental fund essentially equals its net position in its governmental activities which renders further discussion redundant. The only variance is that the governmental fund does not include \$57,000 in real estate that is included in governmental activities. However, more detail is given in the governmental fund statements which can be of benefit to the users of these financial statements.

Proprietary Fund

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

GENERAL BUDGETARY ANALYSIS

General Fund

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

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the District must adopt a budget for the General Fund prior to December 31. The original budget for the District was adopted in November of 2016, and the final budget amendment was adopted in December 2017.

Revenues: Revenues for the General Fund were projected to increase during 2017 as compared with the previous year due to increased market performance.

Expenditures: General governmental expenditures were originally projected to decrease by about \$46,000 over 2016 expenditures. Transfers from the General Fund to the Enterprise Fund in 2017 were budgeted to decrease by approximately \$93,000.

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

Management's Discussion and Analysis
(unaudited)
For The Year Ended December 31, 2017

CAPITAL ASSETS

At December 31, 2017, the District's capital assets were substantially comprised of the Wellness Center and the expansion and improvements thereto. As shown in the notes to the financial statements, depreciable assets have a carrying value of \$4,428,893 (\$7,941,251 in cost less \$3,512,358 in accumulated depreciation), and nondepreciable assets (land) with a carrying value of \$1,349,084. Another \$57,000 in land is reflected in governmental activities and is not related to the Wellness Center.

ECONOMIC FACTORS AND FUTURE OUTLOOK

In the short-term, the District will continue to use the earnings from its holdings to support the Wellness Center so that it will continue to provide its members with a quality facility for improving and maintaining a healthy lifestyle. Additionally, the District will continue to look for ways to make the Wellness Center self-sufficient with respect to its financial operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

Statement of Net Position

December 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 166,365	\$ 183,050	\$ 349,415
Investments	10,052,802	-	10,052,802
Receivables (net)	41,563	9,248	50,811
Internal balances	(1,041)	1,041	-
Prepaid expenses	3,283	16,388	19,671
Other assets	-	3,291	3,291
Capital assets, net	57,000	5,777,977	5,834,977
Total assets	<u>10,319,972</u>	<u>5,990,995</u>	<u>16,310,967</u>
Liabilities			
Accounts payable and accrued expenses	3,109	10,562	13,671
Deferred revenues	-	61,352	61,352
Payroll and taxes payable	-	22,718	22,718
Total liabilities	<u>3,109</u>	<u>94,632</u>	<u>97,741</u>
Net position			
Net investment in capital assets	57,000	5,777,977	5,834,977
Unrestricted	10,259,863	118,386	10,378,249
Total net position	<u>\$ 10,316,863</u>	<u>\$ 5,896,363</u>	<u>\$ 16,213,226</u>

The accompanying notes are an integral part of this statement.

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

Statement of Activities

For the Year Ended December 31, 2017

	Program		Net (Expense) Revenue and Changes in Net Position		
	Revenues	Primary Government			
	Charges for	Governmental	Business-Type	Total	
Expenses	Services	Activities	Activities		
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government	\$ 88,406	\$ -	\$ (88,406)	\$ -	\$ (88,406)
Total governmental activities	88,406	-	(88,406)	-	(88,406)
Business-type activities					
Health and welfare	1,296,092	1,173,022	-	(123,070)	(123,070)
Total business-type activities	1,296,092	1,173,022	-	(123,070)	(123,070)
Total primary government	<u>\$ 1,384,498</u>	<u>\$ 1,173,022</u>	<u>(88,406)</u>	<u>(123,070)</u>	<u>(211,476)</u>
General revenues					
Use of money and property (including unrealized gains and losses)			113,811	-	113,811
Sale of merchandise (net)			-	9,996	9,996
Funds received from Glenwood Resolution Authority, Inc.			82,064	-	82,064
Other income			-	16	16
Transfers			(118,681)	118,681	-
Total general revenues and transfers			<u>77,194</u>	<u>128,693</u>	<u>205,887</u>
Change in net position			(11,212)	5,623	(5,589)
Net position at beginning of year			<u>10,328,075</u>	<u>5,890,740</u>	<u>16,218,815</u>
Net position at end of year			<u>\$ 10,316,863</u>	<u>\$ 5,896,363</u>	<u>\$ 16,213,226</u>

The accompanying notes are an integral part of this statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH

(A Component of the Ouachita Parish Police Jury)

Governmental Fund - General Fund
Balance Sheet

December 31, 2017

Assets			
Cash		\$	166,365
Investments			10,052,802
Receivables			41,563
Prepaid expenses			<u>3,283</u>
Total assets		\$	<u><u>10,264,013</u></u>
Liabilities and fund balance			
Liabilities			
Accounts payable		\$	3,109
Due to other funds			<u>1,041</u>
Total liabilities			<u>4,150</u>
Fund balance			
Nonspendable - prepaid expenses			3,283
Unassigned			<u>10,256,580</u>
Total fund balance			<u>10,259,863</u>
Total liabilities and fund balance		\$	<u><u>10,264,013</u></u>

The accompanying notes are an integral part of this statement.

Statement D

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH

(A Component Unit of the Ouachita Parish Police Jury)

Reconciliation of the Governmental Fund's (FFS)
Balance Sheet to the Statement of Net Position (GWFS)

December 31, 2017

Governmental Fund- Fund balance	\$	10,259,863
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The cost of capital assets (land) is reported as an expenditure in the Governmental Fund. The Statement of Net Position includes the land as an asset among the assets of the District.

Capital asset		
Land		<u>57,000</u>

Governmental activities- Net position	\$	<u>10,316,863</u>
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The accompanying notes are an integral part of this statement.

Statement E

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH

(A Component Unit of the Ouachita Parish Police Jury)

Governmental Fund - General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2017

Revenues	
Use of money and property (including unrealized gains and losses)	\$ 113,811
Total revenues	<u>113,811</u>
Expenditures	
General government	
Advertising and promotion	1,193
Cooperative endeavor	15,000
Insurance	20,624
Office expenses	1,978
Other expenses	5,493
Professional fees-accounting and auditing	7,160
Professional fees-legal	15,799
Professional fees-other	4,944
Salaries and benefits	16,215
Total general government	<u>88,406</u>
Excess (deficiency) of revenues over expenditures	25,405
Other financing sources / (uses)	
Equity from hospital sale	82,064
Transfers to enterprise fund	<u>(118,681)</u>
Total other financing sources / (uses)	<u>(36,617)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(11,212)
Fund balance at beginning of year	<u>10,271,075</u>
Fund balance at end of year	<u>\$ 10,259,863</u>

The accompanying notes are an integral part of this statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH

(A Component Unit of the Ouachita Parish Police Jury)

Reconciliation of the Governmental Fund's
Statement of Revenues, Expenditures, and Changes in
Fund Balance (FFS) to the Statement of Activities (GWFS)

For the Year Ended December 31, 2017

Governmental fund- Net change in fund balance	\$ (11,212)
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For the year ended December 31, 2017, there were no items to reconcile between the Governmental Fund's Statement of Revenues, Expenditures, and Changes in Fund Balance (FFS) to the Statement of Activities (GWFS).

Governmental activities- Change in net position	\$ <u>(11,212)</u>
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The accompanying notes are an integral part of this statement.

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

Proprietary Fund
Statement of Net Position

December 31, 2017

	Business-type Activities
	<u>Enterprise Fund</u>
	Wellness Center
	<u>Center</u>
Assets	
Current assets	
Cash	\$ 183,050
Accounts receivable	9,248
Due from General Fund	1,041
Prepaid expenses	16,388
Other assets	3,291
Total current assets	<u>213,018</u>
Capital assets	5,777,977
Total assets	<u>5,990,995</u>
Liabilities	
Current liabilities	
Accounts payable	10,562
Unearned income	61,352
Payroll and taxes payable	22,718
Total liabilities	<u>94,632</u>
Net Position	
Net investment in capital assets	5,777,977
Unrestricted	118,386
Total net position	<u>\$ 5,896,363</u>

The accompanying notes are an integral part of this statement.

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

Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2017

		Business-type Activities Enterprise Fund Wellness Center
Operating revenues		
Charges for services		\$ 1,173,022
Merchandise sales	\$ 24,314	
Merchandise purchases	<u>(14,318)</u>	9,996
Other income		16
Total operating revenues		<u>1,183,034</u>
Operating expenses		
Administrative expenses		1,818
Advertising and promotion		28,771
Bad debt expense		14,054
Bank fees		22,038
Coffee service		2,462
Computer		14,816
Depreciation		290,261
Dues and subscriptions		27,250
Equipment		6,873
Grounds maintenance		13,005
Housekeeping		82,420
Insurance expncse		59,785
Licenses		2,067
Office expenses		10,844
Other expenses		17,725
Postage and freight		1,290
Professional fees-accounting		33,335
Salaries and benefits		565,355
Security		900
Telephone		7,595
Television		2,996
Travel and mileage		2,102
Utilities		88,330
Total operating expenses		<u>1,296,092</u>
Operating income (loss)		(113,058)
Other financing sources / (uses)		
Transfers from General Fund		118,681
Total other finances sources (uses)		<u>118,681</u>
Net income (loss)		5,623
Net position beginning of year		5,890,740
Net position end of year		<u>\$ 5,896,363</u>

The accompanying notes are an integral part of this statement.

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

Proprietary Fund
Statement of Cash Flows

For the Year Ended December 31, 2017

		Business-type Activities <u>Enterprise Fund</u> <u>Wellness Center</u>
Cash flows from operating activities		
Receipts from memberships	\$	1,154,920
Net receipts from sale of merchandise		7,715
Payments to employees		(563,642)
Payments to suppliers for goods and services		(421,327)
Net cash provided (used) by operating activities		<u>177,666</u>
Cash flows from capital and related financing activities		
Purchase of capital assets		(157,030)
Transfer from general fund		118,681
Net cash provided (used) by financing activities		<u>(38,349)</u>
Net increase (decrease) in cash		139,317
Cash at beginning of year		43,733
Cash at end of year	\$	<u><u>183,050</u></u>
Reconciliation of operating loss to net cash provided (used) by operating activities		
Operating income (loss)	\$	(113,058)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation		290,261
Change in assets and liabilities		
Receivables		846
Prepaid expenses		2,550
Other assets		233
Accounts payable		(3,168)
Due from other funds		175
Accrued payroll expenses		3,144
Unearned income		(3,317)
Net cash provided (used) by operating activities	\$	<u><u>177,666</u></u>
Cash shown on statement of net position	\$	<u><u>183,050</u></u>
Supplemental disclosures		
Non-cash operating activities		
Membership income	\$	10,740
Advertising	\$	(10,740)

The accompanying notes are an integral part of this statement.

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

Overview

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

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

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Financial Reporting Entity

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

The basic criterion for determining a component unit is accountability. As the Police Jury appoints all of the commissioners of the District, the District is

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

considered a component unit of the Police Jury, the reporting entity of the parish. Considered in the determination of component units of the District is the Living Well Foundation (the Foundation). The Foundation was created on August 17, 2006. The District is the sole member of the Foundation and therefore the Foundation is a component unit of the District. For the reporting entity of the District's financial statements to be complete, the Foundation would have to be included in with the District. However the Foundation is not included in the accompanying financial statements. The District's financial statements are not intended to and do not report on the reporting entity of the District but rather are intended to reflect only the financial statements of the primary government of Hospital Service District No. 1 of Ouachita Parish. The Foundation issues separate financial statements from the District which can be obtained from A. Whitfield Hood, Jr., Vice Chair, Finance/Investment Committee 2018 at 318-396-5066.

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

C. Fund Accounting

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

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

Governmental Fund

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

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

Proprietary Fund

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of fund equity, is an important financial indicator.

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

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

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

D. Basis of Accounting / Measurement Focus

Government-Wide Financial Statements (GWFS)

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

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

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transactions can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

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

Revenues

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

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

Expenditures

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

Other Financing Sources (Uses)

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

E. Budgetary Practices

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

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

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

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

F. Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and certificates of deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under the laws of the United States.

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

G. Investments

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

H. Prepaid Expenses

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

I. Capital Assets

Capital Assets, which include land, buildings and improvements, furniture, and fixtures and equipment, are reported in the governmental or business-type activities columns in the governmental-wide financial statements. The District considers assets with an initial individual cost of \$500 or more and an estimated life of 1 year or more as a capital asset. Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following useful lives:

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

J. Cooperative Endeavor Agreements

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

K. Compensated Absences

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

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

L. Equity Classifications

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position 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 provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

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

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

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

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

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

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

M. Bad Debts

The District uses the direct write-off method for recognizing bad debts. Under this method, the receivable is charged to bad debt expense when the account is deemed to be uncollectible. Bad debts of \$14,054 were recognized for 2017.

N. Interfund Transactions

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

O. Use of Estimates

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

P. Subsequent Events

Management has evaluated subsequent events through June 22, 2018, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

Note 2 - Cash

At December 31, 2017, the District had a reconciled cash balance of \$349,415 with a bank balance of \$354,363, of which \$250,000 was secured by FDIC and \$104,363 was secured by the pledge of securities owned by the fiscal agent bank. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

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

Note 3 - Investments

At December 31, 2017, the District’s investments of \$10,052,802 consist of the following securities and are carried at fair value. All investment are Level I securities.

Investment Type	Fair Value	% of Total
Federal National Mortgage Association	\$ 6,362,295	63.3%
Federal Farm Credit	1,469,755	14.6%
Federal Home Loan Mortgage Corporation	1,383,997	13.7%
Certificates of Deposit	741,050	7.4%
Invesco St Treasury Reserve	95,705	1.0%
Total	\$ 10,052,802	100%

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

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

- a. direct United States Treasury obligations;
- b. bonds; debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America or such other instruments that are federally sponsored;
- c. direct security repurchase agreements of any federal book entry only securities enumerated in paragraphs in (a) or (b) above;
- d. time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks or share accounts and share certificate accounts of federally or state-chartered credit unions issuing time certificates of deposit;
- e. mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Company Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investment of funds in such mutual or trust fund institutions shall be limited to 25% of the monies considered available for investment;
- f. investment grade (A-1/P-1) commercial paper of domestic United States corporations.

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

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

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

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

Note 4 - Receivables

Accounts receivable of \$50,811 at December 31, 2017, are comprised of the following:

	General Fund	Enterprise Fund	Total
Accrued Interest	\$ 41,563	\$ -	\$ 41,563
Accounts Receivable	-	9,248	9,248
Totals	\$ 41,563	\$ 9,248	\$ 50,811

All of the General Fund's \$41,563 receivable is classified as current. The Enterprise Fund's aging of receivables is as follows: \$7,709, current; \$978 is 31 to 60 days; \$305 is 61 to 90 days; and \$256 is due from the collection agency.

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

Note 5 - Capital Assets

A summary of changes in capital assets for the year ended December 31, 2017 is as follows:

	<u>Balance</u> <u>1/1/2017</u>	<u>Additions</u>	<u>Balance</u> <u>12/31/2017</u>
Governmental activities			
Capital assets			
Land	\$ 57,000	\$ -	\$ 57,000
Total governmental activities capital assets	<u>\$ 57,000</u>	<u>\$ -</u>	<u>\$ 57,000</u>
Business-type activities			
Capital assets, not being depreciated			
Land	\$ 1,349,084	\$ -	\$ 1,349,084
Total capital assets not being depreciated	1,349,084	-	1,349,084
Capital assets being depreciated			
Wellness Center			
Buildings and improvements	6,372,872	158,627	6,531,499
Land improvements	669,600	-	669,600
Fitness equipment	592,781	11,406	604,187
Office equipment	135,965	-	135,965
Total capital assets being depreciated	<u>7,771,218</u>	<u>170,033</u>	<u>7,941,251</u>
Less accumulated depreciation			
Wellness Center			
Buildings and improvements	2,414,372	203,854	2,618,226
Land improvements	563,859	14,588	578,447
Fitness equipment	165,480	55,644	221,124
Office equipment	78,386	16,175	94,561
Total accumulated depreciation	<u>3,222,097</u>	<u>290,261</u>	<u>3,512,358</u>
Total capital assets being depreciated, net	<u>4,549,121</u>	<u>(120,228)</u>	<u>4,428,893</u>
Total business-type activities capital assets, net	<u>\$ 5,898,205</u>	<u>\$ (120,228)</u>	<u>\$ 5,777,977</u>

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

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

Notes to the Financial Statements
For The Year Ended December 31, 2017

Note 6 - Living Well Foundation

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

Note 7 - Cooperative Endeavor Agreements / Grants

In 2017, the District entered into a cooperative endeavor agreement with a local non-profit to provide \$10,000 of funds for an educational program at schools within Ouachita Parish. An additional \$5,000 was provided to a local non-profit under a cooperative endeavor agreement to assist the homeless.

Note 8 - Board Compensation

For the year ended December 31, 2017, there was no compensation paid to members of the Board of Commissioners.

Note 9 - Interfund Transactions

At December 31, 2017, the General Fund owed the Proprietary Fund \$1,041 for payroll liabilities which will be reimbursed after year-end. The General Fund transferred \$118,681 to the Proprietary Fund for improvements and equipment for the Wellness Center.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita parish Police Jury)

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
(unaudited)

Governmental Fund - General Fund

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Budgetary fund balance at beginning of year	\$ 10,466,441	\$ 10,328,075	\$ 10,271,075	\$ (57,000)
Resources				
General revenues				
Use of money and property	<u>154,500</u>	<u>118,804</u>	<u>113,811</u>	<u>(4,993)</u>
Total resources	<u>154,500</u>	<u>118,804</u>	<u>113,811</u>	<u>(4,993)</u>
Charges to appropriations				
General government	79,475	74,910	73,406	1,504
Grants	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total charges to appropriations	<u>79,475</u>	<u>89,910</u>	<u>88,406</u>	<u>1,504</u>
Other financing sources (uses)				
Equity from hospital sale	90,820	82,064	82,064	-
Transfers out	<u>(153,583)</u>	<u>(118,832)</u>	<u>(118,681)</u>	<u>151</u>
Net other financing sources (uses)	<u>(62,763)</u>	<u>(36,768)</u>	<u>(36,617)</u>	<u>151</u>
Excess (deficiency) of revenues over expenditures	<u>12,262</u>	<u>(7,874)</u>	<u>(11,212)</u>	<u>(3,338)</u>
Budgetary fund balance at end of year	<u>\$ 10,478,703</u>	<u>\$ 10,320,201</u>	<u>\$ 10,259,863</u>	<u>\$ (60,338)</u>

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

Notes to Budgetary Comparison Schedule
(unaudited)
For the Year Ended December 31, 2017

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

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

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

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

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

OTHER SUPPLEMENTAL INFORMATION

Hospital Service District No. 1 of Ouachita Parish
(A Component Unit of the Ouachita Parish Police Jury)

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2017

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

For the year ended December 31, 2017, Mr. Hall received no payments for his services.

REPORT REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP
Katie Jacola, CPA
Lesley Engolia, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the **Hospital Service District No. 1 of Ouachita Parish** (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 15, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during

**Hospital Service District No. 1 Of Ouachita Parish
West Monroe, Louisiana**

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

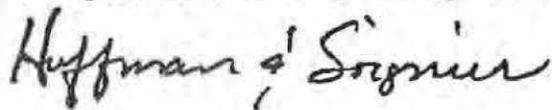
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as finding 2017-01.

Purpose of this Report

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

This report is intended solely for the information and use of management of the District, federal awarding agencies and pass-through entities, and other entities granting funds to the District and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



**(A Professional Accounting Corporation)
June 22, 2018**

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

Schedule of Findings
For The Year Ended December 31, 2017

2017-001 Noncompliance with State Laws and Regulations

Criteria or Specific Requirement

Louisiana Revised Statute 24:513 requires that the District submit its audited financial statements to the Louisiana Legislative Auditor no later than six months after the end of the most recent fiscal year.

Condition Found

The audited financial statements were not transmitted to the Louisiana Legislative Auditor within the time frame prescribed by law. Therefore, the District was not in compliance with state law.

Cause

Due to oversight, the auditors transmitted the audited financial statements to the Louisiana Legislative Auditor on Tuesday, July 3, 2018. The deadline for submission was Monday, July 2, 2018. The District was of the belief that the financial statements were being transmitted by the required deadline.

Effect

The District is in violation of state laws and regulations.

Recommendations to Prevent Future Occurrences

The auditors will ensure that the financial statements will be transmitted to the Louisiana Legislative Auditor within the prescribed time frame.

Management's Response

We concur with this finding and will ensure that the auditors file our report within the required deadline.

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

Status of Prior Year Findings
For the Year Ended December 31, 2017

The following is a summary of the status of the prior year findings included in Huffman & Soignier (APAC)'s audit report dated May 12, 2017, covering the audit of the financial statements of Hospital Service District No. 1 of Ouachita Parish as of and for the year ended December 31, 2017.

2016-001 Ethics Training

Employees did not receive ethics training in accordance with Louisiana Revised Statute 42:1170.

Status

Management implemented controls to ensure that employees receive ethics training as required by Revised Statute 42:1170.

2016-002 Local Budget Act

The budget was not revised to reflect declines in the market value of investments late in the year in compliance with the Local Budget Act.

Status

The budget was amended as necessary in order to comply with the Local Budget Act.

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP
Katie Jacola, CPA
Lesley Engolia, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of Hospital Service District No. 1 of Ouachita Parish and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Hospital Service District No. 1 of Ouachita Parish and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We requested the entity's written policies and procedures to report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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, and (5) monitoring card usage
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Written policies and procedures on purchasing do not include the requirement that specific documents be maintained for all bids and price quotes. Written policies and procedures on contracting do not include the types of services requiring written contracts nor when legal review of the contract is required.

Written policies and procedures on ethics do not include (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Response: Management is taking these results under advisement during the annual review of the District's written policies and procedures.

Board (or Finance Committee, if applicable)

- 2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Determined whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan,

report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

- c) Determined whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: There were no exceptions.

Bank Reconciliations

3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and determined whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: There were no exceptions.

Collections

5. We requested a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**
 - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) in order to determine whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) in order to determine whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and report any exceptions.
- 7. We obtained existing written documentation (e.g. policy manual, written procedure) in order to determine whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: There was no documentation of the receipt of the three non credit card receipts to be able to determine if they were deposited within one day.

Response: A pre numbered receipt logbook system has been implemented to record receipts of all non credit card items immediately upon receipt and all such items are always deposited within one business day of receipt

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management's representation that the listing or general ledger population is complete.
- 9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit

card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the persons with sole signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and determined whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results: There were six transactions with no purchase order.

Response: Management is taking these results under advisement during the annual review of the District's written policies and procedures.

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

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
15. Using the listing prepared by management, we randomly selected 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Determined whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Determined whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, we determined whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.
 - c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether

they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: There were two transactions out of nineteen with no receipt for one of the cards reviewed.

Response: Employees have been educated on the requirements for turning receipts in to accounting, as well as, the need for itemized receipts.

Travel and Expense Reimbursement

17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and reported any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.
 - b) Reported whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

- c) Compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: The entity's written policies related to travel are not less than or equal to rates established by the U.S. General Services Administration. The receipts for three meals did not detail what items were ordered.

Response: Written policies and procedures related to travel are being revised to ensure that all rates are within the restrictions required by the U.S. General Services Administration. Additionally, employees have been educated on the requirements for turning receipts in to accounting, as well as, the need for itemized receipts.

Contracts

- 20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sort/filter for contract payments. Obtained management's representation that the listing or general ledger is complete.
- 21. Using the listing above, selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtained the related contracts and paid invoices and:
 - a) Determined whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.

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Statewide Agree Upon Procedures
Year Ended December 31, 2017**

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- c) Determined whether the contract was amended. If so, reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtained/reviewed contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: There were no exceptions.

Payroll and Personnel

- 22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly selected twenty-five employees and:
 - a) Confirmed with the Executive Director, who has authority to assign pay rates and compensation, that all employees were paid at the correct rates.
- 23. We obtained attendance and leave records and randomly selected random pay periods in which leave has been taken by at least one employee. Within that pay period, We randomly selected 60 payments to 25 employees and:
 - a) Reported whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.
 - c) Reported whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
- 24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. There were no terminations during the fiscal period.
- 25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: There were no exceptions.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtained ethics compliance documentation from management and reported whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: There were no exceptions.

Debt Service (excluding nonprofits)

28. The entity has no debt.
29. Not used.
30. Not used.

Other

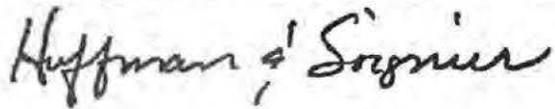
31. Inquired of management whether the entity had any misappropriations of public funds or assets. If so, obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If we observed or otherwise identified any exceptions regarding management’s representations in the procedures above, we reported the nature of each exception.

Results: There were no exceptions

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Statewide Agree Upon Procedures
Year Ended December 31, 2017
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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 those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink, reading "Huffman & Sognier". The signature is written in a cursive style with a comma between the two names.

(A Professional Accounting Corporation)
June 22, 2018