

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

Financial Statements
For the Year Ended December 31, 2019

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

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For the Year Ended December 31, 2019

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* Denotes Schedule



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Keeping you on course!

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, 2019, 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. 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.

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 1B, the financial statements referred to above do not include the Living Well Foundation which should be included in order to conform with accounting principles generally accepted in the United States of America. As a result, the financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the District (as described in Note 1B) as of December 31, 2019 and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the District, as of and for the year ended December 31, 2019, and our report thereon, dated September 15, 2020, expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information (Part A and B)

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

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.

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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, based on our audit and the procedures as described above, 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 September 15, 2020 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, 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. 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.

Woodland & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

September 15, 2020

REQUIRED SUPPLEMENTARY INFORMATION
(PART A)

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

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, 2019. 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 Dave N. Norris, Jr. (Vice Chair, Finance/Investment Committee 2020) of the Foundation, at P.O. Box 2773, West Monroe, LA 71294, by phone at 318-396-5066 or from its website at LivingWellFoundation.net.

Government-wide Financial Statements.

The government-wide financial statements of the District report information about the District using accounting 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

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**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

spendable resources 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 supplementary information concerning the District's compliance with the Local Government Budget Act for the major governmental fund. Required supplementary information can be found beginning on page 30.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$16,709,219. The District's assets total \$16,816,201. Cash, investments, receivables, and other assets total \$10,879,713, which is 65% of total assets while net capital assets total \$5,936,487, which is 35% of total assets. The District's liabilities are composed of accounts payable, deferred revenues, and payroll and taxes payable associated with the ongoing operations.

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**Management's Discussion and Analysis
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A summary of the District's net position is as follows:

Summary of Net Position

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 10,879,713	\$ 10,278,323
Capital assets	<u>5,936,487</u>	<u>6,129,669</u>
Total assets	<u>16,816,200</u>	<u>16,407,992</u>
Current liabilities	<u>106,981</u>	<u>104,655</u>
Total liabilities	<u>106,981</u>	<u>104,655</u>
Invested in capital assets	5,936,487	6,129,669
Unrestricted	<u>10,772,732</u>	<u>10,173,668</u>
Total net position	<u>\$ 16,709,219</u>	<u>\$ 16,303,337</u>

Governmental and Business-Type Activities

The District's net position increased by \$405,882 during the current fiscal year. Before transfers between governmental activities and business-type activities, governmental activities experienced a \$286,701 increase and business-type activities experienced a \$119,982 increase. A summary of the 2019 governmental and business-type activities as compared to its 2018 activities is as follows:

Summary of Governmental and Business-Type Activities

	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues	\$ 1,510,836	\$ 1,329,448
General revenues		
Interest income	351,680	179,458
Sale of merchandise (net)	14,111	11,054
Equity transfer in	3,030	-
Other income	<u>16,984</u>	<u>569</u>
Total revenues	1,896,642	1,520,529
Expenses		
General government	(61,288)	(69,763)
Health and welfare	<u>(1,429,471)</u>	<u>(1,360,655)</u>
Total expenses	(1,490,759)	(1,430,418)
Increase (decrease) in net position	405,882	90,111
Net position at beginning of year	<u>16,303,337</u>	<u>16,213,226</u>
Net position at end of year	<u>\$ 16,709,219</u>	<u>\$ 16,303,337</u>

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**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

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 December of 2018, and the final budget amendment was adopted in November of 2019.

Revenues: Revenues for the General Fund were projected to increase during 2019 as compared with 2018 due to increased market performance. Investment earnings exceeded expectations by over 100%; final budgeted earnings were \$170,000 and actual earnings were \$351,680.

Expenditures: General governmental expenditures were originally projected to increase by about \$12,000 over 2018 expenditures and ended up decreasing from prior year by about \$8,000. Transfers from the General Fund to the Enterprise Fund in 2019 were original budgeted to \$0 and later amended to \$23,711.

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**Management's Discussion and Analysis
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CAPITAL ASSETS

At December 31, 2019, 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 \$4,526,691 (\$8,639,047 in cost less \$4,112,356 in accumulated depreciation), and non-depreciable assets (land) with a carrying value of \$1,352,797. 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.

On March 13, 2020, the President of the United States declared the COVID-19 outbreak to be a national emergency. Hurricane Laura made landfall on August 27, 2020 and subsequently Ouachita Parish became a Presidentially declared disaster area due to the damage resulting from the storm. Management has evaluated the effects of the disasters and ensuing economic repercussions on the District and effects appear to be minimal at this point due to the stability of District investments. There has been some decline in the number of Wellness Center memberships but management does not expect this to have an impact of the long term financial stability of the District.

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)**

West Monroe, Louisiana

Statement of Net Position

December 31, 2019

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash	\$ 59,565	\$ 572,276	\$ 631,841
Investments	10,169,687	-	10,169,687
Receivables (net)	43,733	14,549	58,282
Internal balances	(1,253)	1,253	-
Prepaid expenses	3,267	15,019	18,286
Other assets	-	1,617	1,617
Capital assets, net	57,000	5,879,487	5,936,487
Total assets	10,331,999	6,484,201	16,816,200
Liabilities			
Accounts payable and accrued expenses	1,862	30,626	32,488
Deferred revenues	-	48,973	48,973
Payroll and taxes payable	-	25,520	25,520
Total liabilities	1,862	105,119	106,981
Net position			
Net investment in capital assets	57,000	5,879,487	5,936,487
Unrestricted	10,273,137	499,595	10,772,732
Total net position	\$ 10,330,137	\$ 6,379,082	\$ 16,709,219

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)
West Monroe, Louisiana

Statement of Activities

For the Year Ended December 31, 2019

			Program		Net (Expense) Revenue and Changes in Net Position	
			Revenues		Primary Government	
			Charges for		Governmental	Business-Type
	Expenses	Services	Activities	Activities	Total	
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 61,288	\$ -	\$ (61,288)	\$ -	\$ (61,288)	
Total governmental activities	61,288	-	(61,288)	-	(61,288)	
Business-type activities						
Health and welfare	1,429,471	1,510,836	-	81,365	81,365	
Total business-type activities	1,429,471	1,510,836	-	81,365	81,365	
Total primary government	\$ 1,490,759	\$ 1,510,836	(61,288)	81,365	20,077	
General revenues						
Use of money and property (including unrealized gains and losses)			351,680	-	351,680	
Sale of merchandise (net)			-	14,111	14,111	
Equity Transfers In			3,030	-	3,030	
Other income			-	16,984	16,984	
Transfers			(6,721)	6,721	-	
Total general revenues and transfers			347,989	37,816	385,805	
Change in net position			286,701	119,181	405,882	
Net position at beginning of year			10,043,436	6,259,901	16,303,337	
Net position at end of year			\$ 10,330,137	\$ 6,379,082	\$ 16,709,219	

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)**

West Monroe, Louisiana

Governmental Fund - General Fund**Balance Sheet**

December 31, 2019

Assets		
Cash	\$	59,565
Investments		10,169,687
Receivables		43,733
Prepaid expenses		3,267
Total assets	\$	<u>10,276,252</u>
Liabilities and fund balance		
Liabilities		
Accounts payable	\$	1,862
Due to proprietary fund		1,253
Total liabilities		<u>3,115</u>
Fund balance		
Nonspendable - prepaid expenses		3,267
Unassigned		10,269,870
Total fund balance		<u>10,273,137</u>
Total liabilities and fund balance	\$	<u>10,276,252</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)**

West Monroe, Louisiana

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

December 31, 2019

Governmental Fund- Fund balance	\$ 10,273,137
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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>\$ 10,330,137</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)

West Monroe, Louisiana

Governmental Fund - General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2019

Revenues

Use of money and property (including unrealized gains and losses)	\$ 351,680
Total revenues	<u>351,680</u>

Expenditures

General government	
Advertising and promotion	1,087
Bank fees	50
Insurance	20,548
Office expenses	3,211
Other expenses	8,732
Professional fees-accounting and auditing	4,000
Professional fees-legal	10,229
Professional fees-other	1,308
Salaries and benefits	12,123
Total general government	<u>61,288</u>

Excess (deficiency) of revenues over expenditures	290,392
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Other financing sources / (uses)

Equity Transfer In	3,030
Transfers to enterprise fund	<u>(6,721)</u>
Total other financing sources / (uses)	<u>(3,691)</u>

Excess (deficiency) of revenues and other sources over expenditures and other uses	286,701
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Fund balance at beginning of year	<u>9,986,436</u>
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Fund balance at end of year	\$ <u><u>10,273,137</u></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)**

West Monroe, Louisiana

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

For the Year Ended December 31, 2019

Governmental fund- Net change in fund balance	\$ 286,701
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For the year ended December 31, 2019, 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).

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Governmental activities- Change in net position	\$ <u>286,701</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)
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Proprietary Fund-Statement of Net Position

December 31, 2019

	Business-type Activities Enterprise Fund Wellness Center
Assets	
Current assets	
Cash	\$ 572,276
Accounts receivable	14,549
Due from General Fund	1,253
Prepaid expenses	15,019
Other assets	1,617
Total current assets	<u>604,714</u>
Capital assets	
Buildings and improvements	7,050,059
Land improvements	669,600
Fitness equipment	789,687
Office equipment	126,632
Warehouse	3,069
Total capital assets	<u>8,639,047</u>
Accumulated depreciation	<u>(4,112,356)</u>
Net depreciable capital assets	4,526,691
Land	1,349,084
Construction in progress	3,712
Capital assets	<u>5,879,487</u>
Total assets	<u>6,484,201</u>
Liabilities	
Current liabilities	
Accounts payable	30,626
Unearned income	48,973
Payroll and taxes payable	25,520
Total liabilities	<u>105,119</u>
Net Position	
Net investment in capital assets	5,879,487
Unrestricted	499,595
Total net position	<u>\$ 6,379,082</u>

The accompanying notes are an integral part of this statement.

Statement H

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

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

For the Year Ended December 31, 2019

		Business-type Activities Enterprise Fund Wellness Center
Operating revenues		
Charges for services		\$ 1,510,836
Merchandise sales	\$ 33,067	
Merchandise purchases	<u>(18,956)</u>	14,111
Other income		16,984
Total operating revenues		<u>1,541,931</u>
Operating expenses		
Administrative expenses		2,924
Advertising and promotion		20,784
Bad debt expense		17,335
Bank fees		37,615
Coffee service		3,701
Computer		16,629
Depreciation		302,871
Dues and subscriptions		24,045
Equipment		20,366
Grounds maintenance		14,491
Housekeeping		130,198
Insurance expense		62,028
Licenses		531
Office expenses		8,474
Other expenses		26,234
Postage and freight		2,115
Professional fees-accounting		22,455
Salaries and benefits		619,956
Security		288
Telephone		9,881
Television		2,483
Travel and mileage		808
Utilities		<u>83,259</u>
Total operating expenses		<u>1,429,471</u>
Operating income (loss)		112,460
Other financing sources / (uses)		
Transfers from General Fund		<u>6,721</u>
Total other finances sources (uses)		6,721
Net income (loss)		119,181
Net position beginning of year		<u>6,259,901</u>
Net position end of year		<u>\$ 6,379,082</u>

The accompanying notes are an integral part of this statement.

Statement I

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
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Proprietary Fund-Statement of Cash Flows

For the Year Ended December 31, 2019

	Business-type Activities Enterprise Fund Wellness Center
Cash flows from operating activities	
Receipts from memberships	\$ 1,511,392
Net receipts from sale of merchandise	13,560
Payments to employees	(617,712)
Payments to suppliers for goods and services	(487,600)
Net cash provided (used) by operating activities	<u>419,640</u>
Cash flows from capital and related financing activities	
Receipts from sale of assets	-
Purchase of capital assets	(109,690)
Transfer from general fund	6,721
Net cash provided (used) by financing activities	<u>(102,969)</u>
Net increase (decrease) in cash	316,671
Cash at beginning of year	255,605
Cash at end of year	<u><u>\$ 572,276</u></u>
Reconciliation of operating loss to net cash provided (used) by operating activities	
Operating income (loss)	\$ 112,460
Adjustments to reconcile operating loss to net cash provided (used)	
by operating activities	
Depreciation	302,871
Change in assets and liabilities	
Receivables	(225)
Prepaid expenses	567
Other assets	772
Accounts payable	10,821
Due from other funds	(171)
Accrued payroll expenses	2,415
Unearned income	(9,870)
Net cash provided (used) by operating activities	<u><u>\$ 419,640</u></u>
Cash shown on statement of net position	<u><u>\$ 572,276</u></u>
Supplemental disclosures	
Non-cash operating activities	
Membership income	\$ 9,900
Advertising	\$ (9,900)

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)
West Monroe, Louisiana**

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

Overview

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

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

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Financial Reporting Entity

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

The basic criterion for determining a component unit is accountability. As the Police Jury appoints all of the commissioners of the District, the District is considered a component unit of the Police Jury, the reporting entity of the parish. Considered in the determination of component units of the District is the Living

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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. 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 Dave N. Norris Jr. (Vice Chair, Finance/Investment Committee 2020) of the Foundation at P.O. Box 2773, West Monroe, LA 71294, by phone at 318-396-5066 or from its website at LivingWellFoundation.net.

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

C. Fund Accounting

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

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

Governmental Fund

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

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For the Year Ended December 31, 2019**

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.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of

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For the Year Ended December 31, 2019**

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.

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.

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**Notes to the Financial Statements
For the Year Ended December 31, 2019**

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.

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

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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.

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,

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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.

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 \$17,335 were recognized for 2019.

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For the Year Ended December 31, 2019**

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.

Note 2 - Cash

At December 31, 2019, the District had reconciled bank deposits of \$631,219, petty cash of \$622 and a bank balance of \$632,879. These deposits are stated at cost, which approximates market. These deposits (or the resulting bank balances) are secured by Federal Deposit Insurance Coverage (FDIC) or the pledge of securities owned by the fiscal agent bank. Out of the total bank balance of \$632,879, \$250,000 is secured by FDIC, \$61,379 is in a treasury management account and the remaining \$321,500 was secured with pledged securities.

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

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**Notes to the Financial Statements
For the Year Ended December 31, 2019**

Note 3 - Investments

At December 31, 2019, the District's investments of \$10,169,687 consist of the following securities and are carried at fair value. All investment are Level I securities.

Investment Type	Fair Value	% of Total
Federal Home Loan Mortgage	\$ 3,906,624	38.41%
Federal National Mortgage Association	3,493,285	34.35%
Invesco St Treasury Reserve	1,274,493	12.53%
Federal Farm Credit	998,895	9.82%
Certificates of Deposit	496,390	4.88%
Total	\$ 10,169,687	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.

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:

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For the Year Ended December 31, 2019**

- 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.

Note 4 - Receivables

Accounts receivable of \$58,282 at December 31, 2019, are comprised of the following:

	General Fund	Enterprise Fund	Total
Accrued Interest	\$ 43,733	\$ -	\$ 43,733
Accounts Receivable	-	14,549	14,549
Totals	<u>\$ 43,733</u>	<u>\$ 14,549</u>	<u>\$ 58,282</u>

All of the General Fund's \$43,789 receivable is classified as current. The Enterprise Fund's aging of receivables is as follows: \$12,510 is current; \$1,526 is 31 to 60 days; \$289 is 61 to 90 days; \$121 is 90 plus days; and \$103 is due from the collection agency.

Note 5 - Capital Assets

A summary of changes in capital assets for the year ended December 31, 2019 is as follows:

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**Notes to the Financial Statements
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	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Disposals & Transfers</u>	<u>Balance 12/31/2019</u>
Governmental activities				
Capital assets				
Land	\$ 57,000	\$ -	-	\$ 57,000
Total governmental activities capital assets	<u>\$ 57,000</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 57,000</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 1,349,084	\$ -	-	\$ 1,349,084
Construction in progress	-	3,712	-	3,712
Total capital assets not being depreciated	<u>1,349,084</u>	<u>3,712</u>	<u>-</u>	<u>1,352,796</u>
Capital assets being depreciated				
Wellness Center				
Buildings and improvements	6,980,087	69,972	-	7,050,059
Land improvements	669,600	-	-	669,600
Fitness equipment	755,231	34,456	-	789,687
Office equipment	125,083	1,549	-	126,632
Warehouse	3,069	-	-	3,069
Total capital assets being depreciated	<u>8,533,070</u>	<u>105,977</u>	<u>-</u>	<u>8,639,047</u>
Less accumulated depreciation				
Wellness Center				
Buildings and improvements	2,826,168	208,683	-	3,034,851
Land improvements	588,513	9,180	-	597,693
Fitness equipment	302,452	72,578	-	375,030
Office equipment	89,284	12,429	-	101,713
Warehouse	3,069	-	-	3,069
Total accumulated depreciation	<u>3,809,486</u>	<u>302,870</u>	<u>-</u>	<u>4,112,356</u>
Total capital assets being depreciated, net	<u>4,723,584</u>	<u>(196,893)</u>	<u>-</u>	<u>4,526,691</u>
Total business-type activities capital assets, \$	<u>6,072,668</u>	<u>\$ (193,181)</u>	<u>-</u>	<u>\$ 5,879,487</u>

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

Note 6 - Living Well Foundation

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

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**Notes to the Financial Statements
For the Year Ended December 31, 2019**

Note 7 - Cooperative Endeavor Agreements / Grants

In 2019, the District did not enter into any cooperative endeavor agreements nor did it provide any grants to any other agencies.

Note 8 - Board Compensation

For the year ended December 31, 2019, there was no compensation paid to members of the Board of Commissioners.

Note 9 - Interfund Transactions

At December 31, 2019, the General Fund owed the Proprietary Fund \$1,253 for payroll liabilities which will be reimbursed after year-end. The General Fund transferred \$23,711 to the Proprietary Fund for improvements and equipment for the Wellness Center then \$16,990 of rental income earned by Wellness Center but paid to the General Fund.

Note 10 - Subsequent Events

Management has evaluated subsequent events through September 15, 2020, the date which the financial statements were available to be issued and determined that the following events occurred subsequent to the reporting period that are required to be disclosed.

On March 13, 2020, the President of the United States declared the COVID-19 outbreak to be a national emergency. Management has evaluated the effects of the outbreak and ensuing economic repercussions on the District. While the financial markets initially declined massively due to the COVID-19, the markets have recovered to levels close to those prior to the outbreak. There has been some decline in the number of Wellness Center membership but management does not expect this to have an impact of the long term financial stability of the District.

Hurricane Laura made landfall on August 27, 2020 and subsequently Ouachita Parish became a Presidentially declared disaster area due to the damage resulting from the storm. Management has evaluated the effects of the disaster and ensuing economic repercussions on the District and effects appear to be minimal at this point. The District took minimal damage due to the storm and only experienced a short period of decline in Wellness Center member attendance.

REQUIRED SUPPLEMENTARY INFORMATION (PART B)

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

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

Governmental Fund - General Fund

For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance at beginning of year	\$ 9,958,687	\$ 10,043,436	\$ 9,986,436	\$ (57,000)
Resources				
General revenues				
Use of money and property	171,875	170,000	351,680	181,680
Other income	16,800	16,990	-	(16,990)
Total resources	188,675	186,990	351,680	164,690
Charges to appropriations				
General government	82,372	59,191	61,288	2,097
Total charges to appropriations	82,372	59,191	61,288	2,097
Other financing sources (uses)				
Equity from hospital sale	-	3,031	3,030	(1)
Transfers in	-	-	-	-
Transfers out	-	(23,711)	(6,721)	16,990
Net other financing sources (uses)	-	(20,680)	(3,691)	16,989
Excess (deficiency) of revenues over expenditures	106,303	107,119	286,701	179,582
Budgetary fund balance at end of year	\$ <u>10,064,990</u>	\$ <u>10,150,555</u>	\$ <u>10,273,137</u>	\$ <u>122,582</u>

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
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Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2019

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

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

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

West Monroe, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2019

Steve Hall, Chairman of the Board until December 31, 2019, exercised supervision over Hospital Service District No. 1 of Ouachita Parish and, thus, is considered the agency head for the the purpose of this schedule.

For the year ended December 31, 2019, Mr. Hall received no payments for his services.

REPORT REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS



1100 North 18th Street, Suite 200

Monroe, LA 71201

T 318.387.2672 F 318.322.8866

Keeping you on course!

**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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 15, 2020.

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

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Woodland & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

September 15, 2020

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors 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 (the District) 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, 2019 through December 31, 2019. 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
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

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.
 - 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. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned

fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: This section is exempt because there were not any prior year exceptions.

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);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: This section is exempt because there were not any prior year exceptions.

Collections (excluding EFTs)

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for 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.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were noted as a result of applying agreed-upon procedures

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).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

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

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

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

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

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

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

Results: This section is exempt because there were not any prior year exceptions.

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.

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 (or electronically approved), 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.]]

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

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

describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: One of the credit cards had a late fee. Additionally, supporting documentation did not give the public purpose and meals did not list individuals participating.

Management’s Response: The late fees on the credit card statement were a result of not having received, thus not paying, the prior month’s statement. Management will be more proactive to ensure that all bills are paid on time even if a bill is not received in a timely manner. Further management will conduct training and to ensure that all receipts detail the public purpose and meal receipts identify persons attending.

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:

- 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).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: This section is exempt because there were not any prior year exceptions.

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:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- 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.

Results: This section is exempt because there were not any prior year 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.
- 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:
 - 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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 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.

Results: This section is exempt because there were not any prior year exceptions.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, 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.
 - 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.

Results: This section is exempt because there were not any prior year exceptions.

Debt Service

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

Results: This section is exempt because there were not any prior year exceptions.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: This section is exempt because there were not any 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.

Woodward & Associates

(A Professional Accounting Corporation)

Monroe, Louisiana

September 15, 2020