

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana

Annual Financial Statements
As of December 31, 2019 and for the Year Then Ended

Bienville Parish Hospital
Service District No. 2
Annual Financial Statements
For the Year Ended December 31, 2019
With Supplemental Information Schedules

CONTENTS

	Statement	Page
Required Supplemental Information (Part I)		
Management’s Discussion and Analysis		1
Independent Auditor’s Report		5
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Position	A	7
Statement of Activities	B	8
Fund Financial Statements - Governmental Funds:		
Balance Sheet	C	9
Reconciliation of the Government Funds Balance Sheet to The Government-Wide Financial Statement of Net Position	D	10
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	11
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	12
Notes to the Financial Statements		13
Required Supplemental Information (Part II)		
Budget Comparison Schedules		
General Fund	1	25
Family Clinic Fund	2	26
Wellness Center Fund	3	27

Table of Contents (Contd.)
Bienville Parish Hospital
Service District No. 2

	Schedule	Page
<u>Other Supplemental Schedules</u>		
Schedule of Compensation Paid Elected Officials	4	29
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	5	30
<u>Other Reports</u>		
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		32
Current Year Findings and Questioned Costs	6	34
Status of Prior Audit Findings	7	36
Corrective Action Plan		37

Bienville Parish Hospital
Service District No. 2
Management Discussion and Analysis
December 31, 2019

The management of the Bienville Parish Hospital Service District No. 2 offers readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended December 31, 2019. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the district's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of district finances. It is also intended to provide readers with an analysis of the district's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the district. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the district's financial activity, identify changes in the district's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This section is intended to serve as an introduction to the district's financial statements. The district's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of the district's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the district's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Bienville Parish Hospital
Service District No. 2
Management Discussion and Analysis
December 31, 2019

Each of these reports is broken down to show the district's governmental activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues.

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's assets exceeded its liabilities by \$5,695,387 (net position); this represents a decrease of \$817,120 from the last fiscal year. Of this total net asset amount, \$4,700,744 is unrestricted net position.

The following is a condensed statement of the Bienville Parish Hospital Service District No. 2's net position as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Assets		
Current & Other Assets	\$4,812,464	\$5,565,113
Capital Assets (net)	<u>994,643</u>	<u>1,103,370</u>
Total Assets	<u>\$5,807,107</u>	<u>\$6,668,483</u>
Liabilities		
Other Liabilities	\$111,720	\$194,459
Long-term Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>111,720</u>	<u>194,459</u>
Net Position		
Net investment in capital assets	994,643	1,042,370
Unrestricted	<u>4,700,744</u>	<u>5,431,654</u>
Total Net Position	<u>\$5,695,387</u>	<u>\$6,474,024</u>

Approximately 17% of the District's net position of \$5,695,387 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, District infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$4,700,744 is unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

The District has total outstanding debt of \$111,720, which was used to finance some of the \$994,643 capital assets. Total liabilities of \$111,720 are equal to 2% of the total net position.

Bienville Parish Hospital
Service District No. 2
Management Discussion and Analysis
December 31, 2019

The following is a summary of the statement of activities -- governmental-type activities:

	2019	2018
Revenue		
Program Revenue	\$1,751,441	\$3,022,416
General Revenue & Transfers	309,861	303,580
Total Revenue	2,061,302	3,325,996
Expenses		
Program Expenses	2,878,422	3,598,461
Total Expenses	2,878,422	3,598,461
Increase (Decrease) in Net Position	(817,120)	(272,465)
Net Position, beginning	6,474,023	6,746,489
Prior period adjustment	38,484	0
Net Position, ending	\$5,695,387	\$6,474,024

Governmental Activities

The governmental activities of the District include personnel services, operating services, materials and supplies, interest on long-term debt, and depreciation. The district is heavily dependent on charges for services to support its operations. Charges for services provided 85% of the district's revenues. The district's operations are primarily staff oriented. As a result, employee salaries and benefits make up approximately 43% of total expenses.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for a particular purpose.

The District currently maintains two individual governmental fund types. These fund types include the General Fund and Special Revenue Funds. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and Special Revenue Funds. The General fund and the Family Clinic fund are considered to be major funds.

The District adopts an annual budget for the General Fund, Family Clinic Fund, and Wellness Center Fund. A statement of revenues, expenditures, and changes in fund balances is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget figures for each major fund and the Wellness Center Fund.

Bienville Parish Hospital
Service District No. 2
Management Discussion and Analysis
December 31, 2019

Financial Analysis of the District's Governmental Funds

The General Fund reported an ending fund balance of \$3,693,763 which is a decrease of \$872,373. The entire fund balance is unreserved.

The Family Clinic Fund reported an ending fund balance of \$1,035,848, which is an increase of \$163,397 from prior year. This increase is caused by a decrease in operating services and an increase in operating transfers in.

The Wellness Center Fund reported an ending fund balance of \$9,618, which is an increase of \$16,551 from prior year. This increase is caused by an increase in operating transfers in.

General Fund Budgetary Highlights

The District amended its original General Fund, Family Clinic Fund, and Wellness Center budgets once during the course of the year. All three (3) funds were in compliance with local budget laws of 5%.

Capital Asset and Debt Administration

The total net invested in capital assets as of December 31, 2019 is \$994,643.

The new major capital assets purchased in fiscal 2019 for governmental activities were various pieces of equipment for all three funds totaling \$23,332.

Current Financial Factors

The District does not anticipate any other changes in its day-to-day operations that will have a material effect on its 2020 budget. Concerning the Covid19 coronavirus, the related financial impact and duration cannot be reasonably estimated at this time. The District is closely monitoring its financial statements for 2020 impacts.

Requests for Information

This financial report is designed to provide a general overview of the Bienville Parish Hospital Service District No. 2's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lee Locke, P. O. Box 766 or 1175 Pine Street, Suite 100, Arcadia, LA 71001 or call at 318-263-7970.

WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Board of Commissioners
Bienville Parish Hospital District No. 2
Arcadia, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bienville Parish Hospital District No. 2 ("District"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 4 and 25 through 27 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 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.

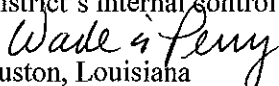
Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation paid elected officials and schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation paid elected officials and schedule of compensation, benefits, and other payments to agency head are 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 the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of compensation paid elected officials and schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Ruston, Louisiana
June 29, 2020

Bienville Parish Hospital Service District No. 2
Statement of Net Position
December 31, 2019

	ASSETS	
Cash and cash investments		\$3,453,777
Receivables		1,320,378
Internal balances		0
Other assets		38,309
Capital assets (net)		<u>994,643</u>
TOTAL ASSETS		<u>\$5,807,107</u>
Deferred outflows of resources		0
	LIABILITIES	
Accounts, salaries, and other payables		\$73,236
Compensated absences liability		<u>38,484</u>
TOTAL LIABILITIES		<u>111,720</u>
Deferred inflows of resources		0
	NET POSITION	
Net invested in capital assets		994,643
Unrestricted		<u>4,700,744</u>
TOTAL NET POSITION		<u>\$5,695,387</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Statement of Activities
For the Year Ended December 31, 2019

EXPENSES	
Personnel services	\$1,226,574
Operating services	1,432,782
Materials and supplies	86,473
Interest on long-term debt	534
Depreciation	<u>132,059</u>
Total program expenses	<u>2,878,422</u>
PROGRAM REVENUES	
Charges for services	<u>1,751,441</u>
Net program expense	<u>(1,126,981)</u>
GENERAL REVENUES	
Property taxes	0
Use of money and property	304,090
Local grant	5,771
Operating transfers (net)	<u>0</u>
Total general revenues	<u>309,861</u>
Net Change in Net Position	(817,120)
Net Position – beginning	6,474,023
Prior period adjustment	<u>38,484</u>
Net Position – ending	<u><u>\$5,695,387</u></u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Balance Sheet, Governmental Funds
 December 31, 2019

	Major Funds		Non-major	Total
	General Fund	Family Clinic Fund	Wellness Center Fund	
ASSETS				
Cash and cash investments	\$3,395,607	\$44,029	\$14,141	\$3,453,777
Receivables	114,591	1,205,787		1,320,378
Due from other funds	194,115			194,115
Other assets		34,369	3,940	38,309
TOTAL ASSETS	<u>\$3,704,313</u>	<u>\$1,284,185</u>	<u>\$18,081</u>	<u>\$5,006,579</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	\$10,550	\$59,636	\$3,049	\$73,235
Due to other funds		188,701	5,414	194,115
Total liabilities	<u>10,550</u>	<u>248,337</u>	<u>8,463</u>	<u>267,350</u>
Fund balances:				
Restricted for debt service	0			0
Unassigned	3,693,763	1,035,848	9,618	4,739,229
TOTAL LIABILITIES AND FUND BALANCES	<u>\$3,704,313</u>	<u>\$1,284,185</u>	<u>\$18,081</u>	<u>\$5,006,579</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Reconciliation of The Governmental Funds Balance Sheet
 to The Government-Wide Financial Statement of Net Position
 December 31, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Fund balances, Total governmental funds (Statement C)		\$4,739,229
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Bonds payable		0
Compensated absences		(38,484)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	4,789,894	
Less accumulated depreciation	<u>(3,795,251)</u>	<u>994,643</u>
Total Net Position of Governmental Activities (Statement A)		<u>\$5,695,389</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2019

	Major Funds		Non-major	Total
	General Fund	Family Clinic Fund	Wellness Center Fund	
REVENUES				
Fees and charges for services		\$1,685,178	\$66,263	\$1,751,441
Property taxes				0
Use of money and property	\$304,090			304,090
Total Revenues	304,090	1,685,178	66,263	2,055,531
EXPENDITURES				
General government:				
Personnel services	62,091	1,050,203	75,796	1,188,090
Operating services	120,077	1,249,936	62,769	1,432,782
Materials and supplies	736	79,886	5,851	86,473
Debt service - principal and interest	61,534			61,534
Capital outlay	6,782	13,254	3,296	23,332
Total Expenditures	251,220	2,393,279	147,712	2,792,211
Excess (Deficiency) of Revenues over Expenditures	52,870	(708,101)	(81,449)	(736,680)
OTHER FINANCING SOURCES (USES)				
Operating transfers in		834,000	98,000	932,000
Operating transfers out	(932,000)			(932,000)
Local grant		5,771		5,771
Total Other Financing Sources (Uses)	(932,000)	839,771	98,000	5,771
Net Change in Fund Balances	(879,130)	131,670	16,551	(730,909)
Fund Balances – beginning	4,566,136	872,451	(6,933)	5,431,654
Prior period adjustment	6,757	31,727	0	38,484
Fund Balances – ending	<u>\$3,693,763</u>	<u>\$1,035,848</u>	<u>\$9,618</u>	<u>\$4,739,229</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Reconciliation of The Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balances, Total governmental funds (Statement E)	(\$730,909)
Debt service payments for principal is an expenditure in the governmental funds, but principal payments reduce long-term liabilities in the Statement of Net Position.	61,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds	(38,484)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$23,332) exceeded depreciation (\$132,059) in the current period.	<u>(108,727)</u>
Change in Net Position of Governmental Activities, Statement B	<u><u>(\$817,120)</u></u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

INTRODUCTION

Bienville Parish Hospital Service District No. 2 is controlled by a board of Commissioners who are appointed by the Bienville Parish Police Jury, and is exempt from income taxes. The District owns and operates the Family Clinic and the Wellness Center for the purpose of providing for the medical needs of the citizens of Bienville Parish. The District also contracts with various other health care providers in which the district provides space in return for rent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As the governing authority of the parish, for reporting purposes, the Bienville Parish Police Jury is the financial reporting entity for Bienville Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) 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.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the Bienville Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and;
 - a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of the District's governing body and has the ability to impose its will, the agency was determined to be a component unit of the Bienville Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

The accompanying financial statements of the district have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. The General fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policy.

The Special revenue funds are used to account for operations of the Family Clinic and the Wellness Center.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the District. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the District are reported at fair value.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectives. The District calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

The District levies a property tax on all property subject to taxation in the service district. A 1.03 mill tax is approved for a period of 15 years, beginning with the year 2005 and ending with the year 2020, to be dedicated and used for operating, maintaining, renovating, and improving medical services. The 1.03 mill tax was reduced to 0.969 mills during the year ended December 31, 2012. The 6.00 mill tax was reapproved for a period of 10 years, beginning with the year 2016 and ending with the year 2026, to be dedicated and used for acquiring, maintaining, operating, and supporting facilities, equipment and furnishings. Property taxes are collected through the local sheriff's office and remitted, net of collection fees, to the District. Property tax notices are mailed by November 15 each year, are due by December 31, and become delinquent on January 1 of the following year.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building	40 years
Equipment	5-10 years

G. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

H. Fund Equity

In the government wide statements, net position is 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 borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

The District adopted GASB 54 in the year ended December 31, 2012. As such, fund balances of the governmental funds are classified as follow:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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 laws or regulations of other governments.

Committed - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - all other spendable amounts.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

As of December 31, 2019, fund balances are composed of the following:

	<u>General Fund</u>	<u>Family Clinic</u>	<u>Wellness Center</u>
Nonspendable:			
Prepaid items	\$0	\$0	\$0
Restricted:			
Debt service	0	0	0
Unassigned	<u>3,693,763</u>	<u>1,035,848</u>	<u>9,618</u>
Total fund balances	<u><u>\$3,693,763</u></u>	<u><u>\$1,035,848</u></u>	<u><u>\$9,618</u></u>

I. 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, expenditures, and expenses during the reporting period. Actual results could differ from the estimates.

J. RISK MANAGEMENT

The district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the district maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2019.

K. VACATION AND SICK LEAVE

All full-time employees of the district earn 10 days of vacation leave after one full year of service, and fifteen days of vacation leave after six years of service. Full-time employees earn 10 days of sick leave after one full year of service. Employees may carry forward a maximum of one year of accrued vacation time and unlimited accrued sick leave time. Part-time employees are also eligible for vacation and sick leave at a lower rate of accrual. Upon separation of employment, employees are paid for accrued vacation leave.

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

2. LEVIED TAXES

The Board decided to not levy the 6.0 mill property tax for 2019 tax rolls.

3. CASH AND CASH EQUIVALENTS

At December 31, 2019, the District has cash and cash equivalents (book balances) totaling \$3,453,777 as follows:

Demand deposits	\$312,318
Interest-bearing demand deposits	1,666,735
Investments	1,474,624
Petty cash	<u>100</u>
Total	<u><u>\$3,453,777</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2019, the District has \$3,501,022 in deposits (collected bank balances). These deposits are secured from risk by \$303,325 of federal deposit insurance and \$3,197,697 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 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 has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$1,320,378 at December 31, 2019, are as follows:

<u>Class of Receivable</u>	
Property taxes	\$107,082
Other	300
Fees, charges, and commissions for services:	
Patient fees	1,205,787
Utility reimbursements	<u>7,209</u>
Total	<u><u>\$1,320,378</u></u>

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2019, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$88,871			\$88,871
Other- Construction in Progress	<u>0</u>			<u>0</u>
Total capital assets not being depreciated	<u>88,871</u>	<u>0</u>	<u>0</u>	<u>88,871</u>
Capital assets being depreciated:				
Buildings	3,433,143			3,433,143
Improvements other than buildings	183,092			183,092
Machinery and equipment	<u>1,095,696</u>	<u>23,332</u>	<u>(34,240)</u>	<u>1,084,788</u>
Total capital assets being depreciated	<u>4,711,931</u>	<u>23,332</u>	<u>(34,240)</u>	<u>4,701,023</u>
Less:				
Accumulated depreciation	<u>3,697,432</u>	<u>132,059</u>	<u>(34,240)</u>	<u>3,795,251</u>
Total capital assets being depreciated, net	<u>\$1,103,370</u>	<u>(\$108,727)</u>	<u>\$0</u>	<u>\$994,643</u>

Depreciation expense of \$132,059 for the year ended December 31, 2019, was charged to the general governmental functions.

6. LEASES

The district contracts with various other health care providers to serve the medical needs of the citizens of Bienville Parish. The District provides space for these providers in return for rent. Current leases include: 1) Green Clinic Management Co with a monthly payment of \$1,000; 2) Magnolia Home Health with a monthly payment of \$1,050; 3) the Bienville parish health unit with an annual payment of \$12,000; 4) Louisiana Extended Care Hospital with a monthly payment of \$17,000; 5) Bienville Medical Center with a monthly payment of \$3,425; and 6) Bienville Medical Center Digital Reader with a monthly payment of \$740.

7. LONG-TERM OBLIGATIONS

At December 31, 2019, the long-term debt of the Bienville Parish Hospital District No. 2 consisted of the following individual bond issues:

Taxable general obligation bonds, Series 2012, 1.5 - 3.5%, dated October 1, 2012, in the original amount of \$363,000. Scheduled principal and interest payments due annually through April, 2019. \$0

Bienville Parish Hospital
 Service District No. 2
 Arcadia, Louisiana
 Notes to the Financial Statements
 As of and For the Year Ended December 31, 2019

Total \$0

General Obligation Refunding Bonds constitute obligations of the Hospital Service District No. 2 and will be payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974 and statutory authority supplemental thereto. The General Obligation Refunding Bonds of Bienville Parish Hospital Service District No. 2 will only be used for improving health care facilities of said district, including acquiring machinery, equipment and furnishings therefore, title to which shall be in the public.

	Revenue Bonds
Long-term obligations, December 31, 2018	\$61,000
Additions	0
Reductions	(61,000)
Long-term obligations, December 31, 2019	<u>\$0</u>

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2019 is as follows:

Due To/From Other Funds:		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund		\$194,115
	Wellness Center	(5,414)
	Family clinic fund	(188,701)
Total		<u>\$0</u>

The balances consist of allocations for management fees, insurance, payroll and utilities reimbursements. The district's management will determine an action to take in order to reduce the interfunds in approximately 5 years.

Advances From/To Other Funds:		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Wellness center fund		\$98,000
Family clinic fund		834,000
	General fund	(932,000)
Total		<u>\$0</u>

The transfers consist of allocations for payroll and various operations expenses.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

9. PRIOR PERIOD ADJUSTMENT

The Government-wide financial statements include prior period adjustments increasing net assets of governmental activities by \$38,484. The governmental funds statements reflect a prior period adjustment increasing fund balances by \$38,484. These adjustments are related to balance sheet accounts to adjust the balances for overadjusted liabilities.

10. MANAGEMENT REVIEW

Subsequent events have been evaluated through (DATE). This date represents the date the financial statements were available to be issued. As a result of COVID-19 coronavirus, economic uncertainties have arisen which are likely to have a negative impact on operations and cause business disruption. However, the related financial impact and duration cannot be reasonably estimated at this time. The District is closely monitoring its financial statements for 2020 impacts.

REQUIRED SUPPLEMENTAL INFORMATION

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Property taxes	\$0	\$0		\$0
Use of money and property	298,574	304,094	\$304,090	(4)
Other revenue	0	0	0	0
Total Revenues	298,574	304,094	304,090	(4)
EXPENDITURES				
General government:				
Personnel services	63,000	63,000	62,091	909
Operating services	69,134	132,512	120,077	12,435
Material & Supplies	500	735	736	(1)
Debt service:				
Principal	61,000	61,000	61,000	0
Interest	2,000	1,067	534	533
Capital outlay			6,782	(6,782)
Total Expenditures	195,634	258,314	251,220	7,094
Excess (Deficiency) of Revenues over Expenditures	102,940	45,780	52,870	7,090
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(510,000)	(928,000)	(932,000)	(4,000)
Total Other Financing Sources (Uses)	(510,000)	(928,000)	(932,000)	(4,000)
Net Change in Fund Balance	(407,060)	(882,220)	(879,130)	3,090
Fund Balance (Deficit) at Beginning of Year	5,164,388	4,566,136	4,566,136	0
Prior period adjustment	0	0	6,757	6,757
Fund Balance (Deficit) at End of Year	<u>\$4,757,328</u>	<u>\$3,683,916</u>	<u>\$3,693,763</u>	<u>\$9,847</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Family Clinic Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Fees and charges for services	\$3,025,000	\$1,800,000	\$1,685,178	(\$114,822)
Use of money and property	0	0		0
Total Revenues	3,025,000	1,800,000	1,685,178	(114,822)
EXPENDITURES				
General government:				
Personnel services	135,750	1,047,309	1,050,203	(2,894)
Operating services	1,545,250	1,159,301	1,249,936	(90,635)
Materials and supplies	72,000	101,371	79,886	21,485
Capital outlay	0		13,254	(13,254)
Total Expenditures	1,753,000	2,307,981	2,393,279	(85,298)
Excess (Deficiency) of Revenues over Expenditures	1,272,000	(507,981)	(708,101)	(200,120)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	438,000	834,000	834,000	0
Local grant			5,771	5,771
Total Other Financing Sources (Uses)	438,000	834,000	839,771	5,771
Net Change in Fund Balance	1,710,000	326,019	131,670	(194,349)
Fund Balance (Deficit) at Beginning of Year	3,463,000	872,451	872,451	0
Prior period adjustment			31,727	31,727
Fund Balance (Deficit) at End of Year	\$5,173,000	\$1,198,470	\$1,035,848	(\$194,349)

Notes to the Schedule

(1) method of budgetary accounting - GAAP

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Wellness Center Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Fees and charges for services	\$80,000	\$66,200	\$66,263	\$63
Use of money and property	0	0	0	0
Total Revenues	80,000	66,200	66,263	63
EXPENDITURES				
General government:				
Personnel services	80,700	75,790	75,796	(6)
Operating services	60,400	62,816	62,769	47
Materials and supplies	10,000	9,150	5,851	3,299
Capital outlay			3,296	(3,296)
Total Expenditures	151,100	147,756	147,712	44
Excess (Deficiency) of Revenues over Expenditures	(71,100)	(81,556)	(81,449)	107
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	72,000	98,000	98,000	0
Total Other Financing Sources (Uses)	72,000	98,000	98,000	0
Net Change in Fund Balance	900	16,444	16,551	107
Fund Balance (Deficit) at Beginning of Year	1,599	(6,933)	(6,933)	0
Fund Balance (Deficit) at End of Year	\$2,499	\$9,511	\$9,618	\$107

Notes to the Schedule

(1) method of budgetary accounting - GAAP

OTHER SUPPLEMENTAL SCHEDULES

Bienville Parish Hospital Service District No. 2
Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2019

<u>Board Member</u>	<u>Amount</u>
Dan Madden	\$675
Gary Gantt	825
Loretta Butler	0
Shirley Payne	900
John Fontenot	900
Sharon Jackson	750
Moselene Green	<u>825</u>
Total	<u>\$4,875</u>

Bienville Parish Hospital Service District No. 2
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2019

Schedule 5

Agency Head Name: Lee Locke

<u>Purpose</u>	<u>Amount</u>
Salary	\$80,000
Benefits-insurance	8,192
Registration fees	363
Conference travel	2,179

OTHER REPORTS

WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Report on Compliance and Other Matters and on Internal Control
over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Commissioners
Bienville Parish Hospital District No. 2
Arcadia, Louisiana

We have audited, 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, the financial statements of the governmental activities of Bienville Parish Hospital District No. 2 ("District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 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 weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were

not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies. 2019-001.

Compliance and Other Matters

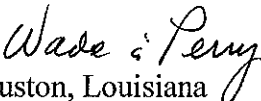
As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-002.

District's Response to Findings

District's response to the findings identified in our audit is described in the accompanying corrective action plan. District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.


Ruston, Louisiana
June 29, 2020

Bienville Parish Hospital Service District No. 2
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the District.
2. One instance of noncompliance material to the financial statements of the District was disclosed during the audit.
3. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. Financial Statements Findings

2019-001. Significant deficiency in internal controls for disbursements

Condition: One disbursement did not have supporting documentation attached. Four timesheets were not approved by supervisor.

Criteria: Internal controls should be set up for all areas.

Cause: All supporting documentation not maintained in central location. All supervisors are not signing timesheets for approval

Effect: Internal control violation.

Recommendation: District should maintain adequate documentation for all disbursements. All supervisors should document their approval of timesheets.

2019-002. District spent funds that do not support the public purpose of the District.

Condition: Violation of Article VII, Section 14.

Criteria: Article VII, Section 14 states in part "funds, credit, property, or things of value shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

Cause: The disbursement to the local school violates Article VII, Section 14.

Effect: Violation of Article VII, Section 14.

Recommendation: Management should only spend funds on the public purpose of the district to refrain from violating this article.

Bienville Parish Hospital Service District No. 2
Summary of Prior Year Findings
For the Year Ended December 31, 2019

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2018-1. Internal control deficiency for disbursements

Status: Unresolved - see 2019-001

2018-2. Budget noncompliance

Status: Unresolved - Resolved

BIENVILLE PARISH HOSPITAL DISTRICT NO. 2
PO Box 766
Arcadia, LA 71001

CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2019

The Bienville Parish Hospital District No. 2 hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

2019-001. The District agrees with the recommendations and has kept better records for payroll approvals since the prior year audit findings were discussed.

2019-002. The District agrees with the recommendations and will implement immediately.

WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA/ Society of LCPA's

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Bienville Parish Hospital District #2 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Bienville Parish Hospital District #2 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics²**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and address the functions noted above.

Board or Finance Committee³

Not applicable.

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

Bank Reconciliations

Not applicable.

Collections (excluding EFTs)⁴

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites and the corresponding collection locations and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtain a listing of collection locations and management's representation that the listing is complete.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions.

⁴ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
No exceptions.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
Two of 6 deposits was not deposited within one business day of receipt.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exceptions

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Obtained a listing of locations that process payments and management's representation that the listing is complete.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
Obtained a listing of all employees involved with non-payroll purchasing and payments functions and observed that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions.

- b) At least two employees are involved in processing payments are also involved in approving payments to vendors.

No exceptions.

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

No exceptions.

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

Employee responsible for signing checks mails the payments and processes the payments.

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

Obtained the entity's non-payroll disbursement transaction population and obtained management's representation that the population is complete

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

No exceptions.

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

No exceptions.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards⁵. Obtain management's representation that the listing is complete.

Obtained listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing is complete

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Selected the only card, then randomly selected one month as the ending statement date for each card.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception

⁵ Including credit cards used by school staff for either school operations or student activity fund operations.

reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Observed that 2 of the 3 statements were approved in writing by someone other than the authorized cardholder.

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

No exceptions.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing)⁶.

Obtained supporting documentation for at least 10 transactions, or all of them if less than 10 transactions.

For each transaction, observe that it is supported by

- (1) an original itemized receipt that identifies precisely what was purchased,

No exceptions.

- (2) written documentation of the business/public purpose, and

Observed documentation of business/public purpose for 9 of the 11 transactions.

- (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable

Travel and Travel-Related Expense Reimbursements⁷ (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

⁶ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

⁷ Non-travel reimbursements are not required to be tested under this category.

Obtained a listing of all travel and related reimbursements, management's representation the listing is complete, selected 5 reimbursements, and observed that:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions for any sections.

Contracts

No prior year exceptions.

Payroll and Personnel

No prior year exceptions.

Ethics⁸

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above⁹, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No exceptions.

⁸ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

⁹ If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

*Debt Service*¹⁰

No prior year exceptions.

Other

No prior year exceptions

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Wade & Perry

Ruston, LA

June 29, 2020

¹⁰ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

Bienville Parish Hospital Service District No. 2
PO Box 766 1175 Pine St
Arcadia, LA 71001

June 29, 2020

Wade & Perry, CPAs
Ruston, LA

The following is Management's Response to the 2019 AUP report submitted for Bienville Parish Hospital Service District #2.

COLLECTIONS

7. d) Management will work toward making daily deposits.

DISBURSEMENTS

9. d) Management will work toward implementing checks and balances for this procedure.

CREDIT CARDS/DEBIT CARDS, ETC.

12. a) Management will work toward implementing checks and balances for this procedure.
13. Management will work toward documenting the business purpose on all transactions.