

**EAST UNION HOSPITAL
SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED
MARCH 31, 2025**

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Commissioners
East Union Hospital Service District
Farmerville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the East Union Hospital Service District (the District), a component unit of the Union Parish Police Jury, as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of March 31, 2025, and the changes in financial position and its cash flows for the year then 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor. Our responsibilities under those standards and the Guide 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 District, 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.

Responsibilities 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.

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

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management 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.

Supplementary 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 accompanying Schedule of Compensation Paid Board Members and the Schedule of Compensation, Benefits, and Other Payments are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to 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 Board Members and the Schedule of Compensation, Benefits, and Other Payments are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2025, 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 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana

September 6, 2025

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**STATEMENT OF NET POSITION
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

ASSETS

Current assets:

Cash and cash equivalents	\$ 695,407
Receivables, net	59,894
Total current assets	<u>755,301</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	2,497,919
Other assets	3,289
Total noncurrent assets	<u>2,501,208</u>

TOTAL ASSETS	<u><u>3,256,509</u></u>
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LIABILITIES

Current liabilities:

Accounts, salaries, and other payables	<u>2,193</u>
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NET POSITION

Net investment in capital assets	2,497,919
Unrestricted	756,397
TOTAL NET POSITION	<u><u>\$ 3,254,316</u></u>

The accompanying notes are an integral part of these financial statements.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

Operating revenues:	
Rent and royalties	\$ 36,000
Total operating revenues	<u>36,000</u>
Operating expenses:	
Health system:	
Operating services	760,438
Materials and supplies	466
Depreciation expense	<u>401,497</u>
Total operating expenses	<u>1,162,401</u>
Operating income (loss)	<u>(1,126,401)</u>
Nonoperating revenues (expenses):	
Ad valorem taxes	839,778
Federal government payments in lieu of taxes	4,535
Investment earnings	27,753
Other revenue	<u>30,222</u>
Total nonoperating revenue (expenses)	<u>902,288</u>
Change in net position	(224,113)
Net position at beginning of year	<u>3,478,429</u>
Net position at end of year	<u><u>\$ 3,254,316</u></u>

The accompanying notes are an integral part of these financial statements.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**STATEMENT OF CASH FLOWS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 36,000
Cash payments to suppliers for goods and services	<u>(763,037)</u>
Net cash provided by (used for) operating activities	<u>(727,037)</u>

CASH FLOWS FROM NONOPERATING ACTIVITIES

Ad Valorem	838,379
Government payments in lieu of taxes	<u>4,535</u>
Net cash provided by (used for) nonoperating activities	<u>842,914</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Additions to capital assets	(82,637)
Other revenue	<u>30,222</u>
Net cash provided by (used for) capital and related financing activities	<u>(52,415)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	<u>27,753</u>
Net cash provided by (used for) investing activities	<u>27,753</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 91,215

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>604,193</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 695,407</u></u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss	<u>\$ (1,126,401)</u>
Adjustments to reconcile operating loss to cash provided by operating activities:	
Deprecation and amortization	401,497
Changes in operating assets and liabilities	
(Increase) decrease in other assets	(1,500)
Increase (decrease) in accounts, salaries, and other current payables	<u>(633)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (727,037)</u></u>

The accompanying notes are an integral part of these financial statements.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

Introduction

East Union Hospital Service District (the District) was created by an ordinance of the Union Parish Police Jury on June 8, 1971. The District is a political subdivision in the state of Louisiana. The District's commissioners are appointed by the Union Parish Police Jury.

Since December 1, 1983, when the District discontinued operating Union General Hospital, Inc. (the Hospital), its operations consist of administration of the facilities through a cooperative endeavor agreement as discussed further in Note 7, rental of adjoining physicians' offices, collection and administration of tax receipts.

The accompanying basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position and results of operations of the District and the cash flows of the proprietary fund as of and for the year ended March 31, 2025.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Union Parish Police Jury is the financial reporting entity for Union 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.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, a legally separate entity is considered a component unit of the State if at least one of the following criteria is met:

- The Parish appoints a voting majority of the organization's governing body and is either able to impose its will on the organization or there is a potential financial benefit/burden to the Parish.
- The entity is fiscally dependent on the Parish.
- The nature and significance of the relationship between the Parish and the entity is such that exclusion would cause the financial statements of the Parish to be misleading.

Depending on the closeness of their relationship with the Parish, some component units are blended with the Parish reporting entity, while others are discretely reported. The District is a discretely reported component unit of the Parish because the board members are appointed by the Parish and the Parish is able to impose its will on the District through budgetary oversight. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government services provided by the Parish, or the other governmental units that comprise the financial reporting entity.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The basic financial statements include the government-wide financial statements, fund financial statements, notes to the basic financial statements, and required supplementary information other than the MD&A.

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. The statements distinguish between the governmental and business-type activities of the District by reporting each in a separate column. The District has no governmental activities.

Major revenues such as ad valorem taxes are assessed, collected and susceptible to accrual. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, nonexchange transactions. Nonexchange transactions that are not program specific, property taxes, investment income and grants made are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

All capital (long-lived) assets, receivables, and long-term obligations are reported in the Statement of Net Position.

The proprietary fund statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. Each statement has a column for each major enterprise fund. The District does not have any nonmajor proprietary funds or internal service funds. The proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting in order to make a determination of net income, financial position, and cash flows.

Basis of presentation refers to when revenues and expenses are recognized and reported in the financial statements. Basis of presentation relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenue recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense recognition

Expenses are recognized on the accrual basis; therefore, expenses are recognized in the period incurred, if measurable.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position

Cash and Investments

The District pools those cash resources for which they responsible and invest them accordingly. For purposes of the financial statements, including the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Receivables and Payables

Receivables include all amounts susceptible to accrual that have not been collected at March 31 but will be collected soon enough after the end of the year to pay liabilities of that year. They include all amounts earned, but not collected at March 31. Receivables (net of any uncollectible amounts) and payables are reported on separate lines.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the District in September or October, are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. For the year ended March 31, 2025, taxes of 5.56 mills were levied on property with assessed valuations totaling \$181,544,919.

The following are the principal taxpayers and related property tax revenue for the District:

Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue
Midcontinent Express Pipeline, LLC	\$ 11,326,100	6.24%	\$ 932,173
Foster Farms LLC	9,288,715	5.12%	732,694
Gulf South Pipeline Company, LP	7,978,890	4.39%	659,730
Claiborne Electric Coop.	5,781,780	3.18%	487,656
Lumen Technologies Service Group	5,612,032	3.09%	458,896
Foster Poultry Farms	5,049,673	2.78%	398,877
Entergy Louisiana, Inc.	3,412,200	1.88%	287,543
Enable Gas Transmission, LLC	2,775,030	1.53%	230,248
Enviro Services Rental, LLC	2,266,365	1.25%	187,836
Trans-Union Interstate Pipeline	2,133,540	1.18%	184,009
Totals	<u>\$ 55,624,325</u>	<u>30.64%</u>	<u>\$ 4,559,662</u>

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Restricted Assets

Restricted assets represent primarily cash and investments held separately and restricted according to bond indenture agreements. At March 31, 2025, the District reported no restricted assets.

Capital Assets

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. For reporting purposes, the District defines capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee to leased property. The capitalization threshold for buildings and improvements is \$5,000. They are depreciated principally using the straight-line method with an estimated useful life typically of 25 to 40 years for structures and improvements and 5 to 25 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the term of the lease. Construction-in-progress is not depreciated.
- Movable property (furniture, equipment, and vehicles) consists of assets that are not fixed or stationary in nature with an initial, individual cost of at least \$5,000. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 3 to 25 years.
- Donated capital assets are recorded at their estimated fair value at the date of donation.

Long-Term Obligations

Long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. In accordance with paragraph 16 of the Accounting Principles Board Opinion No. 21, unamortized balances of premiums and discounts are netted against the outstanding balance of the related bonds payable. At March 31, 2025, the District has no long-term obligations.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications and Net Position

The difference between assets and liabilities is “net position” on the government-wide, proprietary, and fiduciary fund statements. Net position is segregated into three categories on the government-wide statement of net position:

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 that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations. The District first uses restricted net position for expenses incurred when both restricted and unrestricted net position are available for use. The use of restricted net position may be deferred based on a review of the specific transaction.

Unrestricted net position – The balance of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Budgets

The District is exempt from the requirements of the Louisiana Local Government Budget Act. However, the District does adopt a budget for the operating account.

Use of estimates

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

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. The policy is not a formal written policy. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. At March 31, 2025, the District has cash and cash equivalents (book balances) totaling \$695,407.

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.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

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. As of March 31, 2025, \$445,407 of the District's bank balances of \$695,407 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 250,000
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the District's name	445,407
Total balances exposed to custodial credit risk	445,407
Total bank balances	<u>\$ 695,407</u>

NOTE 3 – RECEIVABLES

At March 31, 2025, the District reported an ad valorem receivable of \$59,894.

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended March 31, 2025, follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 115,554	\$ -	\$ -	\$ 115,554
Capital assets being depreciated:				
Land improvements	193,422	-	-	193,422
Buildings and improvements	7,368,331	82,637	-	7,450,968
Equipment and vehicles	4,178,065	-	-	4,178,065
Total	11,739,818	82,637	-	11,822,455
Less accumulated depreciation:				
Land improvements	164,946	317,503	-	482,449
Buildings and improvements	4,961,460	77,040	-	5,038,500
Equipment and vehicles	3,912,187	6,954	-	3,919,141
Total	9,038,593	401,497	-	9,440,090
Capital assets being depreciated, net	2,701,225	(318,860)	-	2,382,365
Capital assets, net	<u>\$ 2,816,779</u>	<u>\$ (318,860)</u>	<u>\$ -</u>	<u>\$ 2,497,919</u>

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

NOTE 5 – COMMITMENTS AND CONTINGENCIES

At March 31, 2025, the District was not involved in litigation.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE 7 – OPERATING AGREEMENT

On November 22, 1983, the District entered into a cooperative endeavor agreement with a newly formed nonprofit corporation named "Union General Hospital, Inc" (the Corporation). The agreement stated that the Corporation would operate the District's hospital facility known as Union General Hospital in Farmerville, Louisiana, as well as all related manage and operate all moveable property. The Corporation is a Louisiana nonprofit corporation, which has received exemption from income taxes as an organization described under section 501(c)(3) of the IRC.

The current agreement, dated September 8, 2010, had an original term that expired March 31, 2019. Thereafter, the agreement was automatically renewed for an additional ten-year term renewal through March 31, 2029, with the same terms and conditions. The Corporation has agreed to maintain, at its expense, certain insurance, capital additions, and make necessary and proper repairs.

During the year ended March 31, 2025, the District provided grants to the Corporation totaling \$650,000. No amounts were payable from the District to the Corporation as of March 31, 2025.

During the year ended March 31, 2022, the Corporation entered into a project on the District's behalf to construct a clinic building. The Corporation has been awarded a grant totaling \$1 million to subsidize the funding of the project. As of March 31, 2025, the District has made advances to the Corporation of \$2.6 million related to the project. The Corporation will own the asset as long as the asset is operated as a hospital. Therefore, these advances are recorded as expenditures in the Statement of Revenues, Expenses, and Changes in Net Position. This project was completed in May 2025 at a total cost of approximately \$4.5 million.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

NOTE 8 – NEW ACCOUNTING STANDARDS

GASB Statement No. 102, *Certain Risk Disclosures* was issued December 2023. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 103, *Financial Reporting Model Improvements* was issued April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 104, *Disclosure of Certain Capital Assets*, was issued September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

OTHER SUPPLEMENTARY SCHEDULES

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

Alice Bailey, President:	
Salary	\$ -
Medicare	-
Retirement	-
Total	<u>\$ -</u>

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
AS OF AND FOR THE YEAR ENDED MARCH 31, 2025**

Alice Bailey	\$	-
Bubba Hoggatt		-
Sherri Banks		-
Charles Young		-
Stacey Gatson		-
Lance Futch		-
Joel Taylor		-
Total	\$	-



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

To the Honorable Members of the Board of Commissioners
East Union Hospital Service District
Farmerville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor, the financial statements of East Union Hospital Service District (the District), a component unit of Union Parish Police Jury, as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 6, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

East Union Hospital Service District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District'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.

East Union Hospital Service District
Farmerville, Louisiana
Independent Auditor's Report on Financial Statements
For the Year Ended March 31, 2025

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana

September 6, 2025

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MARCH 31, 2025**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on whether the financial statements of the District were prepared in accordance with GAAP.
2. One material weakness is reported in the 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*.
3. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FINDINGS – FINANCIAL STATEMENTS AUDIT

2025-001 Segregation of Duties

Year First Reported

2007

Condition/Criteria/Effect

During the fiscal year ended March 31, 2025, the Bookkeeper performed many functions including:

- Opening mail
- Preparing deposits
- Recording deposits
- Preparing vendor checks
- Issuing checks

The President of the Board provides some oversight. However, it is not adequate to affect a proper segregation of duties. A proper internal control system segregates the duties of authorization, custody, and recording. Lack of proper segregation of duties increases the risk that assets could be misappropriated or misstatements recorded and that such actions could go undetected.

Cause

It is not feasible to hire employees.

Recommendation

We understand that the District has concluded that it is not feasible to correct this deficiency. We recommend that the Board continue to review monthly financial statements, bank reconciliations, and bank statements on a monthly basis. These reviews should be documented by the reviewer's dated initials.

Management's Response

See corrective action plan.

**EAST UNION HOSPITAL SERVICE DISTRICT
FARMERVILLE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2025**

2024-001 - Segregation of Duties

This finding is repeated as finding 2025-001.

September 6, 2025

Bosch & Statham, LLC

Ruston, Louisiana

The Louisiana Legislative Auditor (LLA) is considered to be a specified party to the Statewide Agreed-Upon Procedures (AUPs) and acknowledges that the procedures performed are appropriate for their purposes by their acceptance of the standard audit engagement approval forms. In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the LLA's statewide agreed-upon procedures (AUPs), for the fiscal period **April 1, 2024 through March 31, 2025**, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We acknowledge that we are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel-related expense reimbursement; contracts; payroll and personnel; ethics; debt service; fraud notice; information technology disaster recovery/business continuity; prevention of sexual harassment; and other areas.

Yes ☒ No ☐

2. We acknowledge that we are responsible for establishing and maintaining effective internal control over compliance.

Yes ☒ No ☐

3. For the fiscal period **April 1, 2024 through March 31, 2025**, we have performed an evaluation of our compliance with the best practices criteria presented in the statewide AUPs.

Yes ☒ No ☐

4. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes ☒ No ☐

5. We have provided you with access to all records that we believe are relevant to the C/C areas and the statewide AUPs.

Yes ☒ No ☐

6. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes ☒ No ☐

7. We have disclosed to you any known noncompliance with laws or regulations affecting the statewide AUPs occurring during the period of **April 1, 2024 through March 31, 2025** and between **March 31, 2025** and **September 6, 2025**, including any actual, suspected, or alleged fraud.

Yes ☒ No ☐

8. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between **March 31, 2025** and **September 6, 2025**.

Yes ☒ No ☐

9. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.

Yes ☒ No ☐

10. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.

Yes ☒ No ☐

11. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.

Yes ☒ No ☐

12. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.

Yes ☒ No ☐

13. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.

Yes ☒ No ☐

14. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and purchase (P) cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, that we provided to you is complete.

Yes ☒ No ☐

15. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
16. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
17. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
18. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
19. We represent that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines during the fiscal period.
- Yes ☒ No ☐
20. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
21. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
22. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
23. We represent that the listing of computers currently in use and their related locations that we provided to you is complete.
- Yes ☒ No ☐

24. We are not aware of any material misstatements in the C/C areas identified in the statewide AUPs.

Yes ☒ No ☐

25. We have disclosed to you [*list other matters as you have deemed appropriate*].

Yes ☒ No ☐

26. We have responded fully to all inquiries made by you during the engagement.

Yes ☒ No ☐

27. We have disclosed to you all known events that have occurred subsequent to **March 31, 2025**, that would have a material effect on the C/C areas identified in the statewide AUPs, or would require adjustment to or modification of the results of the statewide AUPs.

Yes ☒ No ☐

The previous responses have been made to the best of our belief and knowledge.

Signature Alice Bailey Date 9/6/25
Title President

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the East Union Hospital Service District
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by East Union Hospital Service District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period April 1, 2024, through March 31, 2025. 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 related exceptions obtained are described in the attachment to this report:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

We obtained the District's policies and procedures.

- i) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

The policy did not include the required elements.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- ii) **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.

We noted no such policy.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025

- iii) **Disbursements**, including processing, reviewing, and approving.

We noted the policy did not include the processing and reviewing of disbursements.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- iv) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The policy did not include the required elements.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- v) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

This procedure is not applicable since the District has no employees.

- vi) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The policy did not include the required elements.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- vii) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

We noted no such policy.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- viii) **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).

We noted no such policy.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025**

- ix) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

We noted no such policy.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The policy did not include the required elements.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- xi) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We noted no such policy.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- xii) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The policy did not include element (3).

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

We obtained and inspected the board's minutes.

- i) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We noted the board met quarterly.

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025**

- ii) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

We observed the minutes included budget-to-actual comparisons at every meeting.

- iii) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

We obtained the prior year report and noted a positive unassigned fund balance.

- iv) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

We noted no evidence the board received updates related to the prior year's audit finding.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

We obtained a listing of accounts from management and management's representation that the listing is complete. The District has only one bank account. We selected the main operating account for testing. We obtained the related documentation and noted the following.

- i) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

We noted no exceptions.

- ii) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

We noted no exceptions.

EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025

- iii) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We noted no such reconciling items.

4) Collections

- A. 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).

We obtained a listing of deposit sites from management and management's representation that the listing is complete.

Exceptions: None

- B. 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:

We obtained a list of collection locations and management's representation the listing is complete. We inquired of job duties and observed the following.

- i) Employees responsible for cash collections do not share cash drawers/registers.

We noted the contracted administrative assistant is the only one who collects funds.

- ii) 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.

We noted the contracted administrative assistant prepares the bank deposits that are reviewed by two board members.

- iii) 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.

We noted the contracted administrative assistant posts collections to the accounting software. Upon inquiry, it was noted the District's Secretary/treasurer is responsible for review.

Exceptions: None

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025**

- iv) 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/official verifies the reconciliation.

We noted the contracted administrative assistant reconciles collections to the general ledger. Upon inquiry, it was noted the District's Secretary/treasurer is responsible for review.

Exceptions: None.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Management asserted no bond or insurance policies exist covering the contracted administrative assistant.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A 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:

We selected two deposit dates for the account selected under procedure #3A. We obtained the supporting documentation for the two deposits and noted the following.

- i) Observe that receipts are sequentially pre-numbered.

We noted receipts are not used.

- ii) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We noted no exceptions.

- iii) Trace the deposit slip total to the actual deposit per the bank statement.

We noted no exceptions.

- iv) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

We noted no exceptions.

- v) Trace the actual deposit per the bank statement to the general ledger.

We noted no exceptions.

EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025

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

- A. 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).

Management did not provide a listing; however, we inquired of management. Management asserted there was only one location.

- B. For each location selected under procedure #5A 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:

For the location selected under procedure #5A, we inquired of management of those involved with the purchasing and payment function as well as inquired of management the job duties.

- i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- ii) At least two employees are involved in processing and approving payments to vendors.
- iii) 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.
- iv) 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.
- v) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

The contracted Administrative Assistant conducts all disbursement processes. Board members document review/approval on invoices.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under #5A 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:

For the location selected under procedure #5A, we obtained a listing of disbursements and management's representation that the population is complete. We selected five disbursements and obtained the related documentation.

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025**

- i) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

We noted no exceptions.

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

We noted no exceptions.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Using the operating account and month selected under procedure #3A, we selected five electronic disbursements. We obtained the related documentation and noted no exceptions.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

Management asserted there were no active cards during the fiscal period.

- B. 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:
 - i) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii) Observe that finance charges and late fees were not assessed on the selected statements.

See Procedure #6A.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection)¹⁷. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

See Procedure #6A.

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025**

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

- A. 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 and 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:
- i) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii) 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 Policies and Procedures procedure #1A(vii); and.
 - iv) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management asserted no travel expenses were reimbursed during the fiscal period.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Management provided documentation for the agreements in place as of year-end. We inspected the agreements provided and noted the following.

- i) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

We noted none of the contracts were subject to the Public Bid Law.

- ii) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

We noted no exceptions.

- iii) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

We noted no amendments.

- iv) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We noted no exceptions.

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025**

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management asserted the District has no employees.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

See procedure #9A.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

See procedure #9A.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

See procedure #9A.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Management asserted the District has no employees.

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025**

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170

See procedure #10A.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Management listed no debt instruments issued.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Management listed no debt instruments issued.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management listed no misappropriations.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The District does not own or operate a website nor does the District have a physical location in which it operates.

Exceptions: None

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2025**

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- A. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Management asserted the District has no employees.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

Management provided the District’s sexual harassment policy. However, it is not posted as the District does not own/operate a website and does not have a physical office.

**EAST UNION HOSPITAL SERVICE DISTRICT
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
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- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i) Number and percentage of public servants in the agency who have completed the training requirements;
 - ii) Number of sexual harassment complaints received by the agency;
 - iii) Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;
and
 - v) Amount of time it took to resolve each complaint.

See procedure #14A.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

BOSCH & STATHAM, LLC

Bosch & Statham, LLC

Ruston, Louisiana
September 6, 2025

East Union Hospital Service District

P. O. Box 941

Farmerville, La. 71241

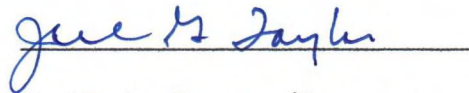
September 6, 2025

Management Corrective Action Plan

We have read the results of the audit findings for the 2024-25 year ending March 31, 2025. We will take the auditor's comments under advisement and take action as considered necessary. It may not be feasible to implement all best practices but strive to improve on all areas that are feasible.

A handwritten signature in blue ink, reading "Alice Bailey", is written over a horizontal line.

Alice Bailey, President

A handwritten signature in blue ink, reading "Joel Taylor", is written over a horizontal line.

Joel Taylor, Secretary/Treasurer

East Union Hospital Service District

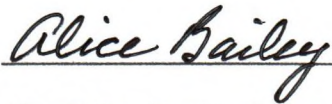
P. O. Box 941

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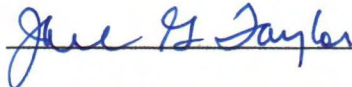
September 6, 2025

Management's Corrective Action Plan

We have read the results of the statewide agreed-upon procedures for the year ended March 31, 2025. We will take the auditor's comments under advisement and take action as considered necessary. It may not be feasible to implement all best practices but will strive to improve on all area that are feasible.

A handwritten signature in blue ink that reads "Alice Bailey". The signature is written in a cursive style and is positioned above a horizontal line.

Alice Bailey, President

A handwritten signature in blue ink that reads "Joel Taylor". The signature is written in a cursive style and is positioned above a horizontal line.

Joel Taylor, Secretary/Treasurer