

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

**Financial Statements
For the Year Ended December 31, 2020**

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

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For the Year Ended December 31, 2020**

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* Denotes Schedule



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of **Hospital Service District No. 1 of Ouachita Parish** (the District), a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1B, the financial statements referred to above do not include the Living Well Foundation which should be included in order to conform with accounting principles generally accepted in the United States of America. As a result, the financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the District (as described in Note 1B) as of December 31, 2020 and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the District, as of and for the year ended December 31, 2020, and our report thereon, dated July 20, 2021, expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information (Part A and B)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 31 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

**Hospital Service District No. 1
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The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures as described above, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Compensation, Benefits and Other Payments to Agency Head have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 20, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

July 20, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
(PART A)**

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Our discussion and analysis of the Hospital Service District No. 1 of Ouachita Parish (the District), a component unit of the Ouachita Parish Police Jury, provides an overview of the District's activities for the year ended December 31, 2020. Please read it in conjunction with the District's financial statements that begin on page 11.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements (GWFS), 2) fund financial statements (FFS), and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. This report does not contain the financial activity of the Living Well Foundation, a component unit of Hospital Service District No. 1 of Ouachita Parish, which can be obtained from Dave N. Norris, Jr. (Vice Chair, Finance/Investment Committee 2020) of the Foundation, at P.O. Box 2773, West Monroe, LA 71294, by phone at 318-396-5066 or from its website at LivingWellFoundation.net.

Government-wide Financial Statements.

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

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

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

Fund Financial Statements.

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

Governmental Fund

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

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**Management's Discussion and Analysis
For the Year Ended December 31, 2020**

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

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

Proprietary Fund

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

Notes to the Financial Statements.

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

Other Information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's compliance with the Local Government Budget Act for the major governmental fund. Required supplementary information can be found beginning on page 30.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$16,545,625. The District's assets total \$16,624,618. Cash, investments, receivables, and other assets total \$10,682,726, which is 64% of total assets while net capital assets total \$5,941,892, which is 36% of total assets. The District's liabilities are composed of accounts payable, deferred revenues, and payroll and taxes payable associated with the ongoing operations.

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

Summary of Net Position

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 10,682,726	\$ 10,879,713
Capital assets	5,941,892	5,936,487
Total assets	<u>16,624,618</u>	<u>16,816,200</u>
Current liabilities	<u>78,993</u>	<u>106,981</u>
Total liabilities	<u>78,993</u>	<u>106,981</u>
Invested in capital assets	5,941,892	5,936,487
Unrestricted	<u>10,603,733</u>	<u>10,772,732</u>
Total net position	<u>\$ 16,545,625</u>	<u>\$ 16,709,219</u>

Governmental and Business-Type Activities

The District's net position decreased by \$163,594 during the current fiscal year. Before transfers between governmental activities and business-type activities, governmental activities experienced a \$143,145 decrease and business-type activities experienced a \$20,449 decrease. A summary of the 2020 governmental and business-type activities as compared to its 2020 activities is as follows:

Summary of Governmental and Business-Type Activities

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues	\$ 1,123,870	\$ 1,510,836
General revenues		
Interest income	122,677	351,680
Sale of merchandise (net)	14,088	14,111
Equity transfer in	(63,445)	3,030
Other income	28,092	16,984
Total revenues	<u>1,225,282</u>	<u>1,896,641</u>
Expenses		
General government	(64,942)	(61,288)
Health and welfare	<u>(1,323,934)</u>	<u>(1,429,471)</u>
Total expenses	<u>(1,388,502)</u>	<u>(1,490,759)</u>
Increase (decrease) in net position	(163,594)	405,882
Net position at beginning of year	<u>16,709,219</u>	<u>16,303,337</u>
Net position at end of year	<u>\$ 16,545,625</u>	<u>\$ 16,709,219</u>

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**Management's Discussion and Analysis
For the Year Ended December 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Fund

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

Proprietary Fund

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

GENERAL BUDGETARY ANALYSIS

General Fund

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

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the District must adopt a budget for the General Fund prior to December 31. The original budget for the District was adopted in October of 2019, and the final budget amendment was adopted in December of 2020.

Revenues: Revenues for the General Fund were originally projected to increase during 2020 as compared with 2019. Investment earnings exceeded expectations by over 9%; final budgeted earnings were \$111,475 and actual earnings were \$122,677.

Expenditures: General governmental expenditures were originally projected to decrease by about \$328 over 2019 expenditures and ended up increasing from prior year by about \$3,654. Transfers from the General Fund to the Enterprise Fund in 2020 were original budgeted as \$1,227,246 and later amended to \$183,890.

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**Management's Discussion and Analysis
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CAPITAL ASSETS

At December 31, 2020, the District's capital assets were substantially comprised of the Wellness Center and the expansion and improvements thereto. As shown in the notes to the financial statements, depreciable assets have a carrying value of \$4,389,850 (\$8,786,144 in cost less \$4,396,294 in accumulated depreciation), and non-depreciable assets (land) with a carrying value of \$1,495,042. Another \$57,000 in land is reflected in governmental activities and is not related to the Wellness Center.

ECONOMIC FACTORS AND FUTURE OUTLOOK

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

On March 13, 2020, the President of the United States declared the COVID-19 outbreak to be a national emergency. There has been some decline in the number of Wellness Center memberships but management does not expect this to have an impact of the long term financial stability of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

Statement of Net Position
 December 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 36,400	\$ 658,417	\$ 694,817
Investments	9,942,109	-	9,942,109
Receivables (net)	13,618	10,383	24,001
Internal balances	144,580	(144,580)	-
Prepaid expenses	3,294	15,839	19,133
Other assets	-	2,666	2,666
Capital assets, net	57,000	5,884,892	5,941,892
Total assets	\$ 10,197,001	\$ 6,427,617	\$ 16,624,618
Liabilities			
Accounts payable and accrued expenses	\$ 10,009	\$ 23,090	\$ 33,099
Deferred revenues	-	36,394	36,394
Payroll and taxes payable	-	9,500	9,500
Total liabilities	\$ 10,009	\$ 68,984	\$ 78,993
Net position			
Net investment in capital assets	57,000	5,884,892	5,941,892
Unrestricted	10,129,992	473,741	10,603,733
Total net position	\$ 10,186,992	\$ 6,358,633	\$ 16,545,625

The accompanying notes are an integral part of this statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
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Statement of Activities
For the Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
			<u>Primary Government</u>		
		<u>Charges for Services</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government					
Governmental activities					
General government	\$ 64,942	\$ -	\$ (64,942)	\$ -	\$ (64,942)
Total governmental activities	64,942	-	(64,942)	-	(64,942)
Business-type activities					
Health and welfare	1,323,934	1,123,870	-	(200,064)	(200,064)
Total business-type activities	1,323,934	1,123,870	-	(200,064)	(200,064)
Total primary government	\$ 1,388,876	\$ 1,123,870	(64,942)	(200,064)	(265,006)
General revenues					
Use of money and property (including unrealized gains and losses)			122,677	-	122,677
Sale of merchandise (net)			-	14,088	14,088
Loss on sale of disposals			-	(63,445)	(63,445)
Other income			-	28,092	28,092
Transfers			(200,880)	200,880	-
Total general revenues and transfers			(78,203)	179,615	101,412
Change in net position			(143,145)	(20,449)	(163,594)
Net position beginning of year			10,330,137	6,379,082	16,709,219
Net position at end of year			<u>\$ 10,186,992</u>	<u>\$ 6,358,633</u>	<u>\$ 16,545,625</u>

The accompanying notes are an integral part of this statement.

Statement C

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

Governmental Fund - General Fund
Balance Sheet
December 31, 2020

Assets	
Cash	\$ 36,400
Investments	9,942,109
Receivables	13,618
Prepaid expenses	3,294
Due from proprietary fund	144,580
Total assets	<u>\$ 10,140,001</u>
Liabilities and fund balance	
Liabilities	
Accounts payable	\$ <u>10,009</u>
Total liabilities	<u>10,009</u>
Fund balance	
Nonspendable - prepaid expenses	3,294
Unassigned	<u>10,126,698</u>
Total fund balance	<u>10,129,992</u>
Total liabilities and fund balance	<u>\$ 10,140,001</u>

The accompanying notes are an integral part of this statement.

Statement D

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

**Reconciliation of the Governmental Fund's (FFS) /
Balance Sheet to the Statement of Net Position (GWFS)
December 31, 2020**

Governmental Fund- Fund balance \$ 10,129,992

The cost of capital assets (land) is reported as an expenditure in the Governmental Fund. The Statement of Net Position includes the land as an asset among the assets of the District.

Capital asset
Land 57,000

Governmental activities- Net position \$ 10,186,992

The accompanying notes are an integral part of this statement.

Statement E

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

**Governmental Fund - General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2020**

Revenues	
Use of money and property (including unrealized gains and losses)	\$ 122,677
Total revenues	<u>122,677</u>
Expenditures	
General government	
Advertising and promotion	996
Bank fees	170
Insurance	20,681
Office expenses	698
Other expenses	3,222
Professional fees-accounting and auditing	4,800
Professional fees-legal	18,983
Professional fees-other	3,720
Salaries and benefits	11,672
Total general government	<u>64,942</u>
Excess (deficiency) of revenues over expenditures	57,735
Other financing sources / (uses)	
Transfers to enterprise fund	<u>(200,880)</u>
Total other financing sources / (uses)	<u>(200,880)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(143,145)</u>
Fund balance at beginning of year	<u>10,273,137</u>
Fund balance at end of year	<u>\$ 10,129,992</u>

The accompanying notes are an integral part of this statement.

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

**Reconciliation of the Governmental Fund-Statement of Revenues, Expenditures
and Changes in Fund Balance (FFS) to the Statement of Activities (GWFS)**
For the Year Ended December 31, 2020

Governmental fund- Net change in fund balance \$ (143,145)

For the year ended December 31, 2020, there were no items to
reconcile between the Governmental Fund's Statement of Revenues,
Expenditures, and Changes in Fund Balance (FFS) to the
Statement of Activities (GWFS).

-

Governmental activities- Change in net position \$ (143,145)

The accompanying notes are an integral part of this statement.

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
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Proprietary Fund-Statement of Net Position
 December 31, 2020

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Wellness</u> <u>Center</u>
Assets	
Current assets	
Cash	\$ 658,417
Accounts receivable	10,383
Prepaid expenses	15,839
Other assets	2,666
Total current assets	<u>687,305</u>
Capital assets	
Buildings and improvements	7,178,761
Land improvements	669,600
Fitness equipment	808,082
Office equipment	126,632
Warehouse	3,069
Total capital assets	<u>8,786,144</u>
Accumulated depreciation	<u>(4,396,294)</u>
Net depreciable capital assets	4,389,850
Land	1,495,042
Construction in progress	-
Capital assets	<u>5,884,892</u>
Total assets	<u>\$ 6,572,197</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 23,090
Unearned income	36,394
Payroll and taxes payable	9,500
Due to General Fund	144,580
Total liabilities	<u>\$ 213,564</u>
Net Position	
Net investment in capital assets	\$ 5,884,892
Unrestricted	473,741
Total net position	<u>\$ 6,358,633</u>

The accompanying notes are an integral part of this statement.

Statement H

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
(A Component Unit of the Ouachita Parish Police Jury)
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Proprietary Fund-Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2020

		Statement B Business-type Activities Enterprise Fund Wellness Center
Operating revenues		
Charges for services	\$	1,123,870
Merchandise sales	\$ 28,806	
Merchandise purchases	<u>(14,718)</u>	14,088
Other income		<u>28,092</u>
Total operating revenues		<u>1,166,050</u>
Operating expenses		
Administrative expenses		5,215
Advertising and promotion		21,922
Bad debt expense		13,580
Bank fees		32,046
Coffee service		1,831
Computer		12,802
Depreciation		300,634
Dues and subscriptions		24,169
Equipment		9,165
Grounds maintenance		38,839
Housekeeping		69,129
Insurance expense		62,157
Licenses		544
Office expenses		11,441
Other expenses		22,006
Postage and freight		1,897
Professional fees-accounting		22,936
Professional fees-other		7,413
Salaries and benefits		579,629
Security		288
Telephone		11,091
Television		2,975
Travel and mileage		674
Utilities		<u>71,551</u>
Total operating expenses		<u>1,323,934</u>
Operating income (loss)		(157,884)
Other financing sources / (uses)		
Loss on sale of disposals		(63,445)
Transfers from General Fund		<u>200,880</u>
Total other finances sources (uses)		137,435
Net income (loss)		(20,449)
Net position beginning of year		<u>6,379,082</u>
Net position end of year	\$	<u>6,358,633</u>

The accompanying notes are an integral part of this statement.

Statement I

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

Proprietary Fund-Statement of Cash Flows

For the Year Ended December 31, 2020

		Business-type Activities <u>Enterprise Fund</u> <u>Wellness Center</u>
Cash flows from operating activities		
Receipts from memberships	\$	1,130,321
Net receipts from sale of merchandise		12,432
Payments to employees		(595,774)
Payments to suppliers for goods and services		(438,192)
Net cash provided (used) by operating activities		<u>108,787</u>
Cash flows from capital and related financing activities		
Purchase of capital assets		(223,526)
Transfer from general fund		200,880
Net cash provided (used) by financing activities		<u>(22,646)</u>
Net increase (decrease) in cash		86,141
Cash at beginning of year		572,276
Cash at end of year	\$	<u>658,417</u>
Reconciliation of operating loss to net cash provided (used) by operating activities		
Operating income (loss)	\$	(157,884)
Adjustments to reconcile operating loss to net cash provided (used)		
by operating activities		
Depreciation		300,634
Change in assets and liabilities		
Receivables		4,166
Prepaid expenses		(820)
Other assets		(1,049)
Accounts payable		(7,536)
Due from other funds		(125)
Accrued payroll expenses		(16,020)
Unearned income		(12,579)
Net cash provided (used) by operating activities	\$	<u>108,787</u>
Cash shown on statement of net position	\$	<u>658,417</u>
Supplemental disclosures		
Non-cash operating activities		
Membership income	\$	13,835
Advertising	\$	(13,835)

The accompanying notes are an integral part of this statement.

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

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

Overview

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

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

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Financial Reporting Entity

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

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

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Well Foundation (the Foundation). The Foundation was created on August 17, 2006. The District is the sole member of the Foundation and therefore the Foundation is a component unit of the District. For the reporting entity of the District's financial statements to be complete, the Foundation would have to be included in with the District. However the Foundation is not included in the accompanying financial statements. The District's financial statements are not intended to and do not report on the reporting entity of the District but rather are intended to reflect only the financial statements of the primary government of Hospital Service District No. 1 of Ouachita Parish. This report does not contain the financial activity of the Living Well Foundation, a component unit of Hospital Service District No. 1 of Ouachita Parish, which can be obtained from Dave N. Norris Jr. (Vice Chair, Finance/Investment Committee 2020) of the Foundation at P.O. Box 2773, West Monroe, LA 71294, by phone at 318-396-5066 or from its website at LivingWellFoundation.net.

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

C. Fund Accounting

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

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

Governmental Fund

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

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

Proprietary Fund

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

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

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

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

D. Basis of Accounting / Measurement Focus

Government-Wide Financial Statements (GWFS)

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

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

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For the Year Ended December 31, 2020**

accounting as are the proprietary fund financial statements. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the District has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

Fund Financial Statements (FFS)

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

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

Revenues

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

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

Expenditures

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

Other Financing Sources (Uses)

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

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**Notes to the Financial Statements
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E. Budgetary Practices

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

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

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

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

F. Cash

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

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

G. Investments

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

H. Prepaid Expenses

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

I. Capital Assets

Capital Assets, which include land, buildings and improvements, furniture, and fixtures and equipment, are reported in the governmental or business-type activities columns in the governmental-wide financial statements. The District

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considers assets with an initial individual cost of \$500 or more and an estimated life of 1 year or more as a capital asset. Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

J. Cooperative Endeavor Agreements

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

K. Compensated Absences

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

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

L. Equity Classifications

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

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- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

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

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

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

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

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

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

M. Bad Debts

The District uses the direct write-off method for recognizing bad debts. Under this method, the receivable is charged to bad debt expense when the account is deemed to be uncollectible. Bad debts of \$13,580 were recognized for 2020.

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N. Interfund Transactions

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

O. Use of Estimates

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

Note 2 - Cash

At December 31, 2020, the District had reconciled bank deposits of \$694,195, petty cash of \$622 and a bank balance of \$714,687. These deposits are stated at cost, which approximates market. Of the deposits (or the resulting bank balances), \$250,000 is secured by Federal Deposit Insurance Coverage (FDIC), \$426,909 the pledge of securities and \$37,778 is in a treasury management account owned by the fiscal agent bank.

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

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**Notes to the Financial Statements
For the Year Ended December 31, 2020**

Note 3 - Investments

At December 31, 2020, the District's investments of \$9,942,109 consist of the following securities and are carried at fair value. All investment are Level I securities.

Investment Type	Fair Value	% of Total
Federal Home Loan Mortgage	\$ 1,768,663	17.79%
Invesco St Treasury Reserve	713,334	7.17%
Federal Farm Credit	2,000,760	20.12%
Certificates of Deposit	5,459,352	54.91%
Total	\$ 9,942,109	100%

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

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

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

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For the Year Ended December 31, 2020**

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

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

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

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

Note 4 - Receivables

Accounts receivable of \$24,001 at December 31, 2020, are comprised of the following:

	General Fund	Enterprise Fund	Total
Accrued Interest	\$ 13,618	\$ -	\$ 13,618
Accounts Receivable	-	10,383	10,383
Totals	\$ 13,618	\$ 10,383	\$ 24,001

All of the General Fund's \$13,618 receivable is classified as current. The Enterprise Fund's aging of receivables is as follows: \$648 is current; \$1,041 is 31 to 60 days; \$0 is 61 to 90 days; \$11 is 90 plus days.

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**Notes to the Financial Statements
For the Year Ended December 31, 2020**

Note 5 -Capital Assets

A summary of changes in capital assets for the year ended December 31, 2020 is as follows:

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Disposals & Transfers</u>	<u>Balance 12/31/2020</u>
Governmental activities				
Capital assets				
Land	\$ 57,000	\$ -	\$ -	\$ 57,000
Total governmental activities capital assets	<u>\$ 57,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,000</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 1,349,084	\$ 145,958	\$ -	\$ 1,495,042
Construction in progress	3,713	-	(3,713)	-
Total capital assets not being depreciated	<u>1,352,797</u>	<u>145,958</u>	<u>(3,713)</u>	<u>1,495,042</u>
Capital assets being depreciated				
Wellness Center				
Buildings and improvements	7,050,059	212,543	(83,841)	7,178,761
Land improvements	669,600	-	-	669,600
Fitness equipment	789,687	18,395	-	808,082
Office equipment	126,632	-	-	126,632
Warehouse	3,069	-	-	3,069
Total capital assets being depreciated	<u>8,639,047</u>	<u>230,938</u>	<u>(83,841)</u>	<u>8,786,144</u>
Less accumulated depreciation				
Wellness Center				
Buildings and improvements	3,034,851	207,725	(16,696)	3,225,880
Land improvements	597,693	8,858	-	606,551
Fitness equipment	375,404	74,842	-	450,246
Office equipment	101,713	8,835	-	110,548
Warehouse	3,069	-	-	3,069
Total accumulated depreciation	<u>4,112,730</u>	<u>300,260</u>	<u>(16,696)</u>	<u>4,396,294</u>
Total capital assets being depreciated, net	<u>4,526,317</u>	<u>(69,322)</u>	<u>(67,145)</u>	<u>4,389,850</u>
Total business-type activities capital assets, net \$	<u>\$ 5,879,114</u>	<u>\$ 76,636</u>	<u>\$ (70,858)</u>	<u>\$ 5,884,892</u>

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

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For the Year Ended December 31, 2020**

Note 6 - Living Well Foundation

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

Note 7 - Cooperative Endeavor Agreements / Grants

In 2020, the District did not enter into any cooperative endeavor agreements nor did it provide any grants to any other agencies.

Note 8 - Board Compensation

For the year ended December 31, 2020, there was no compensation paid to members of the Board of Commissioners.

Note 9 - Interfund Transactions

At December 31, 2020, the Proprietary Fund owed the General Fund \$144,580 for land purchased by the General Fund for the Proprietary Fund use which will be reimbursed after year-end. The General Fund transferred \$183,890 to the Proprietary Fund for improvements and equipment for the Wellness Center then \$16,800 of rental income earned by Wellness Center but paid to the General Fund.

Note 10 - Concentrations and Uncertainties

The District has had an ongoing impact from the COVID-19 pandemic. Within the District's mission and goals, and with close scrutiny to market conditions related to earnings, along activities in the Wellness Center that will continue to be impacted and recovering from the challenges of 2020. Investment earnings continue to be challenged by low interest rates on appropriate investments for the District. It is the intent of the District to seek earnings, while respecting the principles of safety, liquidity, and yield, while also positioning the portfolio for future opportunities as interest rates rise over time. The District is currently positioned in investments that provide both low risk and low volatility to the portfolio. The Wellness Center was heavily affected by the virus resulting in closure for part of the year and will have to continue to adapt to the changing restrictions and follow CDC guidelines to ensure safety to the members and visitors of the facility. At this point of time, it is difficult to anticipate the duration and severity of this pandemic. Management has evaluated the effects of the outbreak and ensuing economic repercussions on the District and has not identified a need for an adjustment as of the date of this report.

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**Notes to the Financial Statements
For the Year Ended December 31, 2020**

Note 11- Subsequent Events

The District has evaluated subsequent events through July 20, 2021, the date which the financial statements were available to be issued and determined that there were no events that occurred subsequent to the reporting period that are required to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION (PART B)

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (unaudited)
Governmental Fund - General Fund
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance at beginning of year	\$ 10,150,555	\$ 10,330,137	\$ 10,330,137	\$ -
Resources				
General revenues				
Use of money and property	175,806	111,475	122,677	11,202
Other income	16,800	16,800	-	(16,800)
Total resources	<u>192,606</u>	<u>128,275</u>	<u>122,677</u>	<u>(5,598)</u>
Charges to appropriations				
General government	60,960	63,848	64,942	1,094
Total charges to appropriations	<u>60,960</u>	<u>63,848</u>	<u>64,942</u>	<u>1,094</u>
Other financing sources (uses)				
Transfers out	(1,227,246)	(183,890)	(200,880)	(16,990)
Net other financing sources (uses)	<u>(1,227,246)</u>	<u>(183,890)</u>	<u>(200,880)</u>	<u>(16,990)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,095,600)</u>	<u>(119,463)</u>	<u>(143,145)</u>	<u>(23,682)</u>
Budgetary fund balance at end of year	<u>\$ 9,054,955</u>	<u>\$ 10,210,674</u>	<u>\$ 10,186,992</u>	<u>\$ (23,682)</u>

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
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Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2020

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

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 1 OF OUACHITA PARISH
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West Monroe, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2020

Mike Mulhearn, Chairman of the Board until December 31, 2020, exercised supervision over Hospital Service District No. 1 of Ouachita Parish and, thus, is considered the agency head for the purpose of this schedule.

For the year ended December 31, 2020, Mr. Mulhearn received no payments for his services.

**REPORT REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**



1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the **Hospital Service District No. 1 of Ouachita Parish** (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

July 20, 2021