

**CATAHOULA PARISH HOSPITAL  
SERVICE DISTRICT NO. 2**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

**JOHN S. ROZIER, IV, CPA, APALLC**  
**MARK S. MCKAY, CPA**  
**LEE W. WILLIS, CPA**  
**STEVEN E. KIMBALL, CPA**  
**RICHARD BESSON, CPA**  
**STEVEN MCKAY, CPA**

**MAILING ADDRESS**  
**POST OFFICE BOX 12178**  
**ALEXANDRIA, LOUISIANA 71315-2178**  
**TELEPHONE (318) 442-1608**  
**TELECOPIER (318) 487-2027**

**M. DALE HARRINGTON, CPA**  
**RETIRED - 2005**

June 20, 2018

### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Catahoula Parish Hospital Service District No. 2

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Catahoula Parish Hospital Service District No. 2, a component unit of the Catahoula Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***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 financial statement presentation of the financial statements.

-Members-

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## ***Catahoula Parish Hospital Service District No. 2***

***June 20, 2018***

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Catahoula Parish Hospital Service District No. 2, as of December 31, 2017, and the respective changes in financial position and cash flows, 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in 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 assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Catahoula Parish Hospital Service District No. 2. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the primary government financial statements of the Catahoula Parish Hospital Service District No. 2.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the other supplemental information 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 June 20, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with

**Catahoula Parish Hospital Service District No. 2**

**June 20, 2018**

**Page 3**

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certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

  
ROZIER, HARRINGTON, & MCKAY  
Certified Public Accountants

# **Catahoula Parish Hospital Service District No. 2**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2017**

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This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2017.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. These financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the basic financial statements include all of the District's assets and all of the District's liabilities (including long-term debt).

### **FINANCIAL ANALYSIS OF THE DISTRICT**

This portion of management's discussion and analysis provides a comparative financial analysis.

#### **Net Position**

A condensed version of the District's Balance Sheet is presented as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b><u>Assets:</u></b>		
Current and Other Assets	\$ 2,641,114	\$ 1,673,056
Capital Assets	1,961,172	2,030,755
<b>Total Assets</b>	<b>4,602,286</b>	<b>3,703,811</b>
<b><u>Liabilities:</u></b>		
Current and Other Liabilities	169,384	193,424
Long-Term Liabilities	102,420	97,521
<b>Total Liabilities</b>	<b>271,804</b>	<b>290,945</b>
<b><u>Net Position:</u></b>		
Invested in Capital Assets (Net)	1,961,172	2,030,755
Unrestricted	2,369,310	1,382,111
<b>Total Net Position</b>	<b>\$ 4,330,482</b>	<b>\$ 3,412,866</b>

As the presentation appearing above demonstrates, a portion of the net position (45.3%) is invested in capital assets. Capital assets are used by the District to provide medical needs for their patients.

The remaining balance of unrestricted assets (54.7%) may be used to meet the District's ongoing obligations to citizens and creditors.

# **Catahoula Parish Hospital Service District No. 2**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2017**

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### **Changes in Net Position**

A condensed version of the Statement of Revenues, Expenses, and Changes in Net Position is presented as follows:

	<b>For the Year Ended</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b><u>Revenues:</u></b>		
Program Revenues		
Charges for service	\$ 2,905,952	\$ 2,341,770
Operating Grants and Contributions	2,789,219	2,457,724
Capital Grants and Contributions	---	---
General Revenues	19,514	23,274
<b>Total Revenues</b>	<b>5,714,685</b>	<b>4,822,768</b>
Program Expenses	4,797,069	4,477,306
Change in Net Position	917,616	345,462
Net Position Beginning	3,412,866	3,067,404
<b>Net Position Ending</b>	<b>\$ 4,330,482</b>	<b>\$ 3,412,866</b>

The District's net position has increased by \$917,616. This increase is due to an increase in patient and operating grant revenues.

### **CAPITAL ASSET ADMINISTRATION**

Capital asset administration for the year ended December 31, 2017, consisted purchasing a new X-ray machine for the District.

### **FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

At the present time, no factors have been identified that are expected to have a significant effect on future operations.

## **CATAHOULA PARISH HOSPITAL DISTRICT NO 2.**

### **Statement of Net Position**

**December 31, 2017**

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and cash equivalents	\$ 2,102,888
Receivables (net)	415,364
Prepaid Expenses	39,305
Assets restricted:	
Cash and cash equivalents	76,557
Total current assets	<u>2,634,114</u>
Non Current Assets:	
Non-Depreciable Assets	
Land	152,677
Depreciable capital assets, net	1,808,495
Other Assets	7,000
Total assets	<u><u>4,602,286</u></u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts and other payables .	32,440
Unearned Revenues	75,000
Accrued Expenses	61,944
Total Current Liabilities	<u>169,384</u>
Long-term debt due in more than one year	
Compensated Absences	102,420
Total Long-Term Liabilities	<u>102,420</u>
Total liabilities	<u>271,804</u>
<b><u>NET POSITION</u></b>	
Invested in Capital Assets (Net)	1,961,172
Unrestricted	2,369,310
Total Net Position	<u>4,330,482</u>
Total Liabilities and Net Position	<u><u>\$ 4,602,286</u></u>

See accompanying notes and accountants' report

## **CATAHOULA PARISH HOSPITAL DISTRICT NO 2.**

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

#### **Proprietary Funds**

**Year Ended December 31, 2017**

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<b><u>Operating Revenues:</u></b>	
Net patient revenues	\$ 2,905,952
<b>Total Operating Revenues</b>	<u>2,905,952</u>
<b><u>Operating Expenses:</u></b>	
Salaries	2,736,921
Payroll taxes and related benefits	539,709
Insurance	64,621
Medical supplies	304,024
Contract labor	326,886
Utilities and telephone	172,020
Depreciation	147,243
Repairs and maintenance	278,936
Office Supplies	106,527
Rent and lease expense	56,143
Travel	28,448
Other expenses	35,591
<b>Total Operating Expenses</b>	<u>4,797,069</u>
<b>Operating Income (Loss)</b>	(1,891,117)
<b><u>Nonoperating Revenues (Expenses):</u></b>	
Grant proceeds	2,789,219
Interest revenue	6,383
Ad Valorem taxes	6,151
Other revenues	6,980
<b>Change in Net Position</b>	917,616
<b>Net Position - beginning</b>	<u>3,412,866</u>
<b>Total net position - ending</b>	<u>\$ 4,330,482</u>

See accompanying notes and accountants' report

## **CATAHOULA PARISH HOSPITAL DISTRICT NO 2.**

### **Statement of Cash Flows**

#### **Proprietary Funds**

**Year Ended December 31, 2017**

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<b><u>Cash flow from operating activities:</u></b>	
Cash received from patients	\$ 2,906,490
Cash payments to suppliers of goods and services	(1,938,080)
Cash payments to employees for services	(2,740,793)
Net cash provided (used) by operating activities	(1,772,383)
<b><u>Cash flows from non-capital financing activities:</u></b>	
Operating grants received	2,752,705
Ad Valorem taxes received	6,151
Net cash provided (used) by non-capital financing activities	2,758,856
<b><u>Cash flows from capital and related financing activities:</u></b>	
Acquisition of capital assets	(77,660)
Net cash provided (used) by capital and related financing activities	(77,660)
<b><u>Cash flows from investing activities:</u></b>	
Investment in Partnership	(4,972)
Interest and other income	13,364
Net cash provided (used) by investing activities	8,392
Net increase (decrease) in cash	917,205
Beginning cash balance	1,262,240
Ending cash balance	2,179,445
Restricted cash	76,557
Cash and cash equivalents	\$ 2,102,888
<b><u>Reconciliation of operating income (loss) to net cash</u></b>	
Operating income (loss)	\$ (1,891,117)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	147,243
(Increase) decrease in accounts receivable	538
(Increase) decrease in prepaid expenses	(9,906)
(Decrease) increase in operating accounts payable	(15,269)
(Decrease) increase in accrued expenses	(8,771)
(Decrease) increase in compensated absences	4,899
Net cash provided (used) by operating activities	\$ (1,772,383)

#### Supplemental Disclosure of Cash Flow Information:

During the year ended December 31, 2017, there were no investing, capital, or financing activities that did not result in cash receipts or payments.

# **Catahoula Parish Hospital Service District No. 2**

## ***Notes to Financial Statements*** ***December 31, 2017***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization and Basis of Presentation**

The Catahoula Parish Hospital Service District No. 2 (the District) is a political subdivision of the Catahoula Parish Police Jury. The District was organized pursuant to an ordinance adopted by the Catahoula Parish Police Jury on April 5, 1976. The hospital district has a service area that includes Catahoula Parish, Concordia Parish, and parts of Franklin and Tensas Parishes. The District has four medical clinics, a school based health center, and a dental clinic. The District is governed by a board of commissioners appointed for terms of various years by the Catahoula Parish Police Jury.

The following is a summary of the more significant accounting policies.

#### **Financial Reporting Entity**

Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the reporting entity 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 reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
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.

Based on the previous criteria, the District is a component unit of the Catahoula Parish Police Jury. The accompanying component unit financial statements present information only on the fund maintained by the District and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

#### **Basis of Presentation**

The District uses an enterprise fund for financial reporting purposes. Enterprise funds are proprietary funds used to account for business-like activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

#### **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

# **Catahoula Parish Hospital Service District No. 2**

## ***Notes to Financial Statements*** ***December 31, 2017***

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The District's enterprise fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with their activities are reported. Proprietary fund equity is classified as net position.

In addition, the District's enterprise fund utilizes the accrual basis of accounting. Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations.

### **Use of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

### **Statement Of Cash Flows**

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks, and certificates of deposit.

### **Restricted Assets**

Any amounts reported as restricted assets, represent resources that must be expended in a specific manner. Restrictions of this nature can be imposed by tax propositions and various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

### **Compensated Absences**

Accumulated unpaid vacation and compensatory pay have been accrued when incurred.

### **Capital Assets**

Capital assets, which include all property and equipment, are reported as assets in the financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the District.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

# **Catahoula Parish Hospital Service District No. 2**

## ***Notes to Financial Statements December 31, 2017***

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### **Unearned Revenues**

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before qualifying expenditures are incurred. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenues is removed and revenue is recognized.

### **NOTE 2-CASH AND CASH EQUIVALENTS**

Deposits are stated at cost, which approximates market value. Under state law, these deposits 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, 2017, the District has \$2,300,644 in deposits (collected bank balance). These deposits are secured from risk by \$1,327,735 of federal deposit insurance and \$1,246,488 of pledged securities held by the custodial bank in the name of the fiscal agent bank. State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

### **NOTE 3 - AD VALOREM TAXES**

Ad valorem taxes are assessed by the Catahoula Parish Assessor and collected for the District by the Catahoula Parish Sheriff's Office. The following is the levied millage:

	<u>Millage</u>	<u>Expiration Date</u>
Ad valorem taxes levied for general corporate purposes	1.00	2022

### **NOTE 4 - RECEIVABLES**

The receivables at December 31, 2017, are as follows:

# **Catahoula Parish Hospital Service District No. 2**

## **Notes to Financial Statements December 31, 2017**

<u>Accounts Receivable</u>	
Medicare	\$ 968,244
Medicaid	346,696
Insurance	890,870
Other	<u>43,192</u>
Total accounts receivable	<u>2,249,002</u>
 <u>Due From Other Governmental Units</u>	
Operating Grant Receivable	72,663
Ad Valorem Taxes	<u>3,577</u>
Total Receivables from Governmental Units	<u>76,240</u>
 Total Receivables	 2,325,242
Allowance for contractual adjustment	<u>(1,909,878)</u>
Total Receivables	<u>\$ 415,364</u>

The allowance is due to the District experiencing contractual adjustments from most of its revenue sources. There were no bad debts recorded for the current year.

### **NOTE 5 – CAPITAL ASSETS**

Changes in governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Non Depreciable Capital Assets</b>				
Land	<u>\$ 152,677</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 152,677</u>
 <b>Depreciable Capital Assets</b>				
Buildings and Improvements	2,263,497	----	(18,850)	2,244,647
Medical Equipment	552,500	77,660	(131,521)	498,639
Office Equipment	853,985	----	(250,586)	603,399
Vehicles	135,382	----	----	135,382
Accumulated Depreciation	<u>(1,927,286)</u>	<u>(147,243)</u>	<u>400,957</u>	<u>(1,673,572)</u>
Total Depreciable Capital Assets	<u>1,878,078</u>	<u>(69,583)</u>	<u>-</u>	<u>1,808,495</u>
 Total Capital Assets	 <u>\$ 2,030,755</u>	 <u>\$ (69,583)</u>	 <u>\$ -</u>	 <u>\$ 1,961,172</u>

Depreciation expense for the year ended December 31, 2017, is \$147,243.

# **Catahoula Parish Hospital Service District No. 2**

## **Notes to Financial Statements December 31, 2017**

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### **NOTE 6 – LONG-TERM LIABILITIES**

Changes in the District's long-term debt for the year ended December 31, 2017, are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated Absences	\$ 97,521	\$ 4,899	\$ ----	\$ 102,420

### **NOTE 7- RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 8- RETIREMENT PLAN**

The District participates in a Section 457 defined contribution retirement plan for its employees. This plan allows for elective deferrals for participants with an employer match. The amount of pension expense for the current year is \$60,213.

### **NOTE 9- CONTINGENCIES**

Existing conditions that may have future financial consequences are referred to as contingencies. Contingencies existing at December 31, 2017 are described as follows:

#### **Grant Contingencies - General**

Grant funds received from the grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed expenditures, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

#### **Third-Party Reimbursements**

The District is reimbursed for medical services from Medicare and Medicaid. The District is liable for retroactive adjustments made by Medicare and Medicaid programs as a result of their examinations as well as retroactive changes in interpretations of applying statutes, regulations and general instructions of those programs. The amount of funds the District could incur cannot be determined at this time.

### **NOTE 10 – ACCOUNTS AND OTHER PAYABLES**

Details related to amounts reported as accounts and other payables are provided as follows:

<u>Accounts Payable</u>	
Vendors	\$ 25,830
Other	6,610
<u>Total Payables</u>	<u>\$ 32,440</u>

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

**JOHN S. ROZIER, IV, CPA, APALLC**  
**MARK S. MCKAY, CPA**  
**LEE W. WILLIS, CPA**  
**STEVEN E. KIMBALL, CPA**

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**RICHARD BESSON, CPA**  
**STEVEN MCKAY, CPA**

**MAILING ADDRESS**  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178  
TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

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**M. DALE HARRINGTON, CPA**  
**RETIRED - 2005**

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June 20, 2018

**INDEPENDENT AUDITOR'S 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  
Catahoula Parish Hospital Service District No. 2

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 business-type activity of the Catahoula Parish Hospital Service District No. 2 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated June 20, 2018.

**Internal Control Over Financial Reporting**

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

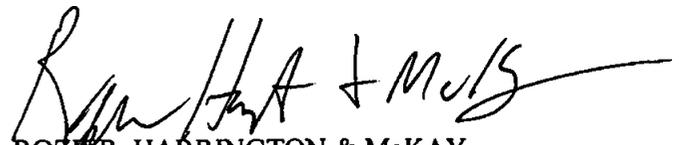
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Catahoula Parish Hospital Service 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 Standard*.

**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.



ROZTER, HARRINGTON & MCKAY  
Certified Public Accountants

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

**JOHN S. ROZIER, IV, CPA, APALLC**

**MARK S. MCKAY, CPA**

**LEE W. WILLIS, CPA**

**STEVEN E. KIMBALL, CPA**

**RICHARD BESSON, CPA**

**STEVEN MCKAY, CPA**

**MAILING ADDRESS**

POST OFFICE BOX 12178

ALEXANDRIA, LOUISIANA 71315-2178

TELEPHONE (318) 442-1608

TELECOPIER (318) 487-2027

**M. DALE HARRINGTON, CPA**

**RETIRED - 2005**

June 20, 2018

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners

Catahoula Parish Hospital Service District No. 2

#### **Report on Compliance for Each Major Federal Program**

We have audited the Catahoula Parish Hospital Service District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Catahoula Parish Hospital Service District's major federal program for the year ended December 31, 2017. The Catahoula Parish Hospital Service District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal program.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Catahoula Parish Hospital Service District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Catahoula Parish Hospital Service District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination for the Catahoula Parish Hospital Service District's compliance.

#### **Opinion on Each Major Federal Programs**

In our opinion, Catahoula Parish Hospital Service District No. 2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2017.

#### **Report on Internal Control over Compliance**

The management of the Catahoula Parish Hospital Service District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Catahoula Parish Hospital Service District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not

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**Catahoula Parish Hospital Service District No. 2**

**June 20, 2018**

**Page 2**

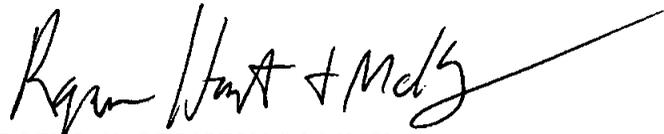
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for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Catahoula Parish Hospital Service District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**Catahoula Parish Hospital Service District No. 2**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2017**

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**PART I – SUMMARY OF AUDITORS' RESULTS:**

- The Independent Auditor's Report on the financial statements for the Catahoula Parish Hospital Service District No. 2 as of December 31, 2017, and for the year then ended expressed an unmodified opinion.
- The audit disclosed no instances of material weaknesses in internal control over financial reporting.
- The results of the audit did not disclose an instance of noncompliance that is considered to be material to the financial statements of the Catahoula Parish Hospital Service District No. 2.
- There were no deficiencies in internal control over compliance with requirements applicable major federal award programs disclosed.
- The Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Circular expressed an unmodified opinion.
- Major programs for the year ended December 31, 2017 are presented as follows:

**UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**CFDA No. 93.224 and 93.527 – Health Centers Cluster**

- A threshold of \$750,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Catahoula Parish Hospital Service District No. 2 is considered to be a low risk auditee as defined by Uniform Guidance.

**PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- There are no matters to report.

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY UNIFORM GUIDANCE:**

- There are no matters to report.

**Catahoula Parish Hospital Service District No. 2**  
**Managements Corrective Action Plan**  
**For the Year Ended December 31, 2017**

<b>SECTION I</b> <b>Internal Control and Compliance Material to the Financial Statements</b>	
There are no matters to report.	Not Applicable.
<b>SECTION II</b> <b>Internal Control and Compliance Material to Federal Awards</b>	
There are no matters to report.	Not Applicable.
<b>SECTION III</b> <b>Management Letter</b>	
There are no matters to report.	Not Applicable.

**Catahoula Parish Hospital Service District No. 2**

***Schedule of Prior Year Findings and Questioned Costs***

***For the Year Ended December 31, 2017***

<b>SECTION I</b> <b>Internal Control and Compliance Material to the Financial Statements</b>	
There are no matters to report.	Not Applicable.
<b>SECTION II</b> <b>Internal Control and Compliance Material to Federal Awards</b>	
There are no matters to report.	Not Applicable.
<b>SECTION III</b> <b>Management Letter</b>	
There are no matters to report.	Not Applicable.

# **CATAHOULA PARISH HOSPITAL DISTRICT NO. 2**

## ***Schedule of Expenditure of Federal Financial Awards For the year ended December 31, 2017***

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<u>FEDERAL GRANTOR / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Program - Community Health Center	93.224	\$ 759,152
Direct Program - ACA New and Expanded Services Program	93.527	<u>1,838,501</u>
Total Health Center Cluster		2,597,653
Direct Program - Tracking Electronic Health Records Adoption and Capturing Related Insights in U.S. Hospitals	93.851	63,750
Rural Health Care Services Outreach Passed Through Innis Community Health Center	93.912	<u>22,000</u>
Total Other Programs		<u>85,750</u>
Total Expenditure of Federal Awards		<u>\$ 2,683,403</u>

### **Note**

The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles for Governmental Units. The District does not use any cost allocation. See notes to the accompanying financial statements for further details.

**CATAHOULA PARISH HOSPITAL DISTRICT NO. 2**

***Schedule of Compensation, Benefits, and Other Payments***

***to Agency Head or Chief Executive Officer***

***Year ended December 31, 2017***

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<b>Agency Head Name</b>	<b><u>Debra Miesch</u></b>
<b>Purpose</b>	
Salary	108,719
<b>Benefits</b>	
Health Insurance	8,571
Retirement Contributions	3,410
Reimbursements	1,270

**APPENDIX A**  
**Statewide Agreed-Upon Procedures**

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

**JOHN S. ROZIER, IV, CPA, APALLC**  
**MARK S. MCKAY, CPA**  
**LEE W. WILLIS, CPA**  
**STEVEN E. KIMBALL, CPA**  
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**MAILING ADDRESS**  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178  
TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

**M. DALE HARRINGTON, CPA**  
**RETIRED - 2005**

### Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Catahoula Parish Hospital District No. 2 and  
the Louisiana Legislative Auditor:

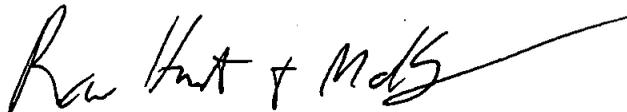
We have performed the procedures enumerated below, which were agreed to by the Catahoula Parish Hospital District No. 2 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. 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 results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

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.



Rozier, Harrington and McKay  
Certified Public Accountants  
Alexandria, Louisiana  
June 20, 2018

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# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Written Policies and Procedures</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>1 Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:</p> <ul style="list-style-type: none"> <li>• Budgeting</li> <li>• Purchasing</li> <li>• Disbursements</li> <li>• Receipts</li> <li>• Payroll/Personnel</li> <li>• Contracting</li> <li>• Credit Cards</li> <li>• Travel and expense reimbursements</li> <li>• Ethics</li> <li>• Debt</li> </ul>	<p>The District maintains each of the policies. Furthermore, each of policies address the items required for each policy with the following exception:</p> <ul style="list-style-type: none"> <li>• Employees are not required to sign the ethics policy annually.</li> <li>• The District did not have a contract policy for the current year end.</li> <li>• The purchasing policy does not address how vendors are added to the vendor list or the documentation required to be maintained for all bids and price quotes.</li> </ul> <p>The District does not have debt and therefore does not have a debt policy.</p>	<ul style="list-style-type: none"> <li>• We will begin having each employee sign the ethics policy annually.</li> <li>• We adopted a contract policy effective April 24, 2018</li> <li>• We constantly review and update our policies. We will review our purchasing policy make any necessary updates.</li> </ul>

# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Board (or Finance Committee)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>2 Obtain and review the board/committee minutes for the fiscal period, and:</p> <p>a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation</p> <p>b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis)</p> <p style="padding-left: 20px;">➤ If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?</p> <p>c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.</p>	<p>The board met monthly as required.</p> <p>Even though the Hospital District has one business-type fund, the Chief Financial Officer began presenting a budget-to-actual comparison in August 2017.</p> <p>The minutes include necessary non-budgetary items.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

## **Catahoula Parish Hospital District No. 2**

### **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Bank Reconciliations</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
3 Obtain a listing of client bank accounts from management	A listing of all bank accounts was provided.	<i>The results did not include findings or criticisms.</i>
4 Using the listing provided by management, select a minimum of five (5) bank accounts and report whether:  a) Bank reconciliations have been prepared;	Bank reconciliations were prepared for each account.	<i>The results did not include findings or criticisms.</i>
b) Bank reconciliations include evidence that a member of management or a board member has reviewed each bank reconciliation	There was no evidence that a member of management reviewed each bank reconciliation.	We will begin having a member of management or a board member review each bank reconciliation
c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.	There were no outstanding items on the accounts selected.	<i>The results did not include findings or criticisms.</i>

# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Collections</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>5 Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p> <p>6 Using the listing provided by management, select a minimum of five (5) cash collection locations, obtain written documentation and report whether:</p> <p>a) Each person responsible for collecting cash is:</p> <ul style="list-style-type: none"> <li>• bonded,</li> <li>• not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account</li> <li>• not required to share the same cash register or drawer with another employee.</li> </ul> <p>b) The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.</p>	<p>Management provided a list of six cash collection locations.</p> <ul style="list-style-type: none"> <li>• Coverage for employee theft is maintained.</li> <li>• The Chief Financial Officer records transactions and reconciles the bank accounts. The Chief Financial Officer does not collect cash or deposit cash in the bank.</li> <li>• Due to the limited staff at each location, typically the employee who accepts payments makes the daily cash deposit.</li> <li>• Employees are not required to share the same cash drawer.</li> </ul> <p>There is a formal process to reconcile cash collections to the general ledger and subsidiary ledgers. This process is completed by a member of management that is not responsible for cash collections.</p>	<p><b><i>The results did not include findings or criticisms.</i></b></p> <p>The size of the staff at each location limits opportunities for segregation of duties related to making daily deposits. Risks are mitigated because substantially all collections are in the form of credit cards, debit cards, or checks.</p> <p><b><i>The results did not include findings or criticisms.</i></b></p>

# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Collections</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <ul style="list-style-type: none"> <li>• Report whether the deposits were made within one day of collection.</li> <li>• Verify that daily cash collections are completely supported by documentation</li> </ul>	<p>The total checks and currency received at the facilities were \$25,812 and \$5,335 respectively. The District's policy is to stamp a "received date" on any checks received each day. Based on this policy, the following are noted below:</p> <ul style="list-style-type: none"> <li>• All currency is deposited the same day as collections.</li> <li>• A total of \$6,567 of checks received were deposited as many as four days after the "received date."</li> <li>• A total of \$7,835 of checks received were not stamped with a "received date." Therefore, there is no practical way to determine if these checks were deposited within one day of collection. The time period between the date on the checks and the deposit date is up to ten days.</li> </ul> <p>Collections are adequately supported by documentation.</p>	<p>We have revised our processes related to receiving checks in the mail from third party providers as follows:</p> <ul style="list-style-type: none"> <li>• One individual receives the checks in the mail, stamps them with the "received date," and prepares the deposit slip.</li> <li>• Working with our third party providers to have as many providers direct deposit payments as possible.</li> </ul>
<p>7 Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.</p>	<p>There is a specifically defined process to determine the completeness of all collections. This process is performed by an individual who is not responsible for collections.</p>	<p><b><i>The results did not include findings or criticisms.</i></b></p>

# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
8 Obtain a listing of entity disbursements from management	Management provided access to the general ledger system and files that reports all disbursement activities.	<i>The results did not include findings or criticisms.</i>
9 Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:		
a) Purchases were initiated using a requisition/purchase order system.	For each of the 25 items, purchase orders were initiated as required by the District's policy.	<i>The results did not include findings or criticisms.</i>
b) Purchase orders were approved by a person who did not initiate the purchase.	Purchase orders are approved by the Chief Executive Officer. This individual does not initiate purchases.	<i>The results did not include findings or criticisms.</i>
c) Payments for purchases were not processed without <ul style="list-style-type: none"> <li>• An approved requisition and/or purchase order</li> <li>• A receiving report showing receipt of goods purchased,</li> <li>• An approved invoice.</li> </ul>	Payments for purchases were not processed without an approved purchase order, a receiving report (if applicable), and an approved invoice.	<i>The results did not include findings or criticisms.</i>

## **Catahoula Parish Hospital District No. 2**

### **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
10 Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.	There are no formal restrictions associated with adding vendors.	This is a limitation related to our general ledger software. However, most of the District's vendors are established long time vendors. Therefore, new vendors are uncommon. Controls are in place to ensure that new vendors are not paid without adequate approval. These controls include: <ul style="list-style-type: none"> <li>• Many vendors request the District complete an application.</li> <li>• If there is no formal application process with small vendors, the Chief Executive Officer and Chief Financial Officer will meet to discuss this vendor prior to the first payment.</li> </ul>
11 Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	Four board members and the Chief Executive Officer have signatory authority. These individuals have little involvement with initiating and recording purchase.	<i>The results did not include findings or criticisms.</i>
12 Inquire of management and observe whether the supply of unused checks or blank check stock is maintained in a locked location, with access restricted to those persons that do not have signatory authority.	The supply of unused checks is maintained in the accounts payable clerks office. Each office of the management is locked however, the Chief Executive Officer does have access to all offices. The Chief Executive Officer is a signatory on the accounts.	We will review our policies regarding the supply of unused checks to determine if there is a practical method of restricting access from individuals with signatory authority.
13 If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks are maintained under his or her control or is used only with the knowledge and consent of the signer.	There is no signature stamp.	<i>The results did not include findings or criticisms.</i>

# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>14 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards).</p>	<p>Management provided a list of all active credit cards.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>15 Select the monthly statement or combined statement with the largest dollar activity for each card and:</p> <p>a) Is there evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b) Report whether finance charges and/or late fees were assessed on the selected statements</p>	<p>The documentation included approval of the Chief Executive Officer. However, the Chief Executive Officer is an authorized card holder for one card.</p> <p>The statements did not include finance charges.</p>	<p>We will change our process to have the Chief Executive Officer's monthly statement approved by another member of management.</p> <p><i>The results did not include findings or criticisms.</i></p>
<p>16 Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).</p> <p>a) Obtain supporting documentation for all transactions for each of the 10 cards selected by:</p> <ul style="list-style-type: none"> <li>• An original itemized receipt</li> <li>• Documentation of the business/public purpose</li> <li>• Other documentation that may be required by written policy</li> </ul>	<p>Documentation is available to support 99.944% of the credit card purchases. Undocumented purchases totaled \$9.36</p>	<p>We will attempt to identify a practical means of obtaining itemized receipts for all transactions regardless of how insignificant the amount may be.</p>

## **Catahoula Parish Hospital District No. 2**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
b) Compare the transaction's detail to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law	None of the purchases were subject to the Public Bid Law.	<i>The results did not include findings or criticisms.</i>
c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution	None of the purchases appeared to be a loan, pledge, or donation of funds, credit, property, or things of value.	<i>The results did not include findings or criticisms.</i>

# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Travel and Expense Reimbursement</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
17 Obtain from management a listing of all travel and related expense reimbursements, by person.	Management provided a list of all travel and related reimbursements by person.	<i>The results did not include findings or criticisms.</i>
18 Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceed GSA rates.	The amounts in the policy did not exceed the GSA rates.	<i>The results did not include findings or criticisms.</i>
19 Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:  a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.	All amounts were reimbursed in accordance with the written policy.	<i>The results did not include findings or criticisms.</i>

## **Catahoula Parish Hospital District No. 2**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Travel and Expense Reimbursement</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>b) Report whether each expense is supported by:</p> <ul style="list-style-type: none"> <li>• An original itemized receipt that identifies precisely what was purchased.</li> <li>• Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).</li> <li>• Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)</li> </ul>	<p>Transactions were supported by adequate documentation that demonstrated business purpose.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.</p>	<p>None of the reimbursements received represented a loan, pledge, or donation of funds, credit, property, or things of value.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>All of the transactions are reviewed and approved by the Chief Executive Officer.</p>	<p><i>The results did not include findings or criticisms.</i></p>

# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Contracts</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>20 Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments.</p>	<p>The list was compiled from the general ledger detail with assistance from management.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>21 Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:</p> <p>a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.</p> <p>b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:</p> <ul style="list-style-type: none"> <li>• If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements.</li> <li>• If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.</li> </ul> <p>c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.</p>	<p>In each case there was a formal written contract supporting the services arrangement and amounts paid.</p> <p>One of the five contracts was bid and complied with legal requirements. The other four contracts were not subject to bid because they were for the performance of professional services.</p> <p>One of the contracts is amended often. The contract related to the District's Electronic Health Records system requires amending to add new modules, new providers, or remove providers, or to add additional users as the District grows.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

## **Catahoula Parish Hospital District No. 2**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Contracts</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.	In each case, the invoice and related payment complied with the terms and conditions of the contract.	<i>The results did not include findings or criticisms.</i>
e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).	One of the contracts was approved by the Board due to the contract requiring public bid for a large piece of equipment. For any other contract, the Board has granted the Chief Executive Officer the authority to enter into contracts.	<i>The results did not include findings or criticisms.</i>

# **Catahoula Parish Hospital District No. 2**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>22 Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p>	<p>We were provided with a list of employees and their related salaries.</p> <p>Rates of pay agree with amounts specified in the personnel file.</p> <p>Changes in rates of pay were approved in writing and in accordance with written policies.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>23 Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:</p>		

## **Catahoula Parish Hospital District No. 2**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>a) Report whether 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.)</p>	Attendance and leave were documented on time sheets.	<i>The results did not include findings or criticisms.</i>
<p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p>	Every time sheet is approved by a supervisor.	<i>The results did not include findings or criticisms.</i>
<p>c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.</p>	Leave taken as reported on attendance records was deducted from the employees leave balance.	<i>The results did not include findings or criticisms.</i>
<p>24 Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p>	The termination payments were made in accordance with the policy.	<i>The results did not include findings or criticisms.</i>

**Catahoula Parish Hospital District No. 2**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
25 Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.	<ul style="list-style-type: none"><li>• There were five instances in which the Federal payroll taxes were remitted beyond the three days allowed.</li><li>• The second quarter form 941 and State withholding forms were remitted after July 31.</li><li>• Most of the retirement contributions were made in excess of three days after employees were paid.</li></ul>	We have changed our procedures to ensure that all payroll taxes and retirement are paid timely.

## **Catahoula Parish Hospital District No. 2**

### **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Ethics</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
26 Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.	For the five employees selected, each had the required ethics training.	<i>The results did not include findings or criticisms.</i>
27 Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.	According to management, there were no alleged ethics violations.	<i>The results did not include findings or criticisms.</i>

## **Catahoula Parish Hospital District No. 2**

### **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Debt Service</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
28 If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.	Not applicable, no debt was issued.	<i>The results did not include findings or criticisms.</i>
29 If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.	There is no outstanding debt.	<i>The results did not include findings or criticisms.</i>
30 If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.	There is no outstanding debt.	<i>The results did not include findings or criticisms.</i>

**Catahoula Parish Hospital District No. 2**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

Other		
Agreed-Upon Procedure	Results	Managements' Response
31 Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	No misappropriations were identified.	<i>The results did not include findings or criticisms.</i>
32 Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at <a href="http://www.la.gov/hotline">www.la.gov/hotline</a> ) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.	We observed the notice posted on the website at <a href="http://www.CPHD2.org">www.CPHD2.org</a> and at the Sicily Island Medical Center. Management represents that this notice has been posted at each of the other five locations maintained by the District. Rozier, Harrington, & McKay has not traveled to the sites to verify that such notices are posted.	We have posted the notices at all locations maintained by the District.
33 If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.	No exceptions were identified.	<i>The results did not include findings or criticisms.</i>