

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana

Annual Financial Statements
As of December 31, 2018 and for the Year Then Ended

Bienville Parish Hospital
Service District No. 2
Annual Financial Statements
As of and for the Year Ended December 31, 2018
With Supplemental Information Schedules

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Bienville Parish Hospital
Service District No. 2
Management Discussion and Analysis
December 31, 2018

The management of the Bienville Parish Hospital Service District No. 2 offers readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended December 31, 2018. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the district's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of district finances. It is also intended to provide readers with an analysis of the district's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the district. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the district's financial activity, identify changes in the district's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This section is intended to serve as an introduction to the district's financial statements. The district's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of the district's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the district's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Bienville Parish Hospital
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Management Discussion and Analysis
December 31, 2018

Each of these reports is broken down to show the district's governmental activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues.

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's assets exceeded its liabilities by \$6,474,024 (net position); this represents a decrease of \$272,465 from the last fiscal year. Of this total net asset amount, \$5,431,654 is unrestricted net position.

The following is a condensed statement of the Bienville Parish Hospital Service District No. 2's net position as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Assets		
Current & Other Assets	\$5,565,113	\$5,833,455
Capital Assets (net)	<u>1,103,370</u>	<u>1,186,073</u>
Total Assets	<u>\$6,668,483</u>	<u>\$7,019,528</u>
Liabilities		
Other Liabilities	\$194,459	\$212,039
Long-term Liabilities	<u>0</u>	<u>61,000</u>
Total Liabilities	<u>194,459</u>	<u>273,039</u>
Net Position		
Net investment in capital assets	1,042,370	1,067,073
Unrestricted	<u>5,431,654</u>	<u>5,679,416</u>
Total Net Position	<u>\$6,474,024</u>	<u>\$6,746,489</u>

Approximately 16% of the District's net position of \$6,474,024 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, District infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$5,431,654 is unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

The District has total outstanding debt of \$194,459, which was used to finance some of the \$1,103,370 capital assets. Total liabilities of \$194,459 are equal to 3% of the total net position.

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The following is a summary of the statement of activities -- governmental-type activities:

	<u>2018</u>	<u>2017</u>
Revenue		
Program Revenue	\$3,022,416	\$2,440,792
General Revenue & Transfers	<u>303,580</u>	<u>1,480,613</u>
Total Revenue	<u>3,325,996</u>	<u>3,921,405</u>
Expenses		
Program Expenses	<u>3,598,461</u>	<u>4,494,185</u>
Total Expenses	<u>3,598,461</u>	<u>4,494,185</u>
Increase (Decrease) in Net Position	(272,465)	(572,780)
Net Position, beginning	6,746,489	7,319,269
Prior period adjustment	<u>0</u>	<u>0</u>
Net Position, ending	<u>\$6,474,024</u>	<u>\$6,746,489</u>

Governmental Activities

The governmental activities of the District include personnel services, operating services, materials and supplies, interest on long-term debt, and depreciation. The district is heavily dependent on charges for services to support its operations. Charges for services provided 91% of the district's revenues. The district's operations are primarily staff oriented. As a result, employee salaries and benefits make up approximately 33% of total expenses.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for a particular purpose.

The District currently maintains two individual governmental fund types. These fund types include the General Fund and Special Revenue Funds. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and Special Revenue Funds. The General fund and the Family Clinic fund are considered to be major funds.

The District adopts an annual budget for the General Fund, Family Clinic Fund, and Wellness Center Fund. A statement of revenues, expenditures, and changes in fund balances is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget figures for each major fund and the Wellness Center Fund.

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Financial Analysis of the District's Governmental Funds

The General Fund reported an ending fund balance of \$4,566,136 which is a decrease of \$598,252. A portion of the fund balance is restricted for debt service, \$61,000. The remaining fund balance is unreserved.

The Family Clinic Fund reported an ending fund balance of \$872,451, which is an increase of \$358,725 from prior year. This increase is caused by a decrease in operating services and an increase in fees and charges.

The Wellness Center Fund reported an ending fund balance (deficit) of (\$6,933), which is a decrease of \$8,235 from prior year. This decrease is caused by an increase in expenditures and a decrease in revenues.

General Fund Budgetary Highlights

The District amended its original General Fund, Family Clinic Fund, and Wellness Center budgets once during the course of the year. The General Fund overbudgeted revenues by \$1,006,995 or 77%. Family Clinic Fund underbudgeted expenditures by \$154,868 or 5.2%. Wellness Center Fund approved a budget with expenditures in excess of total estimated funds available.

Capital Asset and Debt Administration

The total net invested in capital assets as of December 31, 2018 is \$1,042,370.

The new major capital assets purchased in fiscal 2018 for governmental activities were various pieces of equipment for the General Fund and the Family Clinic totaling \$57,427 and \$1,626, respectively.

Current Financial Factors

The District does not anticipate any other changes in its day-to-day operations that will have a material effect on its 2019 budget.

Requests for Information

This financial report is designed to provide a general overview of the Bienville Parish Hospital Service District No. 2's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lee Locke, P. O. Box 766 or 1175 Pine Street, Suite 100, Arcadia, LA 71001 or call at 318-263-7970.

WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Board of Commissioners
Bienville Parish Hospital District No. 2
Arcadia, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bienville Parish Hospital District No. 2 ("District"), as of and for the year ended December 31, 2018, 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.

Auditor's 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2018, and the respective changes in financial position 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 1 through 4 and 25 through 27 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation paid elected officials and schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation paid elected officials and schedule of compensation, benefits, and other payments to agency head are 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 the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of compensation paid elected officials and 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 a report dated May 24, 2019, 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 the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wade & Perry
Ruston, Louisiana
May 24, 2019

Bienville Parish Hospital Service District No. 2
Statement of Net Position
December 31, 2018

	ASSETS	
Cash and cash investments		\$4,327,724
Receivables		1,206,219
Internal balances		0
Other assets		31,170
Capital assets (net)		<u>1,103,370</u>
TOTAL ASSETS		<u>\$6,668,483</u>
Deferred outflows of resources		0
	LIABILITIES	
Accounts, salaries, and other payables		\$133,459
Bonds payable - current		61,000
Bonds payable - long term		<u>0</u>
TOTAL LIABILITIES		<u>194,459</u>
Deferred inflows of resources		0
	NET POSITION	
Net invested in capital assets		1,042,370
Unrestricted		<u>5,431,654</u>
TOTAL NET POSITION		<u>\$6,474,024</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Statement of Activities
For the Year Ended December 31, 2018

EXPENSES	
Personnel services	\$1,211,298
Operating services	2,152,795
Materials and supplies	90,042
Interest on long-term debt	2,570
Depreciation	<u>141,756</u>
Total program expenses	<u>3,598,461</u>
PROGRAM REVENUES	
Charges for services	<u>3,014,916</u>
Net program expense	<u>(583,545)</u>
GENERAL REVENUES	
Property taxes	4,379
Use of money and property	299,201
Local grant	7,500
Operating transfers (net)	<u>0</u>
Total general revenues	<u>311,080</u>
Net Change in Net Position	(272,465)
Net Position – beginning	6,746,489
Prior period adjustment	<u>0</u>
Net Position -- ending	<u><u>\$6,474,024</u></u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Balance Sheet, Governmental Funds
 December 31, 2018

	Major Funds		Non-major	Total
	General Fund	Family Clinic Fund	Wellness Center Fund	
ASSETS				
Cash and cash investments	\$4,278,303	\$45,481	\$3,940	\$4,327,724
Receivables	111,611	1,094,608		1,206,219
Due from other funds	194,115			194,115
Other assets		31,170		31,170
TOTAL ASSETS	<u>\$4,584,029</u>	<u>\$1,171,259</u>	<u>\$3,940</u>	<u>\$5,759,228</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	\$17,893	\$110,107	\$5,459	\$133,459
Due to other funds		188,701	5,414	194,115
Total liabilities	<u>17,893</u>	<u>298,808</u>	<u>10,873</u>	<u>327,574</u>
Fund balances:				
Restricted for debt service	61,000			61,000
Unassigned	4,505,136	872,451	(6,933)	5,370,654
TOTAL LIABILITIES AND FUND BALANCES	<u>\$4,584,029</u>	<u>\$1,171,259</u>	<u>\$3,940</u>	<u>\$5,759,228</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Reconciliation of The Governmental Funds Balance Sheet
 to The Government-Wide Financial Statement of Net Position
 December 31, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Fund balances, Total governmental funds (Statement C)		\$5,431,654
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Bonds payable		(61,000)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	4,800,802	
Less accumulated depreciation	<u>(3,697,432)</u>	<u>1,103,370</u>
Total Net Position of Governmental Activities (Statement A)		<u>\$6,474,024</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2018

	Major Funds		Non-major	Total
	General Fund	Family Clinic Fund	Wellness Center Fund	
REVENUES				
Fees and charges for services		\$2,937,057	\$77,859	\$3,014,916
Property taxes	\$4,379			4,379
Use of money and property	299,201			299,201
Total Revenues	303,580	2,937,057	77,859	3,318,496
EXPENDITURES				
General government:				
Personnel services	62,120	1,064,438	84,740	1,211,298
Operating services	102,499	1,986,074	64,222	2,152,795
Materials and supplies	2,216	77,694	10,132	90,042
Debt service - principal and interest	60,570			60,570
Capital outlay	57,427	1,626		59,053
Total Expenditures	284,832	3,129,832	159,094	3,573,758
Excess (Deficiency) of Revenues over Expenditures	18,748	(192,775)	(81,235)	(255,262)
OTHER FINANCING SOURCES (USES)				
Operating transfers in		544,000	73,000	617,000
Operating transfers out	(617,000)			(617,000)
Local grant		7,500		7,500
Total Other Financing Sources (Uses)	(617,000)	551,500	73,000	7,500
Net Change in Fund Balances	(598,252)	358,725	(8,235)	(247,762)
Fund Balances – beginning	5,164,388	513,726	1,302	5,679,416
Prior period adjustment	0	0	0	0
Fund Balances – ending	\$4,566,136	\$872,451	(\$6,933)	\$5,431,654

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2018

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental funds (Statement E)	(\$247,762)
Debt service payments for principal is an expenditure in the governmental funds, but principal payments reduce long-term liabilities in the Statement of Net Position.	58,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$59,053) exceeded depreciation (\$141,756) in the current period.	<u>(82,703)</u>
Change in Net Position of Governmental Activities, Statement B	<u><u>(\$272,465)</u></u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

INTRODUCTION

Bienville Parish Hospital Service District No. 2 is controlled by a board of Commissioners who are appointed by the Bienville Parish Police Jury, and is exempt from income taxes. The District owns and operates the Family Clinic and the Wellness Center for the purpose of providing for the medical needs of the citizens of Bienville Parish. The District also contracts with various other health care providers in which the district provides space in return for rent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the Bienville Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Because the police jury appoints a voting majority of the District's governing body and has the ability to impose its will, the agency was determined to be a component unit of the Bienville Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Bienville Parish Hospital
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Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

The accompanying financial statements of the district have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. The General fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policy.

The Special revenue funds are used to account for operations of the Family Clinic and the Wellness Center.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Bienville Parish Hospital
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Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the District. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Deposits and Investments

The District's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the District are reported at fair value.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectives. The District calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

The District levies a property tax on all property subject to taxation in the service district. A 1.03 mill tax is approved for a period of 15 years, beginning with the year 2005 and ending with the year 2020, to be dedicated and used for operating, maintaining, renovating, and improving medical services. The 1.03 mill tax was reduced to 0.969 mills during the year ended December 31, 2012. The 6.00 mill tax was reapproved for a period of 10 years, beginning with the year 2016 and ending with the year 2026, to be dedicated and used for acquiring, maintaining, operating, and supporting facilities, equipment and furnishings. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District. Property tax notices are mailed by November 15 each year, are due by December 31, and become delinquent on January 1 of the following year.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building	40 years
Equipment	5-10 years

G. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

H. Fund Equity

In the government wide statements, net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

The District adopted GASB 54 in the year ended December 31, 2012. As such, fund balances of the governmental funds are classified as follow:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments.

Committed - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - all other spendable amounts.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

As of December 31, 2018, fund balances are composed of the following:

	<u>General Fund</u>	<u>Family Clinic</u>	<u>Wellness Center</u>
Nonspendable:			
Prepaid items	\$0	\$0	\$0
Restricted:			
Debt service	61,000	0	0
Unassigned	<u>4,505,136</u>	<u>872,451</u>	<u>(6,933)</u>
Total fund balances	<u>\$4,566,136</u>	<u>\$872,451</u>	<u>(\$6,933)</u>

I. Estimates

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

J. RISK MANAGEMENT

The district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the district maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2018.

K. VACATION AND SICK LEAVE

All full-time employees of the district earn 10 days of vacation leave after one full year of service, and fifteen days of vacation leave after six years of service. Full-time employees earn 10 days of sick leave after one full year of service. Employees may carry forward a maximum of one year of accrued vacation time and unlimited accrued sick leave time. Part-time employees are also eligible for vacation and sick leave at a lower rate of accrual. Upon separation of employment, employees are paid for accrued vacation leave.

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

2. LEVIED TAXES

The Board decided to not levy the 6.0 mill property tax for 2018 tax rolls.

3. CASH AND CASH EQUIVALENTS

At December 31, 2018, the District has cash and cash equivalents (book balances) totaling \$4,327,724 as follows:

Demand deposits	\$365,636
Interest-bearing demand deposits	2,497,638
Investments	1,464,350
Petty cash	<u>100</u>
Total	<u><u>\$4,327,724</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2018, the District has \$4,355,189 in deposits (collected bank balances). These deposits are secured from risk by \$304,781 of federal deposit insurance and \$4,050,408 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 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 has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$1,206,219 at December 31, 2018, are as follows:

<u>Class of Receivable</u>	
Property taxes	\$107,082
Other	300
Fees, charges, and commissions for services:	
Patient fees	1,094,608
Utility reimbursements	<u>4,229</u>
Total	<u><u>\$1,206,219</u></u>

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$88,871			\$88,871
Other- Construction in Progress	0			0
Total capital assets not being depreciated	<u>88,871</u>	<u>0</u>	<u>0</u>	<u>88,871</u>
Capital assets being depreciated:				
Buildings	3,433,143			3,433,143
Improvements other than buildings	161,165	\$21,927		183,092
Machinery and equipment	<u>1,058,570</u>	<u>37,126</u>		<u>1,095,696</u>
Total capital assets being depreciated	<u>4,652,878</u>	<u>59,053</u>	<u>0</u>	<u>4,711,931</u>
Less:				
Accumulated depreciation	<u>3,555,676</u>	<u>141,756</u>		<u>3,697,432</u>
Total capital assets being depreciated, net	<u>\$1,186,073</u>	<u>(\$82,703)</u>	<u>\$0</u>	<u>\$1,103,370</u>

Depreciation expense of \$141,756 for the year ended December 31, 2018, was charged to the general governmental functions.

6. LEASES

The district contracts with various other health care providers to serve the medical needs of the citizens of Bienville Parish. The District provides space for these providers in return for rent. Current leases include: 1) Green Clinic Management Co with a monthly payment of \$1,000; 2) Magnolia Home Health with a monthly payment of \$1,050; 3) the Bienville parish health unit with an annual payment of \$12,000; 4) Louisiana Extended Care Hospital with a monthly payment of \$17,000; 5) Bienville Medical Center with a monthly payment of \$3,425; and 6) Bienville Medical Center Digital Reader with a monthly payment of \$740.

7. LONG-TERM OBLIGATIONS

At December 31, 2018, the long-term debt of the Bienville Parish Hospital District No. 2 consisted of the following individual bond issues:

Taxable general obligation bonds, Series 2012, 1.5 - 3.5%, dated October 1, 2012, in the original amount of \$363,000. Scheduled principal and interest payments due annually through April, 2019. \$61,000

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

Total \$61,000

General Obligation Refunding Bonds constitute obligations of the Hospital Service District No. 2 and will be payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974 and statutory authority supplemental thereto. The General Obligation Refunding Bonds of Bienville Parish Hospital Service District No. 2 will only be used for improving health care facilities of said district, including acquiring machinery, equipment and furnishings therefore, title to which shall be in the public.

	Revenue Bonds
Long-term obligations, December 31, 2017	\$119,000
Additions	0
Reductions	<u>(58,000)</u>
Long-term obligations, December 31, 2018	<u>\$61,000</u>

The annual requirements to service debt outstanding at December 31, 2018, including interest of \$1,068 is as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2019	\$61,000	\$1,068	<u>\$62,068</u>

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2018 is as follows:

Due To/From Other Funds:		
Receivable fund	Payable fund	Amount
General fund		\$194,115
	Wellness Center	(5,414)
	Family clinic fund	<u>(188,701)</u>
Total		<u>\$0</u>

The balances consist of allocations for management fees, insurance, payroll and utilities reimbursements. The district's management will determine an action to take in order to reduce the interfunds in approximately 5 years.

Advances From/To Other Funds:		
Receivable fund	Payable fund	Amount
Wellness center fund		\$73,000
Family clinic fund		544,000
	General fund	<u>(617,000)</u>
Total		<u>\$0</u>

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

The transfers consist of allocations for payroll and various operations expenses.

9. FUND DEFICIT/BALANCE

At December 31, 2018, the Wellness Center Fund had a fund deficit of \$6,933. The district's plan is to reduce expenditures and increase revenues to eliminate the deficit.

10. MANAGEMENT REVIEW

Subsequent events have been evaluated through May 24, 2019. This date represents the date the financial statements were available to be issued.

|

REQUIRED SUPPLEMENTAL INFORMATION

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Property taxes	\$1,200,000	\$1,010,000	\$4,379	(\$1,005,621)
Use of money and property	291,700	300,575	299,201	(1,374)
Other revenue	0	0	0	0
Total Revenues	<u>1,491,700</u>	<u>1,310,575</u>	<u>303,580</u>	<u>(1,006,995)</u>
EXPENDITURES				
General government:				
Personnel services	87,000	86,500	62,120	24,380
Operating services	514,224	102,045	102,499	(454)
Material & Supplies	2,000	2,200	2,216	(16)
Debt service:				
Principal	58,000	58,000	58,000	0
Interest	3,005	3,005	2,570	435
Capital outlay	0	17,750	57,427	(39,677)
Total Expenditures	<u>664,229</u>	<u>269,500</u>	<u>284,832</u>	<u>(15,332)</u>
Excess (Deficiency) of Revenues over Expenditures	827,471	1,041,075	18,748	(1,022,327)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>(800,000)</u>	<u>(617,000)</u>	<u>(617,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(800,000)</u>	<u>(617,000)</u>	<u>(617,000)</u>	<u>0</u>
Net Change in Fund Balance	27,471	424,075	(598,252)	(1,022,327)
Fund Balance (Deficit) at Beginning of Year	5,164,388	5,164,388	5,164,388	0
Prior period adjustment	0	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$5,191,859</u>	<u>\$5,588,463</u>	<u>\$4,566,136</u>	<u>(\$1,022,327)</u>

Notes to the Schedule

- (1) method of budgetary accounting - GAAP
(2) explanation of variance - overbudgeted property taxes

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Family Clinic Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Fees and charges for services	\$2,000,000	\$2,800,000	\$2,944,557	\$144,557
Use of money and property	0			0
Total Revenues	2,000,000	2,800,000	2,944,557	144,557
EXPENDITURES				
General government:				
Personnel services	1,328,500	1,034,127	1,064,438	(30,311)
Operating services	1,513,300	1,859,337	1,986,074	(126,737)
Materials and supplies	120,000	81,500	77,694	3,806
Capital outlay	0		1,626	(1,626)
Total Expenditures	2,961,800	2,974,964	3,129,832	(154,868)
Excess (Deficiency) of Revenues over Expenditures	(961,800)	(174,964)	(185,275)	(10,311)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	1,000,000	544,000	544,000	0
Total Other Financing Sources (Uses)	1,000,000	544,000	544,000	0
Net Change in Fund Balance	38,200	369,036	358,725	(10,311)
Fund Balance (Deficit) at Beginning of Year	513,726	513,726	513,726	0
Prior period adjustment				0
Fund Balance (Deficit) at End of Year	<u>\$551,926</u>	<u>\$882,762</u>	<u>\$872,451</u>	<u>(\$10,311)</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

(2) explanation of variance - underbudgeted operating expenses

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Wellness Center Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees and charges for services	\$87,000	\$78,100	\$78,031	(\$69)
Use of money and property	0	0	0	0
Total Revenues	<u>87,000</u>	<u>78,100</u>	<u>78,031</u>	<u>(69)</u>
EXPENDITURES				
General government:				
Personnel services	68,000	83,900	84,740	(840)
Operating services	67,220	62,203	64,222	(2,019)
Materials and supplies	10,000	10,000	10,132	(132)
Capital outlay				0
Total Expenditures	<u>145,220</u>	<u>156,103</u>	<u>159,094</u>	<u>(2,991)</u>
Excess (Deficiency) of Revenues over Expenditures	(58,220)	(78,003)	(81,063)	(3,060)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	50,000	73,000	73,000	0
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>73,000</u>	<u>73,000</u>	<u>0</u>
Net Change in Fund Balance	(8,220)	(5,003)	(8,063)	(3,060)
Fund Balance (Deficit) at Beginning of Year	1,302	1,302	1,302	0
Fund Balance (Deficit) at End of Year	<u>(\$6,918)</u>	<u>(\$3,701)</u>	<u>(\$6,761)</u>	<u>(\$3,060)</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

OTHER SUPPLEMENTAL SCHEDULES

Bienville Parish Hospital Service District No. 2
Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2018

<u>Board Member</u>	<u>Amount</u>
Dan Madden	\$750
Gary Gantt	900
Loretta Butler	0
Shirley Payne	825
John Fontenot	900
Sharon Jackson	750
Moselene Green	825
Total	<u>\$4,950</u>

Bienville Parish Hospital Service District No. 2
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2018

Schedule 5

Agency Head Name: Lee Locke

Purpose	Amount
Salary	\$80,000
Benefits-insurance	8,192
Registration fees	509
Conference travel	2,897

OTHER REPORTS

WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

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

Independent Auditor's Report

Board of Commissioners
Bienville Parish Hospital District No. 2
Arcadia, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Bienville Parish Hospital District No. 2 ("District") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were

not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies. 2018-1.

Compliance and Other Matters

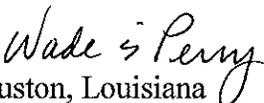
As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2018-2.

District's Response to Findings

District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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


Ruston, Louisiana
May 24, 2019

Bienville Parish Hospital Service District No. 2
 Schedule of Findings and Responses
 For the Year Ended December 31, 2018

We have audited the financial statements of Bienville Parish Hospital Service District No. 2 as of and for the year ended December 31, 2018, and have issued our report thereon dated May 24, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of May 24, 2019 resulted in an unqualified opinion. The following is a summary of our audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*:

A. Summary of Audit Results

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

Internal Control

Material Weaknesses Yes No Significant Deficiency Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance Unqualified Qualified
 For Major Programs Disclaimer Adverse

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

Yes No

Was a management letter issued?

Yes No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Is the auditee a "low-risk" auditee? Yes No

B. Financial Statements Findings

2018-1. Significant deficiency in internal controls for disbursements

Condition: One disbursement of eleven requiring purchase orders did not have a valid purchase order attached as supporting documentation. One disbursement included finance charges, late fees, or past due amounts. One timesheet was not approved by supervisor. Two paychecks did not calculate paid hours correctly.

Criteria: Internal controls should be set up for all areas.

Cause: All supporting documentation not maintained in central location. All supervisors are not signing timesheets for approval

Effect: Internal control violation.

Recommendation: District should maintain adequate documentation for all disbursements. All supervisors should document their approval of timesheets.

Response: The District will start keeping all supporting documentation in central location. All supervisors will start documenting their approval of hours to be paid.

2018-2. Budget violations

For the year ended December 31, 2018, the General fund budgeted revenues and other sources exceeded actual revenues and other sources by \$1,006,995, or 77%. The Family Clinic fund actual expenditures and other uses exceeded budgeted expenditures and other uses by \$154,868, or 5.2%. The Wellness Center fund did not adopt a balanced budget with approved expenditures not exceeding the total estimated funds available.

Criteria: According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act. According to LRS 39:1309, the adopted budget shall be balanced with approved expenditures not exceeding the total estimated funds available.

Cause: Management overbudgeted property tax revenues, underbudgeted operating expenditures. Management underbudgeted transfers in to adopt a balanced budget.

Effect: Noncompliance with local budget law.

Recommendation: We recommend the Town monitor budget and actual figures and amend as necessary.

Response: Management will monitor budget and actual figures and amend as necessary.

C. Federal Award Findings and Questioned Costs

None

Bienville Parish Hospital Service District No. 2
Summary of Prior Year Findings
For the Year Ended December 31, 2018

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2017-1. Internal control deficiency for revenues and receivables

Status: Resolved

2017-2. Internal control deficiency for disbursements

Status: Unresolved - see 2018-1

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Bienville Parish Hospital Service District #2 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Bienville Parish Hospital Service District #2 (Entity) 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, 2018 through December 31, 2018. The Entity'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. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

The entity provided written policies and procedures regarding budgeting.

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.

The entity provided written policies and procedures regarding purchasing.

c) ***Disbursements***, including processing, reviewing, and approving

The entity provided written policies and procedures regarding disbursement.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The entity did not have written policies and procedures regarding receipts.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The entity did not have written policies and procedures for payroll/personnel.

- 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

The entity provided written policies and procedures regarding contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The entity provided written policies and procedures regarding credit cards.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The entity provided written policies and procedures regarding travel and expense reimbursement.

- 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.

The entity did not have written policies and procedures regarding ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The entity did not have written policies and procedures regarding debt service.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.¹

No exception.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exception.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions.

¹ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

Collections

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

Obtained a listing of deposit sites and the corresponding collection locations and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Employees responsible for cash collections do share cash registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Employees who collect cash are also responsible for preparing/ making deposits.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Employees who collect cash are also responsible for posting collection items to the customers' accounts. District manager is only employee that posts to general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exception.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Management has asserted that the entity is not covered by an insurance policy for employee theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

- a) Observe that receipts are sequentially pre-numbered.
No exceptions.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
No exceptions
- e) Trace the actual deposit per the bank statement to the general ledger.
No exceptions

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments and management's representation that the listing is complete

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained a listing of all employees involved with non-payroll purchasing and payment functions.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exception.

- b) At least two employees are involved in processing and approving payments to vendors.

One person is involved in processing and approving payments to vendors if less than \$2,500; otherwise there are two involved.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments can add or modify vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee who mails payments is also responsible for processing payments.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Obtained a representation of the disbursement population for the fiscal period and management's assertion that the population is complete.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

There was no written evidence of segregation of duties.

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

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained complete listing of all active credit cards, debit cards, fuel cards, and P-cards and management's representation that the listing is complete.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

No exception.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

One selected statement showed finance charges.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

- (1) One of 10 transactions on statement A did not have a detailed receipt; one of 5 transactions on statement B did not have a detailed receipt; one of 2 transactions on statement C did not have a detailed receipt.
- (2) One of 10 transactions on statement A did not show business purpose; five of 5 transactions on statement B did not show business purpose; two of 2 transactions on statement C did not show business purpose and;
- (3) Five of 5 meal transactions on statement A did not document participating individuals; three of 3 transactions on statement B did not document participating individuals; no meal transactions on statement C.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained complete listing of all travel and travel-related expense reimbursements and management's representation that the listing is complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

All 5 reimbursements were reimbursed at a higher rate than established by the State of Louisiana.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

One reimbursement was for tips with no support for the cash disbursement.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exception.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All were considered approved when District manager signed check except for reimbursement to himself.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Obtained a listing of agreements/contracts and management's representation that the listing is complete.

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law² (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions.

b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions.

c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions.

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions.

Payroll and Personnel

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

Obtained a listing of employees/elected officials and management's representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

² If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Obtained a listing of terminated employees and management's representation that the listing is complete.

No exceptions.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above³, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

The District has no ethics policy.

³ If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The District has no ethics policy.

Debt Service

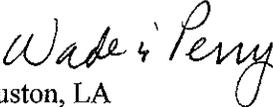
No prior year exceptions.

Other

No prior year exceptions.

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.


Ruston, LA

June 5, 2019

Bienville Parish Hospital Service District No. 2
PO Box 766 1175 Pine St
Arcadia, LA 71001

June 5, 2019

Wade & Perry, CPAs
Ruston, LA

The following is Management's Response to the 2018 AUP report submitted for Bienville Parish Hospital Service District #2.

WRITTEN POLICIES AND PROCEDURES

1. d) Receipts
Management will work toward documenting existing policy.
- e) Payroll/Personnel
Management will work toward documenting existing policy.
- i) Ethics
Management will work toward documenting existing policy.
- j) Debt Service
Management will work toward documenting existing policy.

COLLECTIONS

5. a) Management will work toward implementing checks and balances for this procedure.
- b) Management will work toward implementing checks and balances for this procedure.
- c) Management will work toward implementing checks and balances for this procedure.
6. Management will research adding bond coverage to the insurance policy.

DISBURSEMENTS

9. b) Management will work toward implementing checks and balances for this procedure.
- c) Management will work toward implementing checks and balances for this procedure.
- d) Management will work toward implementing checks and balances for this procedure.
10. b) Management will work toward implementing checks and balances for this procedure.

CREDIT CARDS/DEBIT CARDS, ETC.

12. b) Management will work toward not having finance charges.
13. Management will work toward maintaining supporting documentation, documenting the business purpose, and documenting meal transaction participants.

TRAVEL AND TRAVEL-RELATED REIMBURSEMENTS

14. a) Management will work toward updating reimbursement rates per State of Louisiana.
- b) Management will work toward updating its policy to require original supporting documentation for reimbursements.

ETHICS

20. a) Management will work toward implementing ethics training.
- b) Management will work toward implementing ethics training.