

LOUISIANA RURAL HEALTH COLLECTIVE  
Cottonport, Louisiana

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Financial Statements  
December 31, 2023

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**Broussard & Company**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Louisiana Rural Health Collective  
Cottonport, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Louisiana Rural Health Collective (the Collective) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Louisiana Rural Health Collective as of December 31, 2023, and the changes in its net assets 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Collective 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 opinions.

#### ***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 Collective's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Collective's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Collective'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.



### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the supplementary schedules listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the Collective'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 Collective'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 Collective's internal control over financial reporting and compliance.

***Broussard and Company***

Lake Charles, Louisiana  
June 27, 2024

**LOUISIANA RURAL HEALTH COLLECTIVE**  
**Statement of Financial Position**  
**As of December 31, 2023**

**Assets**

<b>Current Assets:</b>	
Cash	\$ 842,695
Contract receivables	333,333
Prepaid insurance	<u>15,000</u>
Total Current Assets	<u>1,191,028</u>
<b>Noncurrent Assets:</b>	
Right-of-Use lease asset	45,405
Fixed assets	8,092
Accumulated depreciation	<u>(193)</u>
Total Noncurrent Assets	<u>53,304</u>
<b>Total Assets</b>	<u><u>\$ 1,244,332</u></u>

**Liabilities and Net Assets**

<b>Current Liabilities:</b>	
Accounts payable	\$ 11,209
Accrued liabilities	20,931
Lease liability - current portion	<u>9,254</u>
Total Current Liabilities	<u>41,394</u>
<b>Long-Term Liabilities:</b>	
Lease liability - noncurrent portion	<u>37,781</u>
<b>Total Liabilities</b>	<u>79,175</u>
<b>Net Assets</b>	
Without donor restrictions	<u>1,165,157</u>
<b>Total Net Assets</b>	<u>1,165,157</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,244,332</u></u>

The accompanying notes are an integral part of this statement

**LOUISIANA RURAL HEALTH COLLECTIVE**  
**Statement of Activities**  
**For The Year Ended December 31, 2023**

**Changes in Net Assets Without Donor Restrictions:**

**Revenue, Gains and Other Support**

Contract Revenues	\$ 3,333,333
Miscellaneous Revenues	<u>172</u>

Total Revenues, Gains and Other Support Without Donor Restrictions	<u>3,333,505</u>
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**Expenses**

Program services	2,094,090
Administrative expenses	<u>74,258</u>

Total Expenses	<u>2,168,348</u>
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Increase in Net Assets Without Donor Restrictions	1,165,157
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<b>Net Assets Without Donor Restrictions, Beginning of Period</b>	<u>-</u>
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<b>Net Assets Without Donor Restrictions, End of Period</b>	<u><u>\$ 1,165,157</u></u>
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The accompanying notes are an integral part of this statement

**LOUISIANA RURAL HEALTH COLLECTIVE**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2023**

	Program	Administrative	TOTAL
Salaries	\$ 236,825	\$ 26,314	\$ 263,139
Payroll taxes and withholdings	18,943	2,105	21,048
Medicaid unwind fees	1,427,000	-	1,427,000
Contracted services	137,358	-	137,358
Legal and professional	85,138	9,460	94,598
Supplies and materials	139,379	-	139,379
Director fees	18,000	18,000	36,000
General administrative	-	14,889	14,889
Travel	12,473	1,386	13,859
Advertising and promotions	3,011	333	3,344
Promotional meals	2,531	281	2,812
Miscellaneous	471	52	523
Interest expense	4,614	512	5,126
Amortization expense	8,173	907	9,080
Depreciation expense	174	19	193
Total Expenses	<u>\$ 2,094,090</u>	<u>\$ 74,258</u>	<u>\$ 2,168,348</u>

The accompanying notes are an integral part of this statement

**LOUISIANA RURAL HEALTH COLLECTIVE**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from supporters, contracts, programs, fees	\$ 3,000,172
Cash paid to suppliers	(1,857,748)
Cash paid to employees	<u>(284,187)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>858,237</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Fixed asset purchases	<u>(8,092)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(8,092)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Payments made on the lease liability	<u>(7,450)</u>
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>(7,450)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	842,695
<b>CASH AT BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 842,695</u></u>
<b>RECONCILIATION OF DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Increase (decrease) in net assets without donor restrictions	1,165,157
Depreciation and amortization	9,273
Adjustments to reconcile changes in excess of revenue and support over expenses to net cash provided by operating activities:	
(Increase) decrease in receivables	(333,333)
(Increase) decrease in prepaid expenses	(15,000)
Increase (decrease) in accounts payable	11,209
Increase (decrease) in accrued liabilities	<u>20,931</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 858,237</u></u>
<b>Non-Cash Transactions</b>	
On March 1, 2023, the Collective entered into a lease for its office space. The Council recorded a right-to-use asset and a lease liability based on the lease terms in accordance with GASB 87, <i>Leases</i> .	
	<u><u>\$ 54,485</u></u>

The accompanying notes are an integral part of this statement

LOUISIANA RURAL HEALTH COLLECTIVE  
Notes to Financial Statements  
December 31, 2023

***Note 1 - Nature of Organization and Summary of Significant Accounting Policies:***

**Nature of Organization**

The Louisiana Rural Health Collective (LRHC) is a newly formed statewide association in Louisiana whose mission is to preserve and expand the State's Rural Health Clinic (RHC) programs to ensure a sustainable future for all existing and future RHCs. The LRHC was organized on September 23, 2022 and began operations in March 2023.

The LRHC provides resources and services to RHCs in Louisiana that aim to enhance their operational efficiency, increase their reimbursement rates, facilitate access to specialized healthcare services, promote high standards of care, improve population health outcomes, and establish a sustainable future for rural healthcare. The LRHC collects and analyzes population health data from Electronic Medical Records technology in RHCs to identify patterns and trends and inform public health interventions and strategies to improve health outcomes in rural Louisiana.

LRHC was formed to consolidate and organize Louisiana's RHCs into a statewide association for the purpose of advocating for RHCs to government bodies, managed care organizations, businesses, and the public.

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. The LRHC is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The LRHC does not have any net assets with donor restrictions. Contract revenues restricted by the State are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contract revenues are recognized.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the LRHC consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

LOUISIANA RURAL HEALTH COLLECTIVE  
Notes to Financial Statements  
December 31, 2023

***Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued):***

**Property and Equipment**

It is the LRHC's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the LRHC reports expirations of donor restrictions when the donated or acquired assets are placed in service. The LRHC reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over useful lives.

**Funding Policies**

The LRHC receives their monies through basically two methods of funding. Most of the funds are obtained through a State contract. Under this method, funds are received on a monthly allocation of the total budget in reimbursement of the actual expenditure.

**Compensated Absences**

Employees receive six days of paid time off (PTO) each year. Any unused time off days not used at the end of the year cannot be carried over. There is no liability for PTO as of December 31, 2023.

**Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Deposits with Financial Institutions**

The LRHC's bank balances of deposits with financial institutions at December 31, 2023 were insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured balance as of December 31, 2023 was \$638,695.

**Income Taxes**

The LRHC is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is included in the financial statements.

The LRHC is required to file the applicable Form 990, *Return of Organization Exempt from Income Tax*. The applicable form is based on the LRHC's gross receipts. Returns are subject to examination by the IRS, generally for three years after they are filed.

LOUISIANA RURAL HEALTH COLLECTIVE  
Notes to Financial Statements  
December 31, 2023

***Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued):***

***Contributed Services***

No amounts have been reflected in the financial statements for donated services. The LRHC generally pays for services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the LRHC, but these services do not meet the criteria for recognition as contributed services.

***Donations***

Donations received are recorded as net assets with donor restrictions and net assets without donor restrictions depending on the existence or nature of any donor restrictions.

***Note 2 - Board Members***

During the period covered by our audit, there were payments made to or on behalf of board members in the amount of \$36,000.

***Note 3 - Claims and Contingencies***

The LRHC receives revenues from a State contract which are subject to final review and approval as to allow ability of expenditures by the State of Louisiana. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the LRHC and the State Agency.

***Note 4 - Economic Dependency***

The LRHC receives a significant portion of its revenue from funds provided through a state contract. Possible significant budget cuts are made at the State level. The contract that funded operation in calendar year 2023 was terminated by the State in 2024. Funds received from this contract will adequately fund the organization's operations for an extended period of time. The LRHC is in the process of acquiring additional funding from federal and state resources.

***Note 5 - Contract Receivables***

Contract receivables represent amounts that have been expended for contract purposes and are to be reimbursed by the State. Management considers all receivables to be collectible. Therefore, no allowance for doubtful accounts has been established. Contract receivables as of December 31, 2023 was \$333,333. These funds were received in February 2024.



LOUISIANA RURAL HEALTH COLLECTIVE  
Notes to Financial Statements  
December 31, 2023

**Note 6 - Property and Equipment**

Property and equipment consist of the following:

Furniture, fixtures and equipment	\$ 8,092
Less accumulated depreciation	<u>(193)</u>
	<u><u>\$ 7,899</u></u>

Property and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation of property and equipment is computed principally by the straight-line method over 5 – 27.5 years. Depreciation expense totaled \$193 for the year ending December 31, 2023.

In accordance with GASB 87, *Leases*, the LRHC recognized a right-of-use lease asset related to their building lease as described in Note 10. The right-of-use lease asset balance as of December 31, 2023 was \$45,405. Amortization expense for the current fiscal year amounted to \$9,080. The lease is set to expire February 29, 2028.

**Note 7 - Risk Management**

The LRHC is exposed to various risks of loss related to torts, theft or damage and destruction of assets, error and omissions, injuries to employees, and natural disasters. The LRHC did not carry commercial insurance for these risks during the year ended December 31, 2023 but have since acquired the necessary insurance policies in calendar year 2024.

**Note 8 - Fair Values of Financial Instruments**

The LRHC determined the fair value of its assets and liabilities through a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the LRHC has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions that market participants would utilize in pricing the asset.

The fair value of financial instruments, including cash, approximate the carrying value, principally because of the short maturity of those items and are considered Level 1 or Level 2.

LOUISIANA RURAL HEALTH COLLECTIVE  
Notes to Financial Statements  
December 31, 2023

**Note 9 - Liquidity and Availability of Financial Assets**

The LRHC's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. The LRHC has \$1,176,028 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$842,695 and contract receivables of \$333,333. The contract receivables are subject to implied time restrictions but are expected to be collected within one year. The LRHC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,176,028</u>
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**Note 10 - Building Lease**

The LRHC entered into a lease of a building for a period of five years, commencing on March 1, 2023 and ending on February 29, 2028. The lease amount is \$1,200 per month per month. In accordance with GASB 87, *Leases*, the value of the lease liability is \$47,035 as of December 31, 2023.

The future principal and interest payments for this lease as of December 31, 2023 are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 9,254	\$ 5,146	\$ 14,400
2025	10,427	3,973	14,400
2026	11,750	2,650	14,400
2027	13,240	1,160	14,400
2028	2,364	36	2,400
	<u>\$ 47,035</u>	<u>\$ 12,965</u>	<u>\$ 60,000</u>

**Note 11 - Revenue Recognition**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The LRHC adopted the new standard in its initial year of operations for the year ended December 31, 2023.

LOUISIANA RURAL HEALTH COLLECTIVE  
Notes to Financial Statements  
December 31, 2023

**Note 11 - Revenue Recognition (Continued)**

As part of the adoption of the ASU, the LRHC elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the LRHC used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the LRHC expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) the LRHC has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

The majority of the LRHC's revenue is recognized over time based on contract from one governmental agency. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the LRHC's revenue streams do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of this ASU did not have a significant impact on the LRHC's financial statements. Based on the LRHC's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

**Note 12 - Disaggregation of Revenue from Contracts with Customers**

The LRHC reports revenues based on the following categories: Governmental Contract and Other Miscellaneous Revenue. The LRHC has determined that these categories can be used to meet the objective of the disaggregation disclosure requirements, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following table disaggregates the LRHC's revenue based on type and on the timing of satisfaction of performance obligations for the year ended December 31, 2023:

	<b>Contract Revenues</b>	<b>Miscellaneous</b>	<b>Total</b>
Performance obligations satisfied at a point in time	\$ -	\$ -	\$ -
Performance obligations satisfied over time	3,333,333	172	3,333,505
<b>Total</b>	<b>\$ 3,333,333</b>	<b>\$ 172</b>	<b>\$ 3,333,505</b>

LOUISIANA RURAL HEALTH COLLECTIVE  
Notes to Financial Statements  
December 31, 2023

***Note 13 -***      ***Contract Balances***

Contract assets include unbilled amounts resulting from sales under contracts when the percentage-of-completion cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Contract liabilities include billings in excess of revenue recognized. Contract assets and contract liabilities were as follows for the year ended December 31, 2023:

	2023
Contract assets	\$ -
Contract liabilities	-

***Note 14 -***      ***Subsequent Events***

The LRHC evaluated its December 31, 2023 financial statements for subsequent events through June 27, 2024, the date the financial statements were available to be issued.

Louisiana Rural Health Collective  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2023

Page 15

Agency Head Name: Alec Jeansonne - President

Purpose	Amount
Salary	\$ 108,876
Benefits - insurance	\$ -
Benefits - retirement	\$ 8,329
Deferred compensation (contributions made by the agency)	\$ -
Benefits - other (pair of shoes)	\$ -
Benefits - other (fuel district vehicle)	\$ -
Car allowance	\$ -
Vehicle provided by government	\$ -
Cell phone	\$ -
Dues	\$ -
Vehicle rental	\$ -
Per diem	\$ -
Reimbursements	\$ -
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Housing	\$ -
Unvouchered expenses	\$ -
Special meals	\$ -
Other	\$ -

See accompanying notes to the financial statements.



**Broussard & Company**  
Certified Public Accountants

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 Board of Directors of  
Louisiana Rural Health Collective

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Rural Health Collective ("the Collective") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2024.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned as items 2023-001 – 2023-006 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-007 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Collective's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance 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 2023-008 - 2023-009.

## **The Collective's Response to Findings**

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

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Broussard and Company*

Lake Charles, Louisiana  
June 27, 2024

# LOUISIANA RURAL HEALTH COLLECTIVE

## Schedule of Findings and Questioned Cost Year Ended December 31, 2023

### SECTION I – SUMMARY OF AUDITORS’ RESULTS

#### Financial Statements

Type of auditor’s report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?   X   Yes        No

Significant deficiencies identified not considered  
to be material weaknesses?   X   Yes        None reported

Noncompliance material to financial statements  
noted?        Yes   X   No

### SECTION II – FINDINGS RELATED TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT AUDTING STANDARDS

#### **2023-001    Written Financial Policies and Procedures**

##### Conditions:

The Collective does not have written policies and procedures.

##### Criteria:

Formal written policies and procedures define management and staff responsibilities over financial management.

##### Cause:

This is the Collective's first year of operations and was not aware that this was a State requirement.

##### Effect:

Failure to provide employees with financial management responsibilities may creat a lack of segregation of duties which could lead to financial statement misstatements.

##### Recommendation:

Management should formalize their financial policies and procedures.

##### Management's Response:

Management is in the process of compiling written financial policies and procedures in accordance with State requirements.



**LOUISIANA RURAL HEALTH COLLECTIVE**

**Schedule of Findings and Questioned Cost  
Year Ended December 31, 2023**

**2023-002    Management Review of Bank Reconciliations**

Conditions:

Management does not document their review of the monthly bank reconciliations.

Criteria:

Documented approvals of bank reconciliations should be performed.

Cause:

This is the Collective's first year of operations and was not aware that this is a best practice.

Effect:

Failure to approve bank reconciliations could lead to unauthorized transactions.

Recommendation:

Management should document their approval after bank reconciliations are completed by the Bookkeeper in a timely manner.

Management's Response:

Management will approve and sign all future bank reconciliations.

**2023-003    Electronic Funds Transfers (EFTs)**

Conditions:

One employee can initiate and process an electronic funds transfer without management approval.

Criteria:

More than one employee should be involved in electronic funds transfers.

Cause:

This is the Collective's first year of operations and was not aware that this is a best practice.

Effect:

Failure to add management approval to EFTs could lead to unauthorized transactions.

Recommendation:

Management should add a management employee to approve all EFTs.

Management's Response:

Management now requires an additional employee to review and approve all EFTs.

## LOUISIANA RURAL HEALTH COLLECTIVE

### Schedule of Findings and Questioned Cost Year Ended December 31, 2023

#### **2023-004    Expense Approvals**

Conditions:

Vendor invoices do not have a written formal documentation approval process.

Criteria:

Vendor invoices are processed and paid without a documented approval process.

Cause:

This is the Collective's first year of operations and was not aware that this is a best practice.

Effect:

Failure to add management approval to vendor invoices could lead to unauthorized transactions.

Recommendation:

Management should add a management employee to approve all vendor invoices before payment.

Management's Response:

Management now requires an additional employee to review and approve all vendor invoices.

#### **2023-005    Payroll Files and Approved Pay Rates**

Conditions:

The Collective did not have payroll files that included applications, tax withholding documents, approved pay rates, I-9s, resumes, etc.

Criteria:

To meet Department of Labor requirements, the Collective should have separate employee files.

Cause:

This is the Collective's first year of operations and was not aware that this is a best practice.

Effect:

Failure to maintain individual employee files could lead to legal liability complications.

Recommendation:

Management should maintain individual employee files containing all required information.

Management's Response:

Management has compiled separate employee files containing all required information.

## LOUISIANA RURAL HEALTH COLLECTIVE

### Schedule of Findings and Questioned Cost Year Ended December 31, 2023

#### 2023-006 Insurance Policies

Conditions:

The Collective did not have insurance policies in place for property, general liability, directors and officers, and employee liability coverages.

Criteria:

The Collective did not have policies in place to limit legal liability or cover any losses.

Cause:

This is the Collective's first year of operations and was not aware that this is a best practice.

Effect:

Failure to obtain proper insurance coverage could lead to significant losses.

Recommendation:

Management should obtain the necessary insurance policies.

Management's Response:

Management has obtained the necessary insurance policies.

#### 2023-007 Credit Cards

Conditions:

The Collective personnel have used company credit cards for personal purchases. It was noted that all such transactions were reimbursed by the said employee.

Criteria:

The Collective did not have policies in place to limit the use of company credit cards.

Cause:

This is the Collective's first year of operations and was not aware that this is a best practice.

Effect:

Personal purchases could lead to unauthorized purchases.

Recommendation:

Management should limit company credit card usage to authorized transactions.

Management's Response:

Management will limit company credit card usage to authorized transactions.

# LOUISIANA RURAL HEALTH COLLECTIVE

## Schedule of Findings and Questioned Cost Year Ended December 31, 2023

### 2023-008 Employee Reimbursements

#### Conditions:

The Collective does not have a standardized employee reimbursement form.

#### Criteria:

The Collective did not have a standard form for employee use to request business reimbursements for supply purchases and business mileage.

#### Cause:

This is the Collective's first year of operations and was not aware that this is a best practice.

#### Effect:

Without a standardized form, unapproved reimbursements could occur.

#### Recommendation:

Management should implement a standardized employee reimbursement form which includes management approval.

#### Management's Response:

Management has implemented a standardized employee reimbursement form.

## LOUISIANA RURAL HEALTH COLLECTIVE

### Schedule of Findings and Questioned Cost Year Ended December 31, 2023

#### 2023-009 Cash Management

Conditions:

The Collective's bank account exceeds the FDIC insurance amount of \$250,000.

Criteria:

The Collective did not have policies in place to fully insure bank balances.

Cause:

This is the Collective's first year of operations and was not aware that this is a best practice.

Effect:

If the Collective's bank experiences a downturn, this could adversely affect the Collective's cash position.

Recommendation:

Management should project its future cash flow to maximize its current cash position.

Management's Response:

Management has projected its cash flow to maximize its current cash position. We acknowledge and accept the liability of holding excess cash over the FDIC insurance amount due to the banking limitations in the rural areas in which the Collective operates.



INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Louisiana Rural Health Collective and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Louisiana Rural Health Collective's (the Collective) management is responsible for those C/C areas identified in the SAUPs.

The Collective has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. 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:
  - 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 Collective fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, Collective fund forfeiture monies confirmation).

- e) ***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 rates of pay or approval and maintenance of pay rate schedules.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) ***Credit Cards (and debit cards, fuel cards, purchase 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).
- i) ***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.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) Collective responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** Exceptions noted. See Schedule of Findings and Questioned Costs for details.

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***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds,

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

- c) 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.

**Results:** No exceptions noted.

#### ***Bank Reconciliations***

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- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) 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
  - c) 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.

**Results:** Exceptions noted. See Schedule of Findings and Questioned Costs for details.

#### ***Collections (excluding electronic funds transfers)***

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- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
  - a) Employees responsible for cash collections do not share cash drawers/registers;
  - b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;



- c) Each employee responsible for collecting cash is not also 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; and
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** Exception noted in that the Collective did not have a theft insurance policy in place in 2023.

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under 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 Collective has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

- b) At least two employees are involved in processing and approving payments to vendors;
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - e) 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.
10. For each location selected under procedure #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
- f) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - g) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

**Results:** Exceptions noted. See Schedule of Findings and Questioned Costs for details.

#### ***Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

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12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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

- b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under 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). 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.

**Results:** Exceptions noted. See Schedule of Findings and Questioned Costs for details.

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

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15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements 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.
- a) If reimbursed using a per diem, observe that 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](http://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 Policies and Procedures procedure #1A(vii); and
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** Exceptions noted. See Schedule of Findings and Questioned Costs for details.

## ***Contracts***

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16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. 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
- a) 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;
  - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions noted.

## ***Payroll and Personnel***

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17. 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.
18. 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
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
19. 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.

20. 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.

**Results:** Exceptions noted. See Schedule of Findings and Questioned Costs for details.

#### ***Ethics***

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21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - a) 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
  - b) 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.
22. Inquire and/or observe whether the Collective has appointed an ethics designee as required by R.S. 42:1170.

**Results:** Not Applicable

#### ***Debt Service***

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23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** No exceptions noted.

### ***Fraud Notice***

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25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
26. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions noted.

### ***Information Technology Disaster Recovery/Business Continuity***

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27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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.

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

### ***Prevention of Sexual Harassment***

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28. 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.
29. 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).

30. 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:
- a) Number and percentage of public servants in the Collective who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the Collective;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Results:** Not Applicable

We were engaged by the Collective 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 Collective 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.

***Broussard and Company***

Lake Charles, Louisiana  
June 27, 2024