

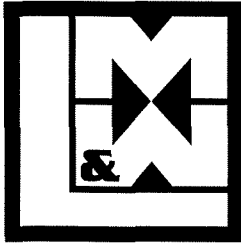
LOWER CAMERON HOSPITAL
SERVICE DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED
DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lower Cameron Hospital Service District
Creole, Louisiana

Opinions

We have audited the accompanying financial statements of the Lower Cameron Hospital Service District, a component unit of the Cameron Parish Police Jury, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Lower Cameron Hospital Service District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lower Cameron Hospital Service District, as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We concluded 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. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lower Cameron Hospital Service District, and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Cameron Hospital Service District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lower Cameron Hospital Service District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Cameron Hospital Service District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Lower Cameron Hospital Service District and do not purport to, and do not, present fairly the financial position of the Cameron Parish Police Jury as of December 31, 2022 and 2021, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

The Lower Cameron Hospital Service District has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 our report dated June 26, 2024, on our consideration of the Lower Cameron Hospital Service District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of Lower Cameron Hospital Service District's 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 Lower Cameron Hospital Service District's internal control over financial reporting and compliance.



Certified Public Accountants
Lafayette, Louisiana

June 26, 2024

LOWER CAMERON HOSPITAL SERVICE DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31,

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 8,100,053	\$ 3,389,308
Property tax receivable, net of allowance of \$24,027 and \$42,265 for 2022 and 2021, respectively	107,438	335,330
Due from other governmental agencies (Note 4)	1,889,368	1,522,119
Rent receivable	-0-	112,800
Other receivables	<u>22,802</u>	<u>4,692,073</u>
 Total Current Assets	 <u>10,119,661</u>	 <u>10,051,630</u>
CAPITAL ASSETS		
Nondepreciable assets (Note 6)	447,424	31,321
Depreciable capital assets (Note 6)	<u>8,358,220</u>	<u>8,743,465</u>
 Total Capital Assets	 <u>8,805,644</u>	 <u>8,774,786</u>
 TOTAL ASSETS	 \$ <u>18,925,305</u>	 \$ <u>18,826,416</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 69,719	\$ 621,725
Due to other governmental agencies	364,272	364,272
Third-party payor settlements (Note 7)	<u>7,833,285</u>	<u>7,833,285</u>
 Total Current Liabilities	 <u>8,267,276</u>	 <u>8,819,282</u>
NET POSITION		
Invested in capital assets, net of related debt	8,805,644	8,774,786
Unrestricted (deficit)	<u>1,852,385</u>	<u>1,232,348</u>
 Total Net Position	 <u>10,658,029</u>	 <u>10,007,134</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ <u>18,925,305</u>	 \$ <u>18,826,416</u>

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
REVENUES		
Rental income	\$ -0-	\$ 75,200
Other operating revenue	<u>6,426</u>	<u>5,607</u>
 Total Revenues	 <u>6,426</u>	 <u>80,807</u>
 EXPENSES		
Depreciation and amortization	385,245	314,344
Legal and professional fees	118,892	91,979
Contract labor	7,200	9,600
Mitigation expense	63,865	-0-
Flood insurance	22,078	3,193
Other operating expenses	<u>45,131</u>	<u>42,471</u>
 Total Expenses	 <u>642,411</u>	 <u>461,587</u>
 Operating Loss	 <u>(635,985)</u>	 <u>(380,780)</u>
 NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	1,283,403	1,166,594
Investment income	<u>3,477</u>	<u>4,657</u>
 Total Nonoperating Revenues	 <u>1,286,880</u>	 <u>1,171,251</u>
 INCREASE IN NET POSITION	 <u>650,895</u>	 <u>790,471</u>
 NET POSITION BEGINNING OF YEAR	 <u>10,007,134</u>	 <u>9,216,663</u>
 NET POSITION END OF YEAR	 <u>\$ 10,658,029</u>	 <u>\$ 10,007,134</u>

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from rental activities	\$ 112,800	\$ 28,077
Payments to suppliers and contractors	(809,172)	(1,022,376)
Other receipts and payments, net	<u>4,675,697</u>	<u>1,200,681</u>
Net cash used by operating activities	<u>3,979,325</u>	<u>206,382</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	<u>1,144,046</u>	<u>1,275,609</u>
Net cash provided by financing activities	<u>1,144,046</u>	<u>1,275,609</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable capital assets	(416,103)	-0-
Acquisition of capital assets	<u>-0-</u>	<u>(773,487)</u>
Net cash used by capital and related financing activities	<u>(416,103)</u>	<u>(773,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>3,477</u>	<u>4,657</u>
Net cash provided by investing activities	<u>3,477</u>	<u>4,657</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	4,710,745	713,161
BEGINNING CASH AND CASH EQUIVALENTS	<u>3,389,308</u>	<u>2,676,147</u>
ENDING CASH AND CASH EQUIVALENTS	\$ <u><u>8,100,053</u></u>	\$ <u><u>3,389,308</u></u>

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
 STATEMENTS OF CASH FLOWS (Continued)
 YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (635,985)	\$ (380,780)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	385,245	314,344
Changes in current assets (increase) decrease:		
Rent and other receivables	4,782,071	1,119,874
Changes in current liabilities increase (decrease):		
Due to other governmental agencies	-0-	28,077
Accounts payable and accrued expenses	<u>(552,006)</u>	<u>(875,133)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>3,979,325</u>	\$ <u>206,382</u>

See accompanying notes to financial statements.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION AND OPERATIONS

Organization

The Lower Cameron Hospital Service District (the "Service District") was established by the Cameron Parish Police Jury on July 15, 1959, by virtue of the authority of La. R.S. 46:1051 et seq. The purpose of the Service District is to provide health services to lower Cameron Parish. Construction of the hospital building was financed through a bond issue, Hill Burton Funding, and local contributions. The Service District's Board of Commissioners is appointed by the Cameron Parish Policy Jury. The Service District is a component unit of the Cameron Parish Police Jury. The accompanying financial statements present only the Hospital District.

Operation and Management

On February 1, 2007, the Service District entered into Amended and Restated Cooperative Endeavor Lease with Pacer Health Management Corporation ("Pacer"). During 2011, the Service District consented to an asset purchase agreement dated May 6, 2011 by which Frontier Hospitals, Inc. ("Frontier") acquired certain assets of Pacer and the Louisiana Department of Health and Hospitals license for the operation of the hospital facilities of the Service District. Pacer and Frontier, with the consent of the Service District, entered into a management agreement dated May 6, 2011 by which Frontier agreed to manage the operations of the hospital facilities for the Service District on behalf of Pacer for the period of time between May 6, 2011 and the closing date of the sale, June 15, 2011, at which time the lease with Pacer was terminated. Also on May 6, 2011, the Service District entered into a Cooperative Endeavor Lease with Frontier whereby Frontier began operating the hospital facilities on the closing date of the sale, June 15, 2011.

The lease with Frontier was for a one-year period ending June 14, 2012 with automatic renewals for three consecutive successive five-year renewal terms. Rent under the lease was \$9,400 per month.

The lease was intended to be a triple net lease, with the understanding that Frontier was fully responsible for all rent, all applicable insurance premiums, and all repairs and maintenance of the premises and equipment.

The Service District, subject to the ability to fund from its resources, provides operational assistance to Frontier under the lease agreement. During the initial term of the lease, the Service District provided \$1,380,000 in four installments, \$115,000 in May 2011, \$115,000 in June 2011, \$575,000 on July 1, 2011 and \$575,000 on August 1, 2011. Effective May 2012, the second year of the lease, the Service District was to provide \$110,000 per month. Frontier may request additional operational assistance from the Service District; however, payment of additional operational assistance was at the discretion of the Service District.

On January 1, 2014, the Cooperative Endeavor Lease Agreement by and between the Service District and Frontier was terminated. Stonebridge Health Systems, LLC ("Stonebridge") has been designated by the Service District as the replacement for Frontier as the operator of South Cameron Memorial Hospital and Calcasieu Oaks Behavioral Center.

On January 1, 2014, the Service District entered into a Cooperative Endeavor Lease with Stonebridge whereby Stonebridge began operating the hospital facilities.

The lease with Stonebridge is for an initial term of five years ending on December 31, 2018 with automatic renewal for one, five-year renewal term. Rent under the lease is \$9,400 per month.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION AND OPERATIONS (Continued)

The lease is intended to be a triple net lease, with the understanding that Stonebridge is fully responsible for all rent, all applicable insurance premiums, and all repairs and maintenance of the premises and equipment.

The Service District, subject to the ability to fund from its resources, provides operational assistance to Stonebridge under the lease agreement. During the initial term of the lease, the Service District was to provide \$1,320,000 in nine installments, \$330,000 in January 2014 and \$110,000 per month in April through December. However, the District provided \$2,420,000 in seven installments, \$330,000 in January 2014, \$330,000 in January 2014, \$660,000 in February 2014, \$110,000 in March 2014, \$110,000 in April 2014, \$440,000 in April 2014 and \$440,000 in July, 2014. Effective January 2015, the second year of the lease, the Service District is to provide \$110,000 per month. Effective August 2015, with the opening of the physician clinic in the Hospital, the Service District began providing an additional \$15,000 per month in operational assistance to Stonebridge to subsidize clinic operations. Stonebridge may request additional operational assistance from the Service District; however, payment of additional operational assistance is at the discretion of the Service District.

Effective October 15, 2018, the Cooperative Endeavor Lease Agreement was amended to delete section 4.12 Lessor Operational Assistance section whereby the Service District will provide \$-0- in direct operational assistance to Stonebridge. The Service District will provide an intergovernmental transfer to Louisiana Department of Health for a supplemental payment program.

The financial statements of the Service District have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Service District are described below.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Service District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year they are levied. Grants are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. The Hospital District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the Louisiana Governmental Audit Guide, and the Audit and Accounting Guide- Health Care Organizations, published by the American Institute of Certified Public Accountants, and standards established by the GASB.

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar 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.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Service District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Use of Estimates

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

Allowance for Uncollectible Accounts

The Service District uses the allowance method of recognizing the cost for uncollectible amounts. This method provides an estimate of the loss that is applicable to current year revenue, and any adjustment in previous estimates of prior year losses.

Capital Assets

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of each class of depreciable assets. The following useful lives are generally used:

Building	20 to 50 years
Equipment	3 to 15 years
Land Improvements	10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The Service District does not currently have any items that qualify for reporting in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Service District does not currently have any items that qualify for reporting in this category.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Service District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Operating Revenues and Expenses

The Service District's statements of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from rental activities, the Service District's principal activity. Non-exchange revenues, including taxes and investment income, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide for the operations of the rental activities.

Grants and Donations

Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and donations may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expense.

Income Taxes

The Service District is a political subdivision and exempt from taxes.

Environmental Matters

The Service District is subject to laws and regulations relating to the protection of the environment. The Service District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. At December 31, 2022 and 2021, management is not aware of any liability resulting from environmental matters.

Reclassifications

Certain reclassifications have been made in the financial statements at December 31, 2022 and 2021, in order to be consistent with reporting in the current year. These reclassifications had no effect on previous reported retained earnings or net income.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 87, Leases. The objective of GASB 87 is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for the Hospital District for the year ended December 31, 2022, but currently the Service District has no material leases subject to the new standard.

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The objective of this statement is to provide guidance on the accounting and financial reporting of subscription-based information technology arrangements for government end users. The requirements for this statement are effective for fiscal years beginning after June 15, 2022. Management is evaluating the potential impact of adoption on the Service District's financial statements.

Net Position

The Service District classifies net position into three components: invested in capital assets, net of related debt; restricted and unrestricted. Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowing used to finance the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted. When both restricted and unrestricted resources are available for use, it is the Service District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Service District's investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in time deposits, money market investment accounts, or certificates of deposit with financial institutions insured by FDIC; direct obligations of the United States Government and its agencies; commercial paper issued by United States Corporations with a rating of A-1 (Moody's) and P-1 (Standard and Poor's) or higher; and government backed mutual trust funds. At December 31, 2022 and 2021, the Service District's funds consisted solely of demand deposits and certificates of deposits. These deposits are stated at cost, which approximates market.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the Service District's deposits may not be returned to it. State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Service District's policy requires that all bank balances be insured or collateralized by the financial institution's pledge of their own securities to cover any amount in excess of Federal Depository Insurance Coverage (FDIC). These securities must be pledged in the Service District's name. At December 31, 2022, \$500,000 of the Service District's deposits were secured from risk by FDIC coverage and \$2,935,785 of deposits were secured by the financial institution's pledged securities. At December 31, 2021, \$500,000 of the Service District's deposits were secured from risk by FDIC coverage and \$8,761,442 of deposits were secured by the financial institution's pledged securities. Accordingly, the Service District had no custodial credit risk related to its deposits at December 31, 2022 and 2021.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL AGENCIES

A summary of due from other governmental agencies is as follows:

	<u>2022</u>	<u>2021</u>
FEMA grant - Emergency Protective Procedures	\$ 712,354	\$ 712,354
Cameron Parish Sheriff's Office - Ad Valorem Tax	<u>1,177,014</u>	<u>809,765</u>
 Total due from other governmental agencies	 <u>\$ 1,889,368</u>	 <u>\$ 1,522,119</u>

NOTE 5 - AD VALOREM TAXES

The Service District's property tax is levied by the parish on the taxable real property in the Service District in late October of each year. Bills are sent out in November of each year at which time the Service District records the tax revenue, taxes become delinquent on December 31st, and become a lien in the following March. The Service District levied 16.13 mills in 2022 and 2021, on properties with assessed values of \$85,306,510 and \$73,149,475 net of homestead values, for the years ended December 31, 2022 and 2021, respectively.

The Service District received approximately 99% in 2022 and 93% in 2021, of its financial support from ad valorem taxes. These funds were used to support operations.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 - CAPITAL ASSETS

Capital asset additions, retirements, and balances for the years ended December 31, 2022 and 2021 were as follows:

	<u>2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>2022</u>
Nondepreciable capital assets				
Land	\$ 31,321	\$ -0-	\$ -0-	\$ 31,321
Construction in progress	<u>-0-</u>	<u>416,103</u>	<u>-0-</u>	<u>416,103</u>
	\$ <u>31,321</u>	\$ <u>416,103</u>	\$ <u>-0-</u>	\$ <u>447,424</u>
Depreciable capital assets				
Buildings and improvements	\$ <u>13,089,408</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>13,089,408</u>
Total	13,089,408	-0-	-0-	13,089,408
Accumulated depreciation	<u>(4,345,943)</u>	<u>(385,245)</u>	<u>-0-</u>	<u>(4,731,188)</u>
Total depreciable				
Capital assets, net	\$ <u>8,743,465</u>	\$ <u>(385,245)</u>	\$ <u>-0-</u>	\$ <u>8,358,220</u>
	<u>2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>2021</u>
Nondepreciable capital assets				
Land	\$ <u>31,321</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>31,321</u>
Depreciable capital assets				
Buildings and improvements	\$ <u>12,315,921</u>	\$ <u>773,487</u>	\$ <u>-0-</u>	\$ <u>13,089,408</u>
Total	12,315,921	773,487	-0-	13,089,408
Accumulated depreciation	<u>(4,031,599)</u>	<u>(314,344)</u>	<u>-0-</u>	<u>(4,345,943)</u>
Total depreciable				
Capital assets, net	\$ <u>8,284,322</u>	\$ <u>459,143</u>	\$ <u>-0-</u>	\$ <u>8,743,465</u>

Depreciation expense for the years ended December 31, 2022 and 2021 amount to \$385,245 and \$314,344, respectively.

In the fall of 2020, Cameron Parish was devastated by two major hurricanes resulting in the Service District relocating. At the present time, the total loss to the Service District and the amount of reimbursement is unknown. The Hospital District is in the process of a two-phase repair process. Phase I of the approach is to restore essential hospital services to the main campus of the Service District with the scope of the Phase I repairs to focus on restoring ten (10) acute beds, imaging and lab services together with reopening of the essential emergency department. Phase II will focus on restoration of kitchen services at the Hospital District to provide food for patients and required staff housing. The Hospital District is in the process of requesting State Capital Outlay Funding, Insurance Proceed Funding, as well as other funding to rebuild the Hospital and provide services to the Hospital District.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 - THIRD-PARTY PAYOR SETTLEMENT

The Service District has intermediary receivable/payable balances on cost reports from when the Service District operated the Hospital. Medicare and Medicaid would reimburse the Hospital for cost reimbursable items at an interim tentative rate with final settlement determined after submission of the annual cost reports by the Hospital and audits thereof by the Medicare and Medicaid fiscal intermediary. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term.

Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to audit.

The following is a schedule of third-party payor settlement payable (receivable) as of December 31, 2022 and 2021:

<u>Cost Report Year</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Total</u>
1995	\$ -0-	\$ 2,684,417	\$ 2,684,417
1997	2,262,779	1,168	2,263,947
1998	4,334,615	93,802	4,428,417
1999	238,164	(2,671)	235,493
2000	166,811	(6,996)	159,815
Amounts discharged per bankruptcy plan	<u>-0-</u>	<u>(1,938,804)</u>	<u>(1,938,804)</u>
 Total	 \$ <u>7,002,369</u>	 \$ <u>830,916</u>	 \$ <u>7,833,285</u>

NOTE 8 - EMERGENCY ROOM, HEALTH CLINIC, AND OPERATION SHORTFALL MAINTENANCE

For the periods ended December 31, 2022 and 2021, the Service District paid \$-0-, from its ad valorem tax collections and grant proceeds for the maintenance of the emergency room and health clinic, and operational shortfalls in connection with the Hospital's operations, in accordance with the lease agreements and board resolutions.

NOTE 9 - BANKRUPTCY PLAN

On November 18, 1999, the Service District filed for bankruptcy under Chapter 9 of the Bankruptcy Code. On September 28, 2000, the Chapter 9 Bankruptcy Plan was accepted by the creditors and was approved by Bankruptcy Court, the Governor, Attorney General, and State Bond Commission, as required by Louisiana Law. The provisions of this confirmed plan bind the Service District and its creditors in accordance with Section 944 of the Code. The Plan also binds all creditors of the Service District to cease any existing offset or recoupment and to refrain from exercising any rights they may have to offset or recoup funds of the Service District or of any lessee of the Service District arising out of amounts owed to creditors based upon periods of time prior to September 28, 2000.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 - CONTINGENCIES

In previous years, the Service District received grant funds for rebuilding of the Hospital after Hurricanes Rita, Gustav and Ike. Based on management's records of grant funds received and expenditures, the Service District has recorded a liability of \$364,272 and \$364,272 at December 31, 2022 and 2021, respectively, due to other governmental agencies. The project worksheets associated with these grants are in the process of being closed by the Governor's Office of Homeland Security & Emergency Preparedness (GOHSEP). As of the date of this report, the final amount due to GOHSEP cannot be determined and the amount recorded may be subject to change as the project close outs are finalized.

NOTE 11 - SUBSEQUENT EVENTS

On January 4, 2024 a lawsuit was filed by Stonebridge Health Systems, L.L.C. against the Hospital District in the amount of \$1,856,939 plus judicial interest owed on missed subsidiary payments. Stonebridge contends that the Hospital District owes subsidy payments for the time period August 2021 through March 2023. The results of the case are not known at this time.

SUPPLEMENTARY INFORMATION

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULES OF OTHER OPERATING REVENUES
YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
State revenue sharing	\$ 880	\$ 489
Oil and gas revenue	1,546	1,118
Property lease	<u>4,000</u>	<u>4,000</u>
 Total other operating revenues	 <u>\$ 6,426</u>	 <u>\$ 5,607</u>

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULES OF BOARD FEES
YEARS ENDED DECEMBER 31, 2022 AND 2021

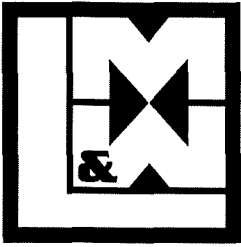
Board Members

The Service District's board members did not receive any compensation for the years ended December 31, 2022 and 2021.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULES OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED DECEMBER 31, 2022

Agency Head Name: Tim Dupont, Chairman

There were no compensation, benefits and other payments to the agency head in the current year.



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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
Lower Cameron Hospital Service District
Creole, 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 basic financial statements of the Lower Cameron Hospital Service District as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Lower Cameron Hospital Service District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lower Cameron Hospital Service District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lower Cameron Hospital Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lower Cameron 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified control deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be a material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lower Cameron 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2022-003.

Lower Cameron Hospital Service District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Lower Cameron Hospital Service District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Lower Cameron Hospital Service District's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lower Cameron Hospital District'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. Under Louisiana Revised Statute 24:513, this report is distributed to the Louisiana Legislative Auditor as a public document.

Lester, Miller & Wells

Certified Public Accountants
Lafayette, Louisiana

June 26, 2024

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified – Yes
- Significant deficiencies – None Reported

Compliance

- Noncompliance issues noted – No

Management letter issued – No

Federal Awards – Not applicable

Section II. Financial Statement Findings

FINDING 2022-001 – Segregation of Duties

Condition: The Hospital District does not have adequate segregation of duties. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize the Hospital District may not be large enough to permit such procedures, it is important that you be aware of this condition. This condition was also included in the 2021 audit as item 2021-001.

Criteria: An effective system of internal control requires a proper segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The Hospital District has a limited number of employees within the accounting department.

Effect: Ineffective system of internal controls within the accounting function.

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned, the Hospital District should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible, and the board should review financial information on a timely basis.

Response: The Hospital District is aware of and evaluated this problem and concluded that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment. However, the Hospital District will continue to monitor this issue and the Board will review financial information on a timely basis.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

FINDING 2022-002 – Lack of Written Policies

Condition: There were no written policies and procedures to address the Hospital District's sexual harassment policy as well as an Information Technology Disaster Recovery/Business Continuity policy. This condition was also included in the 2021 audit as item 2021-002.

Criteria: Good internal controls require written policies and procedures to be in place to address various aspects of how the Hospital District should properly operate. The policies that are required as good controls deal with sexual harassment and Information Technology Disaster Recovery/Business Continuity policy.

Cause: The Hospital District did have substantially all of policies required, but were missing a sexual harassment policy as well as an Information Technology Disaster Recovery/Business Continuity.

Effect: By not having written policy and procedures for the Hospital District to follow, it weakens the accountability of the Hospital District's assets and does not help in preventing fraud.

Recommendation: Having written policies and procedures will strengthen and provide a framework for the Hospital District to perform business operations necessary to provide accurate accountability of the Hospital District's assets and help prevent fraud. Sample best practice documents are available for reference on the Louisiana Legislative Auditor's website.

Response: Management has most of the required policies in place, but were missing two. Management will implement best practices as noted on the Louisiana Legislative Auditor's website.

FINDING 2022-003 – Failure to File Audited Financial Statements Timely

Condition: The annual audited financial statements were not filed timely for fiscal year ended December 31, 2022.

Criteria: In accordance with Louisiana Revised Statute 24:513, the Hospital District must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

Cause: The Hospital District was hit by two major hurricanes in previous years which caused the Hospital District a delay in the audit submission process.

Effect: The Hospital District did not comply with Louisiana Revised Statute 24:513.

Recommendation: The Hospital District should file their annual financial statement audit within six months of the close of their fiscal year.

Response: Management will take appropriate action to ensure that their annual financial statement audits are submitted timely.

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

Section III. Federal Award Findings

Not Applicable

Section IV. Management Letter

Not Applicable

LOWER CAMERON HOSPITAL SERVICE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

Section I. Internal Control and Compliance Material to the Financial Statements

2021-001 - Segregation of Duties

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned, the Hospital District should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible, and the board should review financial information on a timely basis.

Current Status: This finding is repeated at 2022-001.

2021-002 – Lack of Written Policies

Recommendation: Having written policies and procedures will strengthen and provide a framework the Hospital District to perform business operations necessary to provide accurate accountability of the Hospital District's assets and help prevent fraud. Sample best practice documents are available for reference on the Louisiana Legislative Auditor's website.

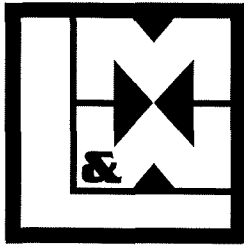
Current Status: This finding is repeated at 2022-002.

Section II. Federal Award Findings and Questioned Costs

Not Applicable

Section III. Management Letter

Not Applicable



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Lower Cameron Hospital Service District
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Lower Cameron Hospital Service 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, 2022 through December 31, 2022. The District's management is responsible for those C/C areas identified in the SAUPs.

Lower Cameron Hospital Service District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated 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, and (3) approval process for employee(s) rate of pay or approval and maintenance of rate schedules.
- 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, (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy, and (5) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to 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) **Information Technology 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue 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.

Bank Reconciliations

3. Obtain a listing of entity 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 each selected 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.

Collections (excluding electronic funds transfers)

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. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
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 and the cash is stored securely in a locked safe or drawer*).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursements (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (*e.g., initial/date, electronic logging*) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:
- a) Approved by only those persons authorized to disburse funds (*e.g., sign checks*) per the entity's policy.
 - b) Approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

12. 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.
13. 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 whether 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.
14. 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.

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

15. 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, observe the approved reimbursement rate is no more than 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.

Contracts

16. 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 and that amendments were made in compliance with the contract terms (*e.g., if approval is required for any amendment, was approval documented*).
 - 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.

Payroll and Personnel

17. 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.
18. 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.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials authorized pay rates in the employee/officials' personnel files.
20. 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.

Ethics

21. 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 whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain

supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

24. 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*).

Fraud Notice

25. 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.
26. 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

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (*if no written documentation, inquire of personnel responsible for backing up critical data*) and observe that such backup occurred within the past week. If backups are stored on a physical medium (*e.g., tapes, CDs*), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (*if no written documentation, inquire of personnel responsible for testing/verifying backup restoration*) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in #9c. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website *(or in a conspicuous location on the entity's premises if the entity does not have a website)*.
31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures:

Exceptions: *The District's Sexual Harassment policy does not address the annual training and reporting requirements.*

Management's Response: *Management is aware of the deficiency in the sexual harassment policy and is updating the policy to include the training and reporting requirements.*

Collections:

Exceptions: *The Hospital District does not have a bond or insurance policy for theft covering all employees who have access to cash.*

Management's Response: *Management is aware of the deficiency and will obtain an additional insurance policy.*

Non-Payroll Disbursements:

Exceptions: *The Assistant Director processes payments and is responsible for modifying vendor files.*

Management's Response: *Management is aware of the segregation of duties deficiency due to limited staff. Dual signatures by the Board are required on all payments.*

Information Technology Disaster Recovery/Business Continuity:

Exceptions: *We performed the procedure and discussed the results with management.*

Ethics:

Exceptions: *Two of the five selected board members did not complete the required one hour of annual ethics training.*

Management's Response: *Management is aware of the deficiency and is now requiring all employees complete the required one-hour annual ethics training.*

Sexual Harassment:

Exceptions: *Four of the five selected board members did not complete the required one hour of sexual harassment training.*

Management's Response: *Management is aware of the deficiency and is now requiring all employees complete the required one-hour sexual harassment training.*

Exceptions: *The Hospital District does not have its sexual harassment policy and complaint procedure posted.*

Management's Response: *Management is aware of the deficiency and will post the policy in a conspicuous location on the premises.*

We were engaged by Lower Cameron Hospital Service District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Lower Cameron Hospital Service District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.



Lester, Miller, and Wells
Certified Public Accountants
Lafayette, Louisiana
June 26, 2024