

FAIRVIEW TREATMENT CENTER

St. Mary Parish, Louisiana

Financial Report

Year Ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
FUND FINANCIAL STATEMENTS	
Balance sheet	5
Statement of revenues, expenditures, and changes in fund balance	6
Notes to financial statements	7-13
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule	15
Notes to budgetary comparison schedule	16-17
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	19-20
Schedule of audit results and findings	21-23
Summary schedule of prior audit findings	24
Corrective action plan for current audit findings	Appendix A

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

Fairview Treatment Center
c/o St. Mary Parish Government
St. Mary Parish, Louisiana

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of Fairview Treatment Center (hereinafter "Center"), a governmental fund of the St. Mary Parish Council, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center'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 the Center, as of June 30, 2022, and the changes in financial position, for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to 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 audit opinion.

Emphasis of Matter

As discussed in Note 1A, the financial statements present only the Center, a governmental fund of the St. Mary Parish Council, and do not purport to, and do not present fairly the financial position of the Council, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year 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.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's 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 opinions. 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 Center'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.

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.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require budgetary comparison information to be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 budgetary comparison information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Center has omitted 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023 on our consideration of the Center’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Center’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 Center’s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
January 24, 2023

FUND FINANCIAL STATEMENTS

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Balance Sheet
Governmental Fund
June 30, 2022

ASSETS

Assets:

Receivables, net	\$ 1,390
Due from other governments, net	<u>221,239</u>
Total assets	<u>\$ 222,629</u>

LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND BALANCE

Liabilities:

Due to parish government	\$ 1,139,260
Accounts payable	136,071
Accrued liabilities	<u>49,461</u>
Total liabilities	1,324,792

Deferred inflows of resources:

Unavailable revenues	120,289
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Fund balance:

Unassigned (deficit)	<u>(1,222,452)</u>
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Total liabilities, deferred inflows of resources and fund balance	<u>\$ 222,629</u>
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The accompanying notes to financial statements are an integral part of this statement.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2022

Revenues:	
Intergovernmental	\$ 869,751
Patient fees	<u>15,815</u>
Total revenues	<u>885,566</u>
Expenditures:	
Current-	
General government	
Bad debts	169,770
Facility fees	382,778
Laboratory fees	3,225
Personal services	1,012,844
Professional fees	375,012
Supplies	113,324
Travel	1,437
Capital outlay	<u>41,013</u>
Total expenditures	<u>2,099,403</u>
Net change in fund balance	(1,213,837)
Fund balance (deficit), beginning	<u>(8,615)</u>
Fund balance (deficit), ending	<u>\$ (1,222,452)</u>

The accompanying notes to financial statements are an integral part of this statement.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements

INTRODUCTION

In October of 1989, the St. Mary Parish Council passed a resolution agreeing to participate in the operation of an alcohol and drug abuse, inpatient treatment facility for the residents of Louisiana. The operations began in November 1989 when they entered into an agreement with the State of Louisiana, Department of Health and Hospitals to operate the Fairview Treatment Center (hereinafter “Center”).

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes criteria for determining which organizations should be included in a governmental financial reporting entity. As the governing authority of the Center, for reporting purposes, the St. Mary Parish Council (Council) is the financial reporting entity. The financial reporting entity consists of the primary government (Council), organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The Center is a governmental fund of the St. Mary Parish Council (primary government) and, as such, these financial statements should be included in the basic financial statements of the Council for the year ending December 31, 2022. The Center has followed GASB guidance to determine whether there are any other organizations that should be combined with its statements to form a financial reporting entity. These financial statements include only the operations of the Center.

B. Basis of Presentation

The accompanying financial statements of the Center have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Financial Statements

The Center uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Center functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of the Center is classified as a governmental fund and is used to account for all financial resources of the center.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of a period.

Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

D. Assets, Liabilities, Deferred Inflows of Resources and Equity

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds of the St. Mary Parish Council for goods provided or services rendered. These receivables and payables are classified as due from the parish government or due to the parish government on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. All receivables are shown net of an allowance account, as applicable.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow from resources (revenue) until that time. The Center reports deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance for the Center's governmental fund is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balance is classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form (such as prepaid expenditures) or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the St. Mary Parish Council. The Parish Council is the highest level of decision-making authority for the Center. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Parish Council.
4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Parish Government's adopted policy, the Administrator of the Center may assign amounts for specific purposes.
5. Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Center considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Center considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Parish Council or the Center's Administrator have provided otherwise in their commitment or assignment actions.

E. Revenues and Expenditures

Revenues

Revenues and fees, charges, and commissions for services are recorded when the Center is entitled to the funds and they are both measurable and available.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Expenditures

Expenditures are recorded when the underlying liability is incurred and are classified by character.

F. Estimates

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

G. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used. The maximum amount of vacation days that can be carried over is ten work days but only upon written approval from the Administrator and must be taken by the employee within forty-five days. Sick leave shall be earned at the rate of one day per month up to twelve days per year. An employee cannot accrue more than 120 days of sick leave. Upon termination an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to normal retirement at which point sick time is considered vested. Normal retirement is when the employee meets the required qualifications to retire from the Parochial Retirement System.

During the year ended June 30, 2022, the Center paid out approximately \$6,300 in termination benefits.

(2) Receivables and Due from Other Governments

At June 30, 2022, the Center has receivables, net totaling \$222,629 as follows:

Receivable Class	Fund Activities
Accounts	
Patient receivables	\$ 1,390
Intergovernmental:	
State of Louisiana- SCLHSA	102,132
State of Louisiana- Medicaid	175,535
Allowance for doubtful accounts	(56,428)
	\$222,629

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(3) Accrued Liabilities

The accrued liabilities consisted of the following at June 30, 2022:

Accrued salaries	\$ 47,560
Compensated absences	<u>1,901</u>
Total	<u>\$ 49,461</u>

(4) Retirement Commitments

Eligible employees of the Center participate in Parochial Employees' Retirement System. This retirement system is controlled and administered by a separate board of trustees and provides retirement, disability and death benefits to plan members and their beneficiaries.

For the fiscal year ended June 30, 2022, plan members were required to contribute 9.5 percent of their annual covered salary to the system while the Center was required to contribute the statutory rates of 12.25 percent from July 2021 to December 2021 and 11.5 percent for January 2022 to June 2022. The Center's contributions to the system for the years ended June 30, 2022, 2021, and 2020 were \$78,136, \$92,096, and \$100,506, respectively, equal to the required contribution for each year.

The St. Mary Parish Council makes contributions to the retirement system for the Center's employees. Therefore, the disclosure of pension liabilities, deferred outflows of resources, and deferred inflows of resources required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, is included within the Council's financial report. The Council's publicly available financial report may be obtained by writing to the St. Mary Parish Council, 500 Main Street, Franklin, LA 70538.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

(5) Contingencies

Risk Management

The Center is exposed to various risks of loss related to torts; errors and omission, injuries and natural disasters. The Center has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss.

The Center is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended June 30, 2022. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(6) Related Parties

The Center's operations are housed in a building owned by the St. Mary Parish Council. The Center paid the Parish rent in the amount of \$158,736 for the year ended June 30, 2022. This rental agreement is year-to-year on an annual basis, unless either party gives written notice to the other party of its intent not to renew beyond the then current annual term. This agreement shall be subject to termination if the Council shall cease to operate the Center or if the funds to continue its operations are not provided by the State of Louisiana.

The St. Mary Parish Council provided accounting services for a monthly fee of \$1,650, or \$19,800 for the year ended June 30, 2022. The St. Mary Parish Council also provided personnel services for a monthly fee of \$850, or \$10,200 for the year ended June 30, 2022.

(7) Concentrations

A substantial portion of the Center's revenues are for services provided to Medicaid patients. For the year ended June 30, 2022, Medicaid-related revenue accounted for approximately 84% of the Center's total revenues.

(8) Summary of Funding Sources

The Center recognized revenue and deferred inflows related to federal grants and/or programs during the year ended June 30, 2022 as follows:

Funding Source	Assistance Listing Number	Recognized Revenues	Deferred Inflows
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through South Central Louisiana Human Services Authority	93.959	\$ 129,610	\$ 2,889
Medicaid	N/A	<u>740,141</u>	<u>116,010</u>
Total		<u>\$ 869,751</u>	<u>\$ 118,899</u>

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(9) Compensation and Other Payments to Administrator

Act 706 of the 2014 Legislative Session amended R.S. 24:513(A) requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Carla Pellerin, Program Administrator, for the year ended June 30, 2022, are as follows:

Annual Salary	\$ 65,333
Benefits-Insurance	17,073
Benefits-Retirement	<u>7,758</u>
Total	<u>\$ 90,164</u>

(10) Subsequent Events

The Parish has discontinued its operation of Fairview Treatment Center. On July 1, 2022, the Parish entered into a cooperative endeavor agreement with Odyssey House Louisiana, Inc. (OHL) to lease the facility, grounds, improvements, furniture, and fixtures and equipment (“facilities”) used in the operations of Fairview Treatment Center, the Drug Court, and the Claire House. As a non-profit corporation and experienced behavioral health operator, OHL will use the leased facilities to operate the Center in accordance with the agreement.

As of July 1, 2022, the Parish no longer operates the Center or employs, on a full-time basis, the staff providing services of the Center.

REQUIRED SUPPLEMENTARY INFORMATION

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Budgetary Comparison Schedule
Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,796,994	\$ 1,796,994	\$ 890,449	\$ (906,545)
Patient fees	<u>2,000</u>	<u>2,000</u>	<u>9,202</u>	<u>7,202</u>
Total revenues	<u>1,798,994</u>	<u>1,798,994</u>	<u>899,651</u>	<u>(899,343)</u>
Expenditures:				
Current-				
General government				
Facility fees	344,759	344,759	382,778	(38,019)
Laboratory fees	3,643	3,643	3,225	418
Personal services	1,122,088	1,122,088	1,028,153	93,935
Professional fees	284,391	284,391	382,482	(98,091)
Supplies	41,486	41,486	113,324	(71,838)
Travel	527	527	1,437	(910)
Capital outlay	<u>100</u>	<u>100</u>	<u>41,013</u>	<u>(40,913)</u>
Total expenditures	<u>1,796,994</u>	<u>1,796,994</u>	<u>1,952,412</u>	<u>(155,418)</u>
Net change in fund balance	2,000	2,000	(1,052,761)	(1,054,761)
Fund balance, beginning	<u>16,405</u>	<u>16,405</u>	<u>158,413</u>	<u>142,008</u>
Fund balance (deficit), ending	<u>\$ 18,405</u>	<u>\$ 18,405</u>	<u>\$ (894,348)</u>	<u>\$ (912,753)</u>

See independent auditor's report and accompanying notes to budgetary comparison schedule.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the St. Mary Parish Council (Council).

(2) Budgeting and Budgetary Accounting

The Center follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the Parish Council for the fiscal year prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten (10) days after publication of the call for the hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.

(3) Expenditures in Excess of Appropriations

Actual expenditures exceeded budgeted appropriations by \$155,418.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Budgetary Comparison Schedule (continued)

(4) Non-GAAP Reporting Reconciliation

Budgetary amounts are adopted by the Council on the cash basis.

Actual amounts are reconciled on a non-GAAP basis for comparison to budget as follows:

	<u>As Reported</u>	<u>Adjustment to Budgetary Basis</u>	<u>Non-GAAP Basis</u>
Revenues:			
Intergovernmental	\$ 869,751	\$ 20,698	\$ 890,449
Patient fees	<u>15,815</u>	<u>(6,613)</u>	<u>9,202</u>
Total	<u>885,566</u>	<u>14,085</u>	<u>899,651</u>
Expenditures:			
General government			
Bad debts	169,770	(169,770)	-
Facility fees	382,778	-	382,778
Laboratory fees	3,225	-	3,225
Personal services	1,012,844	15,309	1,028,153
Professional fees	375,012	7,470	382,482
Supplies	113,324	-	113,324
Travel	1,437	-	1,437
Capital Outlay	<u>41,013</u>	<u>-</u>	<u>41,013</u>
Total	<u>\$ 2,099,403</u>	<u>\$ (146,991)</u>	<u>\$ 1,952,412</u>

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Fairview Treatment Center
c/o St. Mary Parish Government
St. Mary Parish, 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 Fairview Treatment Center (hereinafter "Center"), a governmental fund of the St. Mary Parish Council, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 24, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center'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 a deficiency in internal control, described in the accompanying schedule of audit results and findings as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of audit results and findings as items 2022-002 and 2022-003.

Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Center's response to the findings identified in our audit and described in the accompanying schedule of audit results and findings. The Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
January 24, 2023

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Schedule of Audit Results and Findings
Year Ended June 30, 2022

Part I. Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on financial statements: Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	<u> ✓ </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

3. Noncompliance material to the financial statements? ✓ yes no

Other

4. Management letter issued? yes ✓ no

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2022

Part II. Findings required to be reported in accordance with *Government Auditing Standards*

A. Internal Control Finding -

2022-001 Patient Fee Reimbursement

Year Initially Occurring: 2020

CONDITION: The Center did not obtain required authorization and/or failed to submit requests for reimbursement with proper documentation in a timely manner.

CRITERIA: Internal control is a process – affected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives regarding reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Center’s internal control over financial reporting includes those policies and procedures that pertain to the Center’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: Failure to implement established policies and procedures and/or monitor such policies and procedures for effectiveness.

EFFECT: The Center incurred a loss of revenues for potentially reimbursable costs.

RECOMMENDATION: The Center should evaluate established policies and procedures, and implementation of such, to ensure required authorization is obtained prior to admittance and all requests for reimbursable expenses are submitted in a timely manner. These policies should be monitored for effectiveness.

B. Compliance Finding -

2022-002 Local Government Budget Act

Year Initially Occurring: 2021

CONDITION: Total revenues failed to meet budgeted revenues by more than five percent and total expenditures exceeded budgeted expenditures by more than five percent.

CRITERIA: LSA-RS 39:1311 et seq, Budgetary Authority and Control, provides the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and member of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2022

subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

(1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.”

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

CAUSE: The condition results from failure to properly monitor and amend the budget.

EFFECT: The Center may not prevent and/or detect compliance violations with the Local Budget Act, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The Center should implement the appropriate budgetary monitoring practices.

2022-003 Louisiana Audit Law

Year Initially Occurring: 2022

CONDITION: The Center’s audit was not completed within six months of year end.

CRITERIA: Louisiana’s Audit Law, LSA-RS 24:513 et seq, provides that audits shall be completed within six months of the close of the entity’s fiscal year.

CAUSE: The St. Mary Parish Council discontinued its operation of the Center effective July 1, 2022. Administrative and management personnel were relegated to part-time status or no longer employed by the Parish.

EFFECT: The Center is noncompliant with R.S. 24:513.

RECOMMENDATION: Not applicable. The Center’s activities will be reported in the primary government financial statements in subsequent periods.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance

The requirements of the Uniform Guidance are not applicable.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

A. Internal Control Findings -

2021-001 Patient Fee Reimbursement

CONDITION: The Center did not obtain required authorization and/or failed to submit request for reimbursement with proper documentation in a timely manner.

RECOMMENDATION: We recommend that the Center evaluate established policies and procedures, and implementation of such, to ensure required authorization is obtained prior to admittance and all requests for reimbursable expenses are submitted in a timely manner. These policies should be monitored for effectiveness.

CURRENT STATUS: See schedule of audit results and findings item 2022-001.

B. Compliance Findings -

2021-002 Local Government Budget Act

CONDITION: Total revenues failed to meet budgeted revenues by more than five percent.

RECOMMENDATION: We recommend that the Center implement the appropriate budgetary monitoring practices.

CURRENT STATUS: See schedule of audit results and findings item 2022-002.

C. Uniform Guidance -

Not applicable in prior period.

D. Management Letter -

Not issued in prior period.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

ST. MARY PARISH GOVERNMENT

DAVID HANAGRIFF, PRESIDENT

FIFTH FLOOR - COURTHOUSE

FRANKLIN, LOUISIANA 70538-6198



HENRY "BO" LAGRANGE
CHIEF ADMINISTRATIVE OFFICER



DIRECTOR OF FINANCE
PAUL J. GOVERNALE, CPA,
CGFO, CGFM



DIRECTOR OF PERSONNEL
JILLIAN E. FISHER



DIRECTOR OF PLANNING AND ZONING
TAMMY LUKE



DIRECTOR OF PUBLIC WORKS
JEAN PAUL BOURG



DIRECTOR OF ECONOMIC DEVELOPMENT
EVAN D. BOUDREAUX



OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
DAVID A. NAQUIN



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(337) 828-4100

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E-mail:
SMPGadmin@stmaryparishla.gov

OFFICE HOURS
8:00 A.M. TO 12:00 P.M.
1:00 P.M. TO 4:30 P.M.

January 24, 2023

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the findings resulting from the Fairview Treatment Center's audit for the fiscal year ended June 30, 2022:

2022-001- Patient Fee Reimbursement

The Center did not obtain required authorization and/or failed to submit request for reimbursement with proper documentation in a timely manner.

Management's Response

Corrective Action Plan: As explained in Note 10 to the financial statements, the Parish has discontinued operations of Fairview Treatment Center as of June 30, 2022.

Name of contact person responsible for corrective action: Paul J. Governale, Director of Finance, St. Mary Parish Government

Anticipated completion date for the corrective action: Not applicable

2022-002- Local Government Budget Act

Total revenues failed to meet budgeted revenues by more than 5% and total expenses exceeded budgeted expenditures by more than 5%.

Management's Response

Corrective Action Plan: As explained in Note 10 to the financial statements, the Parish has discontinued operations of Fairview Treatment Center as of June 30, 2022.

Name of contact person responsible for corrective action: Paul J. Governale, Director of Finance, St. Mary Parish Government

Anticipated completion date for the corrective action: Not applicable.

January 24, 2023

Kolder, Slaven & Company, LLC

Page 2

2022-003- Louisiana Audit Law

The Center's audit was not completed within six months of year end.

Management's Response

Corrective Action Plan: As explained in Note 10 to the financial statements, the Parish has discontinued operations of Fairview Treatment Center as of June 30, 2022. Additional time was needed to complete the final audit.

Name of contact person responsible for corrective action: Paul J. Governale, Director of Finance, St. Mary Parish Government

Anticipated completion date for the corrective action: Not applicable.

Sincerely,



Paul J. Governale, Director of Finance
St. Mary Parish Government