

*Financial Report*

*Lafourche Parish Hospital Service  
District No. 2*

*September 30, 2023*



*Financial Report*

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District No. 2*

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September 30, 2023 and 2022

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR’S REPORT**

To the Board of Commissioners,  
Lafourche Parish Hospital Service District No. 2,  
Raceland, Louisiana.

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

#### **Opinions**

We have audited the accompanying financial statements of the Lafourche Parish Hospital Service District No. 2 (the “District”), a component unit of the Lafourche Parish Council, as of and for the years ended September 30, 2023 and 2022 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 for the governmental activities of Lafourche Parish Hospital Service District No. 2 as of September 30, 2023 and 2022, and the respective changes in financial position and cash flows, thereof, and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audits 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. 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 Audits of the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Audits 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 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 statements.
- 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 audits.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 5 through 14, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information, on page 31, is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513 (A)(3) and is 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. This 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report March 1, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
March 1, 2024.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Lafourche Parish Hospital Service District No. 2 Raceland, Louisiana**

For the years ended September 30, 2023 and 2022

The accounting staff of the Lafourche Parish Hospital Service District No. 2 (the "District") is responsible for the overview and analysis of the financial activities of the District for the years ended September 30, 2023 and 2022. The explanations provided are designed to introduce the financial highlights and offer an overview of the financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and facts known to date. This narrative includes financial analysis of revenues, expenses, and changes in the net assets. Further detail offers readers a financial analysis of the District's funds. We encourage readers to consider the information presented here in conjunction with the financial statements presented in this report.

### **REQUIRED FINANCIAL STATEMENTS**

The basic financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements offer short-term and long-term financial information about the District's activities.

The Balance Sheets include all of the District's assets and liabilities and provide information about the nature and amounts of assets and the obligations as of the balance sheet dates. They also provide the basis for evaluating the capital structure of the District and assessing the liquidity of the District.

All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. This statement measures changes in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its rent revenue and other revenue sources.

The final required financial statement is the Statements of Cash Flows. The primary purpose of these statements is to provide information about the District's cash from operating, investing, and financing activities and to provide information as where the inflows of cash are derived from, what were the outflows of cash used for, and what the change in the cash balance was during the fiscal year.

## **CAPITAL ASSETS**

Capital assets include land, improvements to land, buildings, furniture, fixtures, and equipment used in operations and exceeds the District's capitalization threshold explained in Note 1f, Exhibit D. The District has capitalized all general capital assets.

## **OTHER INFORMATION**

### *Notes to the Financial Statements*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit D of this report.

## **FINANCIAL ANALYSIS OF THE DISTRICT**

The Balance Sheets and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District's activities. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the healthcare industry and general economic conditions should also be considered.

## **2023 FINANCIAL HIGHLIGHTS**

The following summarizes the District's financial highlights for the years ended September 30, 2023 and 2022.

The District recognized operating revenues of \$2,500,000 in both 2023 and 2022, for lease related revenue from Ochsner.

Total operating expenses were \$2,624,099 for 2023 as compared to \$2,715,421 for 2022, which included \$201,535 of depreciation in 2023 and \$209,430 of depreciation for 2022. Operating expenses also included \$2,350,000 for 2023 and \$2,450,000 for 2022 of Medicaid supplemental payments associated with the Low Income and Needy Care Collaboration Agreement.

Non-operating revenues were \$248,533 for 2023 as compared to \$139,266 for 2022, which included \$247,178 of interest income on the notes receivable for 2023 and \$138,491 of interest income on the notes receivable for 2022. The increase in interest income was due to an increase in the variable interest rate.

The District recognized a change in net position of \$124,434 in 2023 as compared to \$(41,139) in 2022.

**2022 FINANCIAL HIGHLIGHTS**

The following summarizes the District's financial highlights for the years ended September 30, 2022 and 2021.

The District recognized operating revenues of \$2,500,000 in both 2022 and 2021 for lease related revenue from Ochsner.

Total operating expenses were \$2,715,421 for 2022 as compared to \$2,608,272 for 2021, which included \$209,430 of depreciation in 2022 and \$225,091 of depreciation for 2021. Operating expenses also included \$2,450,000 for 2022 and \$2,350,000 for 2021 of Medicaid supplemental payments associated with the Low Income and Needy Care Collaboration Agreement.

Non-operating revenues were \$139,266 for 2022 as compared to \$35,939 for 2021, which included \$138,491 of interest income on the notes receivable for 2022 and \$34,682 of interest income on the notes receivable for 2021. The increase in interest income was due to an increase in the variable interest rate.

The District recognized a change in net position of \$(41,139) in 2022 as compared to \$(72,333) in 2021.

**BALANCE SHEETS**

The District's condensed Balance Sheets as of September 30, 2023, 2022, and 2021 consist of the following:

	<u>September 30,</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Change</u>
Total current assets	\$ 3,358,785	\$ 3,143,577	\$ 215,208	6.85%
Capital assets, net	727,122	928,657	(201,535)	-21.70%
Other assets	24,235,916	25,922,814	(1,686,898)	-6.51%
 Total assets	 <u>\$ 28,321,823</u>	 <u>\$ 29,995,048</u>	 <u>\$ (1,673,225)</u>	 -5.58%
 Total current liabilities	 \$ 2,104	 \$ 8,328	 \$ (6,224)	 -74.74%
Deferred inflow of resources	16,588,928	18,380,363	(1,791,435)	-9.75%
Net position	11,730,791	11,606,357	124,434	1.07%
 Total liabilities and net position	 <u>\$ 28,321,823</u>	 <u>\$ 29,995,048</u>	 <u>\$ (1,673,225)</u>	 -5.58%

As shown above, for the year ended September 30, 2023, total assets decreased by \$1,673,225, or 5.58%, to \$28,321,823 as of September 30, 2023 from \$29,995,048 as of September 30, 2022.

**BALANCE SHEETS (Continued)**

	<u>September 30,</u>		<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
	<u>2022</u>	<u>2021</u>		
Total current assets	\$ 3,143,577	\$ 3,048,864	\$ 94,713	3.11%
Capital assets	928,657	1,151,837	(223,180)	-19.38%
Other assets	<u>25,922,814</u>	<u>27,573,029</u>	<u>(1,650,215)</u>	-5.98%
Total assets	<u>\$ 29,995,048</u>	<u>\$ 31,773,730</u>	<u>\$ (1,778,682)</u>	-5.60%
Total current liabilities	\$ 8,328	\$ 24,339	\$ (16,011)	-65.78%
Deferred inflow of resources	18,380,363	20,101,895	(1,721,532)	-8.56%
Net position	<u>11,606,357</u>	<u>11,647,496</u>	<u>(41,139)</u>	-0.35%
Total liabilities and net position	<u>\$ 29,995,048</u>	<u>\$ 31,773,730</u>	<u>\$ (1,778,682)</u>	-5.60%

As shown above, for the year ended September 30, 2022 total assets decreased by \$1,778,682, or 5.60%, to \$29,995,048 as of September 30, 2022 from \$31,773,730 as of September 30, 2021.

**CURRENT ASSETS****2023**

The increase in total current assets of \$215,208 resulted from an increase in other receivables of \$150,000 as well as an increase in lease receivable of \$142,641 offset by a decrease in cash of \$77,433.

**2022**

The increase in total current assets of \$94,713 resulted from an increase in cash of \$27,539 as an increase in lease receivable of \$67,174.

**CAPITAL ASSETS**

The components of the District's capital assets as of September 30, 2023, 2022, and 2021 consist of the following:

	September 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 68,523	\$ 68,523	\$ 68,523
Land improvements	301,188	301,188	301,188
Buildings and improvements	11,364,534	11,451,349	11,451,349
Furniture and equipment	<u>153,377</u>	<u>180,498</u>	<u>253,781</u>
Subtotal	11,887,622	12,001,558	12,074,841
Less accumulated depreciation	<u>(11,160,500)</u>	<u>(11,072,901)</u>	<u>(10,923,004)</u>
Net capital assets	<u>\$ 727,122</u>	<u>\$ 928,657</u>	<u>\$ 1,151,837</u>

**2023**

Annual depreciation expense for 2023 and 2022 was \$201,535 and \$209,430, respectively.

**2022**

Annual depreciation expense for 2022 and 2021 was \$209,430 and \$225,091, respectively.

More information about the District's capital assets is presented in Note 3 to the financial statements.

**OTHER ASSETS****2023**

The decrease in other assets was principally the result of payments being made on the lease receivable, offset by an increase in the interest receivable resulting from the accrual of interest on the note receivable.

**2022**

The decrease in other assets was principally the result of payments being made on the lease receivable.

**NET POSITION**

The components of the District's net position as of September 30, 2023, 2022, and 2021 consist of the following:

	September 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net investment in capital assets	\$ 727,122	\$ 928,657	\$ 1,151,837
Unrestricted	<u>11,003,669</u>	<u>10,677,700</u>	<u>10,495,659</u>
Totals	<u>\$ 11,730,791</u>	<u>\$ 11,606,357</u>	<u>\$ 11,647,496</u>

**2023**

For the year ended September 30, 2023, total net position increased \$11,124,434, or 1.07%, as a result of total revenues exceeding total expenses. Of the District's \$11,730,791 and \$11,606,357 in net position as of September 30, 2023 and 2022, respectively, \$727,122 and \$928,657, respectively, were not spendable because these amounts are invested in capital assets.

**2022**

For the year ended September 30, 2022, total net position decreased \$41,139, or .35%, as a result of expenses exceeding revenues. Of the District's \$11,606,357 and \$11,647,496 in net position as of September 30, 2022 and 2021, respectively, \$928,657 and \$1,151,837 respectively, were not spendable because these amounts are invested in capital assets.

**STATEMENTS OF REVENUE AND EXPENSES**

A summary of the District's revenues and expenses for the years ended September 30, 2023, 2022, and 2021 consist of the following:

	<u>September 30,</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Change</u>
Operating revenues:				
Lease related revenue	\$ 2,500,000	\$ 2,500,000	\$ -	0.00%
Miscellaneous revenue	-	35,016	(35,016)	-100.00%
Total operating revenues	<u>2,500,000</u>	<u>2,535,016</u>	<u>(35,016)</u>	-1.38%
Operating expenses:				
Medicaid supplemental payments	2,350,000	2,450,000	(100,000)	-4.08%
Depreciation	201,535	209,430	(7,895)	-3.77%
Insurance	7,177	7,183	(6)	-0.08%
Legal and professional fees	22,500	20,650	1,850	8.96%
Loss on disposal of assets	-	13,750	(13,750)	-100.00%
Supplies and other	34,963	14,408	20,555	142.66%
Travel	7,924	-	7,924	100.00%
Total operating expenses	<u>2,624,099</u>	<u>2,715,421</u>	<u>(91,322)</u>	-3.36%
Loss from operations	(124,099)	(180,405)	56,306	-31.21%
Non-operating income	<u>248,533</u>	<u>139,266</u>	<u>109,267</u>	78.46%
Revenue in excess of expenses (expenses in excess of revenues)	<u>\$ 124,434</u>	<u>\$ (41,139)</u>	<u>\$ 165,573</u>	-402.47%

**STATEMENTS OF REVENUE AND EXPENSES (Continued)**

	<u>September 30,</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change</u>
Operating revenues:				
Lease related revenue	\$ 2,500,000	\$ 2,500,000	\$ -	0.00%
Miscellaneous revenue	35,016	-	35,016	100.00%
Total operating revenues	<u>2,535,016</u>	<u>2,500,000</u>	<u>35,016</u>	1.40%
Operating expenses:				
Medicaid supplemental payments	2,450,000	2,350,000	100,000	4.26%
Depreciation	209,430	225,091	(15,661)	-6.96%
Insurance	7,183	7,486	(303)	-4.05%
Legal and professional fees	20,650	20,105	545	2.71%
Loss on disposal of assets	13,750	1,676	12,074	100.00%
Supplies and other	14,408	3,914	10,494	268.11%
Total operating expenses	<u>2,715,421</u>	<u>2,608,272</u>	<u>107,149</u>	4.11%
Loss from operations	(180,405)	(108,272)	(72,133)	66.62%
Non-operating income	<u>139,266</u>	<u>35,939</u>	<u>103,327</u>	287.51%
Expenses in excess of revenues	<u>\$ (41,139)</u>	<u>\$ (72,333)</u>	<u>\$ 31,194</u>	-43.13%

**OPERATING REVENUE****2023**

During 2023, the District earned operating revenue of \$2,500,000 from the rental of building space to Ochsner St. Anne.

**2022**

During 2022, the District earned operating revenue of \$2,500,000 from the rental of building space to Ochsner St. Anne. The District also earned miscellaneous revenue of \$35,016.

## **OPERATING EXPENSES**

### **2023**

During 2023, the District incurred operating expenses of \$2,624,099 which was a decrease of \$91,322 from the prior year total of \$2,715,421. The majority of the decrease is the result of a decrease of \$100,000 in Medicaid supplemental payments associated with the Low Income and Needy Care Collaboration Agreement, plus a decrease in loss on disposal of assets which totaled \$13,750 in 2022, offset by an increase in other expenses of \$20,555.

### **2022**

During 2022, the District incurred operating expenses of \$2,715,421 which was an increase of \$107,149 from the prior year total of \$2,608,272. The majority of the increase is the result of an increase in Medicaid supplemental payments associated with the Low Income and Needy Care Collaboration Agreement of \$100,000, plus an increase in loss on disposal of assets which increased \$12,074, from \$1,676 in 2021 to \$13,750 in 2022.

## **NON-OPERATING INCOME**

### **2023**

Non-operating income consists of interest income. Interest income is earned on the note receivable and operating account. The overall increase includes an increase in interest income on the note receivable of \$108,687 due to an increase in effective interest rates of the note receivable.

### **2022**

Non-operating income consists of interest income. Interest income is earned on the note receivable and operating account. The overall increase includes an increase in interest income on the note receivable of \$103,799.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

While the 2023 annual budget of the District is not presented within these financial statements, the District's management considered many factors when setting the fiscal year budgets. Although the financial outlook for the District appears to be positive, the primary areas of importance in setting the 2023 budget are the status of the leases, healthcare environment, and other environmental factors such as:

- Anticipated payments for Medicaid supplemental payments
- Cost of supplies
- Cost of legal and professional fees
- Cost of insurance
- Interest rate fluctuations

**CONTACTING THE DISTRICT'S FINANCIAL MANAGER**

This financial report is designated to provide citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the District's administration.

**BALANCE SHEETS****Lafourche Parish Hospital Service District No. 2**  
Raceland, Louisiana

September 30, 2023 and 2022

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash	\$ 1,344,611	\$ 1,422,044
Other receivable	150,000	-
Lease receivable	<u>1,864,174</u>	<u>1,721,533</u>
Total current assets	<u>3,358,785</u>	<u>3,143,577</u>
<b>Capital Assets, net</b>	<u>727,122</u>	<u>928,657</u>
<b>Other Assets</b>		
Note receivable	8,440,517	8,440,517
Lease receivable	14,724,754	16,658,830
Interest receivable	<u>1,070,645</u>	<u>823,467</u>
Total other assets	<u>24,235,916</u>	<u>25,922,814</u>
Total assets	<u><u>\$ 28,321,823</u></u>	<u><u>\$ 29,995,048</u></u>

**LIABILITIES AND NET POSITION**

<b>Current Liabilities</b>		
Accounts payable	<u>\$ 2,104</u>	<u>\$ 8,328</u>
<b>Deferred Inflow of Resources</b>		
Deferred inflows relating to leases	<u>16,588,928</u>	<u>18,380,363</u>
<b>Net Position</b>		
Net investment in capital assets	727,122	928,657
Unrestricted	<u>11,003,669</u>	<u>10,677,700</u>
Total net position	<u>11,730,791</u>	<u>11,606,357</u>
Total liabilities and net position	<u><u>\$ 28,321,823</u></u>	<u><u>\$ 29,995,048</u></u>

See notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

**Lafourche Parish Hospital Service District No. 2**  
Raceland, Louisiana

For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>		
Lease related revenue (Note 7)	\$ 2,500,000	\$ 2,500,000
Miscellaneous revenue	-	35,016
	<u>2,500,000</u>	<u>2,535,016</u>
<b>Operating Expenses</b>		
Medicaid supplemental payments	2,350,000	2,450,000
Depreciation	201,535	209,430
Insurance	7,177	7,183
Legal and professional fees	22,500	20,650
Loss on disposal of assets	-	13,750
Supplies and other	34,963	14,408
Travel	7,924	-
	<u>2,624,099</u>	<u>2,715,421</u>
Total operating expenses	<u>2,624,099</u>	<u>2,715,421</u>
Loss from operations	<u>(124,099)</u>	<u>(180,405)</u>
<b>Non-Operating Revenues</b>		
Interest income	1,355	775
Interest income - note receivable	247,178	138,491
	<u>248,533</u>	<u>139,266</u>
Total non-operating revenues	<u>248,533</u>	<u>139,266</u>
<b>Change in Net Position</b>	124,434	(41,139)
<b>Net Position</b>		
Beginning of year	<u>11,606,357</u>	<u>11,647,496</u>
End of year	<u>\$ 11,730,791</u>	<u>\$ 11,606,357</u>

See notes to financial statements.

**STATEMENTS OF CASH FLOWS****Lafourche Parish Hospital Service District No. 2**  
Raceland, Louisiana

For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from operating activities	\$ 2,500,000	\$ 2,535,016
Payments to suppliers	(2,578,788)	(2,522,002)
Loss on disposal of assets	-	13,750
	<u>-</u>	<u>13,750</u>
Net cash provided by (used in) operating activities	<u>(78,788)</u>	<u>26,764</u>
<b>Cash Flows From Investing Activities</b>		
Investment income	<u>1,355</u>	<u>775</u>
<b>Net Increase (Decrease) in Cash</b>	(77,433)	27,539
<b>Cash</b>		
Beginning of year	<u>1,422,044</u>	<u>1,394,505</u>
End of year	<u><u>\$ 1,344,611</u></u>	<u><u>\$ 1,422,044</u></u>
<b>Supplemental Disclosure of Non-Cash Investing Activities</b>		
Accrued interest on note receivable	<u>\$ 247,178</u>	<u>\$ 138,491</u>
<b>Reconciliation of Loss From Operations to Net Cash Provided by (Used in) Operating Activities</b>		
Loss from operations	\$ (124,099)	\$ (180,405)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:		
Depreciation	201,535	209,430
Loss on disposal of assets	-	13,750
Increase in other receivables	(150,000)	-
Decrease in accounts payable	<u>(6,224)</u>	<u>(16,011)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (78,788)</u></u>	<u><u>\$ 26,764</u></u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Lafourche Parish Hospital Service District No. 2**  
Raceland, Louisiana

September 30, 2023 and 2022

**Note 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Reporting Entity**

Lafourche Parish Hospital Service District No. 2 (the “District”), is an acute care facility created pursuant to Louisiana Revised Statutes. Effective May 1, 2006, the District and Ochsner Bayou L.L.C. (“Ochsner”) entered into a Special Services Agreement as more fully described in Note 5.

The administration of the District is governed by a Board of Commissioners consisting of five members appointed by the Lafourche Parish Council in accordance with the terms of office set forth in Louisiana Revised Statute 46:1053 and in Section 24:300 (C) of Sub-Chapter “G” of the Code of Ordinance of the Lafourche Parish Council.

As the governing authority of Lafourche Parish (the “Parish”), for reporting purposes, the Lafourche Parish Council (the “Council”) is the financial reporting entity for the Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *“The Financial Reporting Entity”* and Statement No. 39, *Determining Whether Certain Organizations Are a Component Unit - an Amendment of GASB Statement No. 14 and GASB Statement No. 61, The Financial Reporting Entity: omnibus an amendment of GASB Statements No. 14 and No. 34”*, established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

**Note 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a. Reporting Entity (Continued)**

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell, and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the governmental entity and the potential component unit.
4. Imposition of will by the governmental entity on the potential component unit.
5. Financial benefit/burden relationship between the governmental entity and the potential component unit.

Because the Lafourche Parish Council appoints all of the members of the District's governing board and has the ability to impose its will on the District, the District was determined to be a component unit of the Lafourche Parish Council. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Lafourche Parish Council, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Based on the criteria described above, the District has no component units.

**b. Accounting Standards**

The financial statements of the District have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**c. 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 expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Note 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d. Proprietary Fund Accounting**

The District utilizes the proprietary fund method of accounting whereby the activity is accounted for on a flow of economic resources measurement focus. Revenue and expenses are recognized on the accrual basis wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Substantially all revenues and expenses are subject to accrual.

**e. Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by Board designation, other arrangements under trust agreements, or with third-party payors. There were no cash equivalents as of September 30, 2023 and 2022.

**f. Capital Assets, Net**

The District records all capital asset acquisitions at cost, except for assets donated to the District. Donated assets are recorded at fair value at the date of donation. The District provides for depreciation using the straight-line method over the estimated useful lives of the assets. The District’s policy is to capitalize acquisitions over \$500.

Maintenance, repairs and minor replacements, and improvements are expensed as incurred. Major replacements and improvements are capitalized at cost.

In accordance with GASB Statement No. 42, “*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Reserves*”, management evaluates assets for potential impairment when a significant, unexpected decline in the service utility of a capital asset occurs.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Lives
Buildings and building improvements	5 - 40 years
Land improvements	15 - 20 years
Furniture and equipment	5 - 7 years

**Note 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Net Position**

Net position represents the difference between assets and liabilities. Net position classifications are defined as follows:

*Net Investment in Capital Assets* - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

*Restricted Net Position* - Net position is reported as restricted when there are limitations imposed on their use either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There were no restrictions as of September 30, 2023 and 2022.

*Unrestricted Net Position* - This component of net position reports the net position that does not meet the definition of “restricted” or “net investment in capital assets”, as described above. Unrestricted resources are for the use of the District’s operations.

The District first applies restricted resources when expenditure is incurred for purposes for which both restricted and unrestricted resources are available.

**h. Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 1, 2024, which is the date the financial statements were available to be issued.

**i. New Pronouncements**

During the year ended September 30, 2023, the District implemented the following GASB Statements:

Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*” improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time

**Note 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. New Pronouncements (Continued)**

in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement did not affect the financial statements for the year ended September 30, 2023.

Statement No. 96, “*Subscription-based Information Technology Arrangements*” provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This Statement did not affect the financial statements for the year ended September 30, 2023.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 99, “*Omnibus 2022*” provides objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial report for financial guarantees. The requirements of this Statement apply to all financial statements at dates varying from upon issuance to fiscal periods beginning after June 15, 2023. Management has yet to determine the effect of this Statement on the financial statements.

**Note 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. New Pronouncements (Continued)**

Statement No. 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*” provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 101, “*Compensated Absences*” provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

**Note 2 - CASH AND INVESTMENTS**

The District reports cash and investments utilizing GASB Statement No. 40, “*Deposit and Investment Risk Disclosures*”, which requires certain disclosures of investment risks related to credit risk, concentration of credit risk and interest rate risk associated with interest-bearing investments. Such disclosures required by GASB Statement No. 40 and applicable to the District are reflected below.

*Bank Deposits:*

Louisiana State Law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes Federal Deposits Insurance Corporation (FDIC) insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank or a trust company for the account of the political subdivision.

**Note 2 - CASH AND INVESTMENTS (Continued)**

*Bank Deposits: (Continued)*

The balances of deposits as of September 30, 2023 and 2022 are as follows:

	2023		2022	
	Bank Balances	Reported Amount	Bank Balances	Reported Amount
Cash	\$ 1,351,546	\$ 1,344,611	\$ 1,442,306	\$ 1,422,044

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 does not have written deposit policy for custodial credit risk beyond the requirements of the state statute. As of September 30, 2023 and 2022, \$851,546 and \$922,306 of the District’s bank balance of \$1,351,546 and \$1,442,306, respectively, was exposed to custodial credit risk. As of September 30, 2023 and 2022, these deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department in the District’s name.

As of September 30, 2023 and 2022, cash in excess of FDIC insurance was collateralized by securities held by unaffiliated banks for the account of the depositors. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - CAPITAL ASSETS**

Capital asset activity as of and for the years ended September 30, 2023 and 2022 is as follows:

	September 30, 2022	Additions	Transfers and Disposals	September 30, 2023
Capital assets, not being depreciated:				
Land	\$ 68,523	\$ -	\$ -	\$ 68,523
Capital assets, being depreciated:				
Land improvements	301,188	-	-	301,188
Buildings and building improvements	11,451,349	-	(86,815)	11,364,534
Furniture and equipment	180,498	-	(27,121)	153,377
Total capital assets, being depreciated	11,933,035	-	(113,936)	11,819,099
Less accumulated depreciation for:				
Land improvements	301,183	-	-	301,183
Buildings and building improvements	10,605,182	198,549	(86,815)	10,716,916
Furniture and equipment	166,536	2,986	(27,121)	142,401
Total accumulated depreciation	11,072,901	201,535	(113,936)	11,160,500
Total capital assets, being depreciated, net	860,134	(201,535)	-	658,599
Capital assets, net	\$ 928,657	\$(201,535)	\$ -	\$ 727,122

**Note 3 - CAPITAL ASSETS (Continued)**

	September 30, 2021	Additions	Transfers and Disposals	September 30, 2022
Capital assets, not being depreciated:				
Land	\$ 68,523	\$ -	\$ -	\$ 68,523
Capital assets, being depreciated:				
Land improvements	301,188	-	-	301,188
Buildings and building improvements	11,451,349	-	-	11,451,349
Furniture and equipment	253,781	-	(73,283)	180,498
Total capital assets, being depreciated	12,006,318	-	(73,283)	11,933,035
Less accumulated depreciation for:				
Land improvements	301,183	-	-	301,183
Buildings and building improvements	10,398,920	206,262	-	10,605,182
Furniture and equipment	222,901	3,168	(59,533)	166,536
Total accumulated depreciation	10,923,004	209,430	(59,533)	11,072,901
Total capital assets, being depreciated, net	1,083,314	(209,430)	(13,750)	860,134
Capital assets, net	\$ 1,151,837	\$(209,430)	\$(13,750)	\$ 928,657

**Note 4 - INCOME TAXES**

The District is a governmental unit, registered as a not-for-profit corporation and is exempt from Federal income taxes on related income.

**Note 5 - SPECIAL SERVICES AGREEMENT**

Effective May 1, 2006, the District entered into a Special Services Agreement (SSA) with Ochsner. On March 9, 2021, the SSA was amended to extend the term of the SSA to the same term as the lease agreement. The SSA provides that the District retains certain powers incident to its purposes as a hospital service district; that Ochsner shall at all times operate the facilities in conformity with the standards performance of the Joint Commission for the Accreditation of Healthcare Organizations; that Ochsner shall provide various management services; that Ochsner cannot discontinue services without the approval of the District; that Ochsner and the District must agree on the hospital's strategic plan; and, that Ochsner shall be entitled to bill and collect for all services performed at the hospital facilities.

**Note 5 - SPECIAL SERVICES AGREEMENT (Continued)**

In accordance with the SSA, the District and Ochsner entered into a lease agreement to facilitate the continuation of the provision of high quality health care services to residents of its district. The District leases (i) tracts of land; (ii) all buildings, structures, fixtures, and improvements; (iii) servitudes; and (iv) all equipment, machinery, fixtures, and other items of property to Ochsner.

Under the third amendment to the lease agreement dated June 1, 2015, the initial lease term is for 20 years and can be renewed six additional five year terms. The lease was subsequently amended on March 9, 2021 to extend the lease to April 30, 2031. Under the agreement, Ochsner shall pay to the District a base rent in the amount of \$2,500,000 per year for the use of premises, which shall be due and payable in quarterly installments in the amount of \$625,000 due on June 1<sup>st</sup>, September 1<sup>st</sup>, December 1<sup>st</sup>, and March 1<sup>st</sup> of each year. In addition to the base rent, Ochsner shall pay for the following: (i) all expenditures related to the routine repair and maintenance of the facilities; (ii) all expenditures related to tenant improvements; and (iii) expenditures for necessary permanent capital improvements to the facilities up to \$1,000,000 during the remainder of the initial lease term.

If by the end of the initial term or any successive term, Ochsner has not expended amounts at least equal to the initial rent or any successive term rent, respectively, Ochsner shall pay to the District at such time cash in the amount of the shortfall. If by the end of the initial term or any successive term, Ochsner has expended amounts on excess permanent capital improvements such excess shall be carried forward as a potential credit against any rent owed by Ochsner to the District during such successive term.

Upon termination of the lease agreement, if Ochsner has expended amounts of excess permanent capital improvements approved by the respective governing boards of both Ochsner and the District which have not been applied as a credit against rent owed by Ochsner as of the date of termination, Ochsner shall be entitled to reimbursement from the District for the net present value of such expenditures, to the extent such expenditures are permitted to be capitalized and have not been fully depreciated in accordance with accounting principles generally accepted in the United States of America.

During the term of the lease agreement, the District shall utilize its best efforts to cooperate with Ochsner to address any issues related to the operation of facilities and conduct quarterly reviews to evaluate whether additional funding is needed to support Ochsner's continued ability to operate the facilities and provide healthcare services to the residents in the community in accordance with the standards set forth in the lease agreement. In the event the District elects to use its Available Tax and Operating Revenue for a purpose other than support for the hospital and/or the delivery of healthcare services for the low-income and needy population, either party shall have the right to terminate the lease agreement. "Available Tax and Operating Revenue" shall be defined as the sum of the District's annual proceeds from any tax millage it levies and the District's operating revenue, less \$150,000

**Note 5 - SPECIAL SERVICES AGREEMENT (Continued)**

per year to be retained by the District to cover the costs of its reasonable operating expenses and maintain any required budgetary reserves. The District elected to retain \$50,000 as of September 30, 2023 due to discussions with the Assessor and increased millage.

As additional consideration for the amendments to the lease agreement, the District agrees to assign to Ochsner any and all of the rights under any facilities lease agreement between the District and LHC Group, Inc.

**Note 6 - WORKING CAPITAL NOTE**

As part of the initial SSA dated May 1, 2006, the District received a working capital note from Ochsner. The principal balance on the note as of September 30, 2010 was \$7,054,945. On December 31, 2010, the note was amended, and the note balance was increased to \$8,028,777 which included the original principal balance plus all accrued unpaid interest of \$973,832. On June 1, 2015, the note was again amended, and the note balance was increased to \$8,440,517 which included the original principal balance plus all accrued unpaid interest of \$411,740. The aggregate principal amount of the working capital note outstanding bears interest at a rate per annum equal to the 5 Year Yield Tax Exempt Insured Revenue Bond Rate published by Bloomberg on the first day of the calendar month. The principal amount of this working capital note, together with all interest then accrued hereon, is due and payable in full on April 30, 2031. As of September 30, 2023 and 2022, accrued interest totaled \$1,070,645 and \$823,467, respectively.

**Note 7 - LESSOR LEASES**

As discussed in Note 5, the District entered into a lease agreement with Ochsner on June 1, 2015. Ochsner shall pay annual rent of \$2,500,000 in quarterly installments of \$625,000 through May 2031. It is anticipated that the District will use the rental income to make the \$2,350,000 of annual Medicaid supplemental payments associated with the Low Income and Needy Care Collaboration Agreement with area healthcare partners. Income arising from leases as a lessor is included as a receivable and deferred inflow of resources at the commencement of the lease and revenue is recognized on a straight line basis over the lease term.

**Note 7 - LESSOR LEASES (Continued)**

The following is a schedule of the District's lease related revenues for the years ended September 30, 2023 and 2022:

	2023	2022
Lease revenue	\$ 1,864,174	\$ 1,721,533
Interest revenue	635,826	778,467
Total lease related revenues	\$ 2,500,000	\$ 2,500,000

Variable revenues are based on future performance or usage and are not included in the measurement of the lease receivable or deferred inflows. The following is a schedule of the District's other lease related revenues for the years ended September 30, 2023 and 2022:

	2023	2022
Variable revenues	NONE	NONE
Residual value guarantees	NONE	NONE
Termination penalties	NONE	NONE
Total variable and other revenues	\$ -	\$ -

Future minimum lease payments are as follows:

Years Ending September 30,	Amounts
2024	\$ 2,500,000
2025	2,500,000
2026	2,500,000
2027	2,500,000
2028	2,500,000
Thereafter	5,625,000
Total	\$ 18,125,000

**Note 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss from torts; theft of damage to and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Lafourche Parish Hospital Service District No. 2  
Raceland, Louisiana**

For the year ended September 30, 2023

**Agency Head Name:** Mr. Leonard St. Pierre, Board Chairman \*

**Purpose**

Salary	\$	-
Benefits - insurance		-
Benefits - retirement		-
Benefits - other		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-
		<hr/>
	\$	<hr/> <hr/>

\* During the year ended September 30, 2023, the District did not have compensation, benefits, or other payments to its agency head.

**SPECIAL REPORTS OF 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 Commissioners,  
Lafourche Parish Hospital Service District No. 2,  
Raceland, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Lafourche Parish Hospital Service District No. 2 (the “District”) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 1, 2024.

**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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
March 1, 2024.

**SCHEDULE OF FINDINGS AND RESPONSES**

**Lafourche Parish Hospital Service District No. 2**  
Raceland, Louisiana

For the year ended September 30, 2023

**Section I - Summary of Auditor's Results**

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                     Yes  No
- Significant deficiency (ies) identified?             Yes  None reported

Noncompliance material to financial statements noted?     Yes  No

b) Federal Awards

Lafourche Parish Hospital Service District No. 2 did not expend federal awards in excess of \$750,000 during the year ended September 30, 2023 and, therefore, is exempt from the audit requirements under Title 2 U.S. Code of Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements**

**Internal Control Over Financial Reporting**

There were no findings reported during the audit for the year ended September 30, 2023 related to internal control over financial reporting.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements (Continued)**

**Compliance and Other Matters**

There were no findings reported during the audit for the year ended September 30, 2023 related to compliance and other matters.

**Section III - Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

# **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

## **Lafourche Parish Hospital Service District No. 2 Raceland, Louisiana**

For the year ended September 30, 2023

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

There were no findings reported during the audit for the year ended September 30, 2022 related to internal control over financial reporting.

#### **Compliance and Other Matters**

There were no findings reported during the audit for the year ended September 30, 2022 related to compliance and other matters.

### **Section II - Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Hospital Service District No. 2 did not expend federal awards in excess of \$750,000 during the year ended September 30, 2022, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended September 30, 2022.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Lafourche Parish Hospital Service District No. 2 Raceland, Louisiana**

For the year ended September 30, 2023

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

There were no findings reported during the audit for the year ended September 30, 2023 related to internal control over financial reporting.

#### **Compliance and Other Matters**

There were no findings reported during the audit for the year ended September 30, 2023 related to compliance and other matters.

### **Section II - Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Hospital Service District No. 2 did not expend federal awards in excess of \$750,000 during the year ended September 30, 2023, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended September 30, 2023.

**STATEWIDE AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANT’S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors,  
Lafourche Parish Hospital Service District No. 2,  
Raceland, Louisiana.

We have performed the procedures described in Schedule 2 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period October 1, 2022 through September 30, 2023. Lafourche Parish Hospital Service District No. 2 (the “District”) management is responsible for those C/C areas identified in the SAUPs.

The District 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 the LLA’s SAUPs for the fiscal period October 1, 2022 through September 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 2.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these 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.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, Louisiana,  
March 1, 2024.

**SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS**  
**OF THE STATEWIDE AGREED-UPON PROCEDURES**

**Lafourche Parish Hospital Service District No. 2**  
Raceland, , Louisiana

For the year ended September 30, 2023

The required procedures and our findings are as follows:

**1) Procedures Performed on the District's Written Policies and Procedures:**

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

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

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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.

Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iii. Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or District 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).

Performance: Obtained and read the written policy for receipts/collections and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

**1) Procedures Performed on the District's Written Policies and Procedures: (Continued)**

- 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 rates of pay or approval and maintenance of pay rate schedules.

Not applicable, as 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.

Not applicable, as the District has no active contracts.

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

Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- viii. 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).

Not applicable, as the District has no active credit cards.

- 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 District's ethics policy.

Performance: Obtained and read the written policy for ethics and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Not applicable, as the District has no debt.

- 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.

Performance: Inquired of management regarding the District's information technology disaster recovery/business continuity policy.

Exceptions: There were no exceptions noted.

**1) Procedures Performed on the District's Written Policies and Procedures: (Continued)**

- xii. Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.  
Not applicable, as the District has no employees.

**2) Procedures Performed on the District's 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:

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

Performance: Obtained and read the written minutes of the Board meetings. The frequency of and quorum representation of those meetings was in accordance with board policy.

Exceptions: There were no exceptions noted.

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

Performance: Inspected meeting minutes to determine if the minutes included references to budget-to-actual comparisons relating to public funds.

Exceptions: There were no exceptions noted.

- 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 unrestricted fund balance in the general fund.

Not applicable, as the District has a proprietary fund, which was negative at year end.

- 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.

Not applicable. There were no findings requiring management's corrective action plan.

**3) Procedures Performed on the District's Bank Reconciliations:**

- A. Obtain a listing of the District's bank accounts from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District'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:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

- 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);

Performance: Obtained monthly bank reconciliation for the selected months for the main operating bank account 2 one additional accounts. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

- 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 (e.g., initialed and dated or electronically logged); and

Performance: Examined the District's documentation for the 3 bank accounts selected and verified that a member of the Board who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Exceptions: There were no exceptions noted.

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

Performance: We noted no checks outstanding greater than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the District's Collections (excluding electronic funds transfers):**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the District's Collections (excluding electronic funds transfers):  
(Continued)**

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 (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:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements. All collection procedures are performed by a contracted accountant.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

iii. 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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

iv. 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.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

C. 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.

Not applicable, as the District does not accept or handle cash nor does it have employees.

**4) Procedures Performed on the District's Collections (excluding electronic funds transfers):  
(Continued)**

D. Randomly select 2 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

i. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits. Due to the nature of the deposits, which were single checks, pre-numbered cash receipts were not required.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

iv. 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).

Performance: Observed that the deposits tested were made within one business day of receipt.

Exceptions: There were no exceptions noted.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

**5) Procedures Performed on the District's Non-Payroll Disbursements (excluding card purchases/payments, 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).

Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

- 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 District has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.

Exceptions: There were no exceptions noted.

- i. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase:

Performance: Obtained a listing of individuals involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase. Observed at least 2 individuals are involved. Note: The District does not have employees. Purchasing/Payments controls handled by contracted accountant and board members.

Exceptions: There were no exceptions noted.

- ii. At least 2 employees/officials are involved in processing and approving payments to vendors.

Performance: Obtained a listing of officials involved in processing and approving payments to vendors. Observed at least two individuals are involved.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees/officials involved in processing payments to vendors. Inquired with management if any employees/officials involved are adding/modifying vendor files. Management confirmed and we observed that the contract accountant is responsible for reviewing changes to vendor files.

Exceptions: There were no exceptions noted.

**5) Procedures Performed on the District's Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)**

- 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.  
Performance: Obtained a listing of employees/officials involved with signing and mailing checks and verified they are not involved in the processing of payments.  
Exceptions: There were no exceptions noted.
  - 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.  
Performance: Obtained a listing of employees/officials authorized to sign checks and noted that they are the only ones authorized to approve electronic disbursements.  
Exceptions: There were no exceptions noted.
- C. For each location selected under procedure #5A, obtain the District'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:
- Performance: Obtained the District's non-payroll disbursement transaction population and management's representation in a separate letter that the population is complete. Randomly selected 5 disbursements from the sole location that processes payments for testing.  
Exceptions: There were no exceptions noted.
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the District.  
Performance: Observed that the 5 disbursements matched the related original invoice/billing statements and observed supporting documentation indicating deliverables were received.  
Exceptions: There were no exceptions noted.
  - ii. Observe whether that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.  
Performance: Observed the 5 disbursements included evidence of segregation of duties.  
Exceptions: There were no exceptions noted.

**5) Procedures Performed on the District's Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)**

D. Using the District'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 District's policy, and (b) approved by the required number of authorized signers per the District's policy.

Performance: Observed that there was only one non-payroll-related electronic disbursement for the month and observed that it was approved by those persons authorized to disburse funds and was also approved by the required number of authorized signers per the entity's policy

Exceptions: There were no exceptions noted.

**6) Procedures Performed on the District's 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 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.

Not applicable, as the District does not have any active credit cards.

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

Not applicable, as the District does not have any active credit cards.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable, as the District does not have any active credit cards.

C. Using the monthly statements or combined statements selected under procedure #6B, 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, report whether the transaction is supported by:

**6) Procedures Performed on the District's Credit Cards Debit Cards Fuel Cards, Purchase Cards (Cards): (Continued)**

- i. An original itemized receipt that identifies precisely what was purchased.  
Not applicable, as the District does not have any active credit cards.
- ii. Written documentation of the business/public purpose.  
Not applicable, as the District does not have any active credit cards.
- iii. Documentation of the individuals participating in meals (for meal charges only).  
Not applicable, as the District does not have any active credit cards.

**7) Procedures Performed on the District's 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:
  - Performance: Obtained a listing of all travel and travel-related expense reimbursements and management's representation in a separate letter that the listing is complete. Selected 5 reimbursements and obtained the related documentation.
  - Exceptions: There were no exceptions noted.
- i. 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));
  - Performance: Observed that the approved reimbursement rate was no more than those rates established.
  - Exceptions: There were no exceptions noted.
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - Performance: Observed that reimbursements for actual costs were supported by required documentation.
  - Exceptions: There were no exceptions noted.

**7) Procedures Performed on the District's Travel and Travel-Related Expense Reimbursements (excluding card transactions):**

- 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).

Performance: Inspected travel and travel-related expense reimbursements and observed that the reimbursements were supported by required documentation.

Exceptions: There were no exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Observed that the reimbursements were reviewed and approved.

Exceptions: There were no exceptions noted.

**8) Procedures Performed on the District's 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:

Not applicable, as the District does not have any contracts.

- 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.

Not applicable, as the District does not have any contracts.

- 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).

Not applicable, as the District does not have any contracts.

- 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).

Not applicable, as the District does not have any contracts.

- 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.

Not applicable, as the District does not have any contracts.

**9) Procedures Performed on the District's 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.

Not applicable, as the District does not have any employees or officials employed.

- 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 that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Not applicable, as the District does not have any employees or officials employed.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Not applicable, as the District does not have any employees or officials employed.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

Not applicable, as the District does not have any employees or officials employed.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Not applicable, as the District does not have any employees or officials employed.

- 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the District's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the District's policy.

Not applicable, as the District does not have any employees or officials employed.

- 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.

Not applicable, as the District does not have any employees or officials employed.

**10) Procedures Performed on the District's 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.  
Performance: Obtained certificates of ethics training for board members and verified the board members completed one hour of ethics training during the fiscal period.  
Exceptions: There were no exceptions noted.
  - ii. Observe whether the District maintains documentation which demonstrates that each employee and official were notified of any changes to the District's ethics policy during the fiscal period, as applicable.  
Performance: There were no changes to the ethics policy during the year.  
Exceptions: There were no exceptions noted.
- B. Inquire and/or observe whether the District has appointed an ethics designee as required by R.S. 42:1170.  
Performance: We inquired and received representation as to whether the District has appointed an ethics designee.  
Exceptions: There were no exceptions noted.

**11) Procedures Performed on the District's 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.  
Not applicable, as the District does not have debt.
- 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).  
Not applicable, as the District does not have debt.

**12) Procedures Performed on the District's 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 District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period and management's representation in a separate letter. None were noted.

Exceptions: There were no exceptions noted.

- B. Observe that the District 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.

Performance: We determined this policy does not apply because the District does not have a physical premises or website.

Exceptions: There were no exceptions noted.

**13) Procedures Performed on the District's Information Technology Disaster Recovery/ Business Continuity:**

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the District's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personal responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the District's local server or network, and (c) was encrypted.

Performance: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the District's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Performance: We performed the procedure and discussed the results with management.

**13) Procedures Performed on the District's Information Technology Disaster Recovery/  
Business Continuity: (Continued)**

- iii. Obtain a listing of the District'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.

Performance: We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Not applicable, as the District does not have employees.

**14) Procedures Performed on the District's Prevention of Sexual Harassment:**

- A. Using the 5 randomly selected employees/officials from "Procedures Performed on the District's Payroll and Personnel procedure" #9A, obtain sexual harassment training documentation from management, and observe 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.

Not applicable, as the District does not have employees.

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

Not applicable, as the District does not have employees.

- C. Obtain the District'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:

Not applicable, as the District does not have employees.

- i. Number and percentage of public servants in the agency who have completed the training requirements.

Not applicable, as the District does not have employees.

- ii. Number of sexual harassment complaints received by the agency.

Not applicable, as the District does not have employees.

**14) Procedures Performed on the District's Prevention of Sexual Harassment: (Continued)**

iii. Number of complaints which resulted in a finding that sexual harassment occurred.  
Not applicable, as the District does not have employees.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.  
Not applicable, as the District does not have employees.

v. Amount of time it took to resolve each complaint.  
Not applicable, as the District does not have employees.

**Management's Overall Response to Exceptions:**

There were no exceptions noted.