

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana

Annual Financial Statements
As of December 31, 2017 and for the Year Then Ended

Bienville Parish Hospital
Service District No. 2
Annual Financial Statements
As of and for the Year Ended December 31, 2017
With Supplemental Information Schedules

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Bienville Parish Hospital
Service District No. 2
Management Discussion and Analysis
December 31, 2017

The management of the Bienville Parish Hospital Service District No. 2 offers readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended December 31, 2017. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the district's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of district finances. It is also intended to provide readers with an analysis of the district's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the district. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the district's financial activity, identify changes in the district's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The district has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's assets exceeded its liabilities by \$6,746,489 (net position); this represents a decrease of \$572,780 from the last fiscal year. Of this total net asset amount, \$5,679,416 is unrestricted net position.

The following is a condensed statement of the Bienville Parish Hospital Service District No. 2's net position as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Assets		
Current & Other Assets	\$5,833,455	\$6,346,338
Capital Assets (net)	<u>1,186,073</u>	<u>1,319,993</u>
Total Assets	<u>\$7,019,528</u>	<u>\$7,666,331</u>
Liabilities		
Other Liabilities	\$212,039	\$228,062
Long-term Liabilities	<u>61,000</u>	<u>119,000</u>
Total Liabilities	<u>273,039</u>	<u>347,062</u>
Net Position		
Net investment in capital assets	1,067,073	1,145,993
Unrestricted	<u>5,679,416</u>	<u>6,173,276</u>
Total Net Position	<u>\$6,746,489</u>	<u>\$7,319,269</u>

Approximately 16% of the District's net position of \$6,746,489 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, District infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

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The remaining balance of \$5,679,416 is unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

The District has total outstanding debt of \$273,039, which was used to finance some of the \$1,186,073 capital assets. Total liabilities of \$273,039 are equal to 4% of the total net position.

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

	<u>2017</u>	<u>2016</u>
Revenue		
Program Revenue	\$2,440,792	\$1,913,007
General Revenue & Transfers	1,480,613	1,478,225
Total Revenue	<u>3,921,405</u>	<u>3,391,232</u>
Expenses		
Program Expenses	4,494,185	2,764,385
Total Expenses	<u>4,494,185</u>	<u>2,764,385</u>
Increase (Decrease) in Net Position	(572,780)	626,847
Net Position, beginning	7,319,269	6,692,422
Prior period adjustment	0	0
Net Position, ending	<u>\$6,746,489</u>	<u>\$7,319,269</u>

Governmental Activities

The governmental activities of the District include personnel services, operating services, materials and supplies, interest on long-term debt, and depreciation. The district is heavily dependent on charges for services to support its operations. Charges for services provided 62% of the district's revenues. The district's operations are primarily staff oriented. As a result, employee salaries and benefits make up approximately 28% of total expenses.

Fund Financial Statements - Governmental Funds

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

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

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

Financial Analysis of the District's Governmental Funds

The General Fund reported an ending fund balance of \$5,164,388 which is a decrease of \$144,929. A portion of the fund balance is restricted for debt service, \$119,000. The remaining fund balance is unreserved.

The Family Clinic Fund reported an ending fund balance of \$513,726, which is a decrease of \$347,982 from prior year. This decrease is caused by an increase in bad debt writeoffs.

The Wellness Center Fund reported an ending fund balance of \$1,302, which is a decrease of \$949 from prior year. This increase is caused by an increase in personnel expenditures.

General Fund Budgetary Highlights

The District amended its original General Fund, Family Clinic Fund, and Wellness Center budgets once during the course of the year.

Capital Asset and Debt Administration

The total net invested in capital assets as of December 31, 2017 is \$1,186,073.

The new major capital assets purchased in fiscal 2017 for governmental activities were various pieces of equipment for the Family Clinic.

Current Financial Factors

The District does not anticipate any other changes in its day-to-day operations that will have a material effect on its 2018 budget.

Requests for Information

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

WADE & PERRY

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bienville Parish Hospital District No. 2 ("District"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 4 and 25 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wade S. Perry
Ruston, Louisiana
June 8, 2018

Bienville Parish Hospital Service District No. 2
Statement of Net Position
December 31, 2017

ASSETS		
Cash and cash investments		\$3,801,872
Receivables		1,981,756
Internal balances		0
Other assets		49,827
Capital assets (net)		<u>1,186,073</u>
TOTAL ASSETS		<u>\$7,019,528</u>
Deferred outflows of resources		0
LIABILITIES		
Accounts, salaries, and other payables		\$154,039
Bonds payable - current		58,000
Bonds payable - long term		<u>61,000</u>
TOTAL LIABILITIES		<u>273,039</u>
Deferred inflows of resources		0
NET POSITION		
Net invested in capital assets		1,067,073
Unrestricted		<u>5,679,416</u>
TOTAL NET POSITION		<u>\$6,746,489</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Statement of Activities
For the Year Ended December 31, 2017

EXPENSES	
Personnel services	\$1,249,244
Operating services	2,991,338
Materials and supplies	103,097
Interest on long-term debt	4,253
Depreciation	<u>146,253</u>
Total program expenses	4,494,185
PROGRAM REVENUES	
Charges for services	<u>2,440,792</u>
Net program expense	<u>(2,053,393)</u>
GENERAL REVENUES	
Property taxes	1,189,740
Use of money and property	290,873
Sale of asset	0
Operating transfers (net)	<u>0</u>
Total general revenues	<u>1,480,613</u>
Net Change in Net Position	(572,780)
Net Position – beginning	7,319,269
Prior period adjustment	<u>0</u>
Net Position – ending	<u>\$6,746,489</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Balance Sheet, Governmental Funds
 December 31, 2017

	Major Funds		Non-major	Total
	General Fund	Family Clinic Fund	Wellness Center Fund	
ASSETS				
Cash and cash investments	\$3,767,447	\$24,935	\$9,490	\$3,801,872
Receivables	1,208,664	773,092		1,981,756
Due from other funds	189,187			189,187
Other assets	17,750	32,077		49,827
TOTAL ASSETS	<u>\$5,183,048</u>	<u>\$830,104</u>	<u>\$9,490</u>	<u>\$6,022,642</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	\$18,660	\$127,191	\$8,188	\$154,039
Due to other funds		189,187		189,187
Total liabilities	<u>18,660</u>	<u>316,378</u>	<u>8,188</u>	<u>343,226</u>
Fund balances:				
Restricted for debt service	119,000			119,000
Unassigned	5,045,388	513,726	1,302	5,560,416
TOTAL LIABILITIES AND FUND BALANCES	<u>\$5,183,048</u>	<u>\$830,104</u>	<u>\$9,490</u>	<u>\$6,022,642</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Reconciliation of The Governmental Funds Balance Sheet
 to The Government-Wide Financial Statement of Net Position
 December 31, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Fund balances, Total governmental funds (Statement C)		\$5,679,416
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Bonds payable		(119,000)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	4,741,749	
Less accumulated depreciation	<u>(3,555,676)</u>	<u>1,186,073</u>
Total Net Position of Governmental Activities (Statement A)		<u>\$6,746,489</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2017

	Major Funds		Non-major	Total
	General Fund	Family Clinic Fund	Wellness Center Fund	
REVENUES				
Fees and charges for services		\$2,354,979	\$85,813	\$2,440,792
Property taxes	\$1,189,740			1,189,740
Use of money and property	290,873			290,873
Total Revenues	1,480,613	2,354,979	85,813	3,921,405
EXPENDITURES				
General government:				
Personnel services	60,878	1,117,681	70,685	1,249,244
Operating services	155,160	2,780,859	55,319	2,991,338
Materials and supplies	1,251	96,088	5,758	103,097
Debt service - principal and interest	59,253			59,253
Capital outlay		12,333		12,333
Total Expenditures	276,542	4,006,961	131,762	4,415,265
Excess (Deficiency) of Revenues over Expenditures	1,204,071	(1,651,982)	(45,949)	(493,860)
OTHER FINANCING SOURCES (USES)				
Operating transfers in		1,304,000	45,000	1,349,000
Operating transfers out	(1,349,000)			(1,349,000)
Sale of Asset				0
Total Other Financing Sources (Uses)	(1,349,000)	1,304,000	45,000	0
Net Change in Fund Balances	(144,929)	(347,982)	(949)	(493,860)
Fund Balances – beginning	5,309,317	861,708	2,251	6,173,276
Prior period adjustment	0	0	0	0
Fund Balances – ending	\$5,164,388	\$513,726	\$1,302	\$5,679,416

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital Service District No. 2
 Reconciliation of The Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2017

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balances, Total governmental funds (Statement E)	(\$493,860)
Debt service payments for principal is an expenditure in the governmental funds, but principal payments reduce long-term liabilities in the Statement of Net Position.	55,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$12,333) exceeded depreciation (\$146,253) in the current period.	<u>(133,920)</u>
Change in Net Position of Governmental Activities, Statement B	<u><u>(\$572,780)</u></u>

The accompanying notes are an integral part of this statement.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As the governing authority of the parish, for reporting purposes, the Bienville Parish Police Jury is the financial reporting entity for Bienville Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

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

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

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

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

A. Government-Wide and Fund Financial Statements

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

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

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

Bienville Parish Hospital
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Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

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

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

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

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

The District reports the following governmental funds:

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

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

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

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

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Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

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

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

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

C. Deposits and Investments

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

D. Receivables and Payables

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

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

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

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

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

E. Prepaid Items

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

F. Capital assets

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

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

G. Long-Term Obligations

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

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

H. Fund Equity

In the government wide statements, net position is displayed in three components:

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

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

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

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments.

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

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

Unassigned - all other spendable amounts.

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

As of December 31, 2017, fund balances are composed of the following:

	General Fund	Family Clinic	Wellness Center
Nonspendable:			
Prepaid items	\$0	\$0	\$0
Restricted:			
Debt service	119,000	0	0
Unassigned	5,045,388	513,726	1,302
Total fund balances	\$5,164,388	\$513,726	\$1,302

I. Estimates

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

J. RISK MANAGEMENT

The district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the district maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2017.

K. VACATION AND SICK LEAVE

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

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

Bienville Parish Hospital
Service District No. 2
Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

2. LEVIED TAXES

The following are the principal taxpayers for the parish and their 2017 assessed valuation (amounts expressed in thousands):

<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
ETC Tiger Pipeline	oil and gas	43,890,516	21.77%
Regency Intrastate	oil and gas	20,646,520	10.24%
Bear Creek Storage	oil and gas	17,794,100	8.83%
Total		<u>82,331,136</u>	<u>40.84%</u>

3. CASH AND CASH EQUIVALENTS

At December 31, 2017, the District has cash and cash equivalents (book balances) totaling \$3,801,872 as follows:

Demand deposits	\$411,645
Interest-bearing demand deposits	1,931,255
Investments	1,458,872
Petty cash	<u>100</u>
Total	<u>\$3,801,872</u>

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

At December 31, 2017, the District has \$3,838,025 in deposits (collected bank balances). These deposits are secured from risk by \$533,561 of federal deposit insurance and \$3,304,464 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$1,981,756 at December 31, 2017, are as follows:

Bienville Parish Hospital
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Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

<u>Class of Receivable</u>	
Property taxes	\$1,203,858
Other	300
Fees, charges, and commissions for services:	
Patient fees	773,092
Utility reimbursements	<u>4,506</u>
Total	<u><u>\$1,981,756</u></u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$88,871			\$88,871
Other- Construction in Progress	<u>0</u>			<u>0</u>
Total capital assets not being depreciated	<u>88,871</u>	<u>0</u>	<u>0</u>	<u>88,871</u>
Capital assets being depreciated:				
Buildings	3,433,143			3,433,143
Improvements other than buildings	161,165			161,165
Machinery and equipment	<u>1,046,238</u>	<u>\$12,333</u>		<u>1,058,571</u>
Total capital assets being depreciated	<u>4,640,545</u>	<u>12,333</u>	<u>0</u>	<u>4,652,878</u>
Less:				
Accumulated depreciation	<u>3,409,423</u>	<u>146,253</u>		<u>3,555,676</u>
Total capital assets being depreciated, net	<u><u>\$1,319,993</u></u>	<u><u>(\$133,920)</u></u>	<u><u>\$0</u></u>	<u><u>\$1,186,073</u></u>

Depreciation expense of \$146,253 for the year ended December 31, 2017, was charged to the general governmental functions.

6. LEASES

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

Bienville Parish Hospital
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Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

7. LONG-TERM OBLIGATIONS

At December 31, 2017, the long-term debt of the Bienville Parish Hospital District No. 2 consisted of the following individual bond issues:

Taxable general obligation bonds, Series 2012, 1.5 - 3.5%, dated October 1, 2012, in the original amount of \$363,000. Scheduled principal and interest payments due annually through April, 2019.	<u>\$119,000</u>
Total	<u>\$119,000</u>

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

	Revenue Bonds
Long-term obligations, December 31, 2015	\$174,000
Additions	0
Reductions	<u>(55,000)</u>
Long-term obligations, December 31, 2017	<u>\$119,000</u>

The annual requirements to service debt outstanding at December 31, 2017, including interest of \$4,073 is as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2018	\$58,000	\$3,005	\$61,005
2019	<u>61,000</u>	<u>1,068</u>	<u>62,068</u>
Total	<u>\$119,000</u>	<u>\$4,073</u>	<u>\$123,073</u>

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2017 is as follows:

Due To/From Other Funds:		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund		\$189,187
	Family clinic fund	<u>(\$189,187)</u>
Total		<u>\$0</u>

Bienville Parish Hospital
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Arcadia, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

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

Advances From/To Other Funds:		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Wellness center fund		\$45,000
Family clinic fund		1,304,000
	General fund	<u>(1,349,000)</u>
Total		<u><u>\$0</u></u>

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

9. MANAGEMENT REVIEW

Subsequent events have been evaluated through June 8, 2018. This date represents the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Property taxes	\$1,182,548	\$1,100,000	\$1,189,740	\$89,740
Use of money and property	291,700	289,700	290,873	1,173
Other revenue	0	0	0	0
Total Revenues	<u>1,474,248</u>	<u>1,389,700</u>	<u>1,480,613</u>	<u>90,913</u>
EXPENDITURES				
General government:				
Personnel services	76,900	84,000	60,878	23,122
Operating services	114,362	121,118	155,160	(34,042)
Material & Supplies	1,000	1,250	1,251	(1)
Debt service:				
Principal	55,000	55,000	55,000	0
Interest	4,632	4,632	4,253	379
Capital outlay	0	0	0	0
Total Expenditures	<u>251,894</u>	<u>266,000</u>	<u>276,542</u>	<u>(10,542)</u>
Excess (Deficiency) of Revenues over Expenditures	1,222,354	1,123,700	1,204,071	80,371
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>(1,156,000)</u>	<u>(1,349,000)</u>	<u>(1,349,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,156,000)</u>	<u>(1,349,000)</u>	<u>(1,349,000)</u>	<u>0</u>
Net Change in Fund Balance	66,354	(225,300)	(144,929)	80,371
Fund Balance (Deficit) at Beginning of Year	5,411,190	5,309,317	5,309,317	0
Prior period adjustment	0	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$5,477,544</u>	<u>\$5,084,017</u>	<u>\$5,164,388</u>	<u>\$80,371</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Family Clinic Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Fees and charges for services	\$2,012,800	\$2,343,596	\$2,354,979	\$11,383
Use of money and property				0
Total Revenues	<u>2,012,800</u>	<u>2,343,596</u>	<u>2,354,979</u>	<u>11,383</u>
EXPENDITURES				
General government:				
Personnel services	797,000	1,117,252	1,117,681	(429)
Operating services	1,867,930	2,799,226	2,780,859	18,367
Materials and supplies	60,000	113,824	96,088	17,736
Capital outlay			12,333	(12,333)
Total Expenditures	<u>2,724,930</u>	<u>4,030,302</u>	<u>4,006,961</u>	<u>23,341</u>
Excess (Deficiency) of Revenues over Expenditures	(712,130)	(1,686,706)	(1,651,982)	34,724
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>720,000</u>	<u>1,304,000</u>	<u>1,304,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>720,000</u>	<u>1,304,000</u>	<u>1,304,000</u>	<u>0</u>
Net Change in Fund Balance	7,870	(382,706)	(347,982)	34,724
Fund Balance (Deficit) at Beginning of Year	308,195	861,708	861,708	0
Prior period adjustment				0
Fund Balance (Deficit) at End of Year	<u>\$316,065</u>	<u>\$479,002</u>	<u>\$513,726</u>	<u>\$34,724</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

Bienville Parish Hospital Service District No. 2
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Wellness Center Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Fees and charges for services	\$87,200	\$86,596	\$85,813	(\$783)
Use of money and property	0	0	0	0
Total Revenues	87,200	86,596	85,813	(783)
EXPENDITURES				
General government:				
Personnel services	54,200	70,600	70,685	(85)
Operating services	59,980	55,390	55,319	71
Materials and supplies	6,500	5,750	5,758	(8)
Capital outlay				0
Total Expenditures	120,680	131,740	131,762	(22)
Excess (Deficiency) of Revenues over Expenditures	(33,480)	(45,144)	(45,949)	(805)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	36,000	45,000	45,000	0
Total Other Financing Sources (Uses)	36,000	45,000	45,000	0
Net Change in Fund Balance	2,520	(144)	(949)	(805)
Fund Balance (Deficit) at Beginning of Year	4,524	2,251	2,251	0
Fund Balance (Deficit) at End of Year	\$7,044	\$2,107	\$1,302	(\$805)

Notes to the Schedule

(1) method of budgetary accounting - GAAP

OTHER SUPPLEMENTAL SCHEDULES

Bienville Parish Hospital Service District No. 2
Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2017

<u>Board Member</u>	<u>Amount</u>
Dan Madden	\$525
Gary Gantt	675
Loretta Butler	600
Shirley Payne	750
John Fontenot	750
Sharon Jackson	600
Moselene Green	750
Total	<u>\$4,650</u>

Bienville Parish Hospital Service District No. 2
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2017

Schedule 5

Agency Head Name: Lee Locke

Purpose	Amount
Salary	\$78,846
Benefits-insurance	12,368
Benefits-retirement	0
Benefits-other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	1,434
Continuing professional education fees	805
Housing	0
Unvouchered expenses	0
Special meals	0

OTHER REPORTS

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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Bienville Parish Hospital District No. 2 ("District") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 8, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were

not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies. 2017-1 and 2017-2.

Compliance and Other Matters

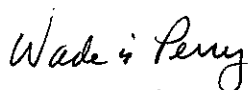
As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ruston, Louisiana
June 8, 2018

Bienville Parish Hospital Service District No. 2
 Schedule of Findings and Responses
 For the Year Ended December 31, 2017

We have audited the financial statements of Bienville Parish Hospital Service District No. 2 as of and for the year ended December 31, 2017, and have issued our report thereon dated June 8, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 8, 2018 resulted in an unqualified opinion. The following is a summary of our audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*:

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiency Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance	Unqualified <input type="checkbox"/>	Qualified <input type="checkbox"/>
For Major Programs	Disclaimer <input type="checkbox"/>	Adverse <input type="checkbox"/>

Are their findings required to be reported in accordance with Uniform Guidance?

Yes No

Was a management letter issued?

Yes No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Is the auditee a "low-risk" auditee? Yes No

B. Financial Statements Findings

2017-1. Significant deficiency in internal controls for revenues and receivables.

Condition: Accounts receivable subledger does not agree to general ledger by \$13,868. We could not determine with reasonable assurance the reliability of the Family Clinic Fund accounts receivable.

Criteria: Internal controls should be set up for all areas

Cause: The District has started using a new software. All accounts receivable accounts have not been written off as uncollectible or reconciled to the general ledger.

Effect: Revenues may be misstated and is at risk for fraud.

Recommendation: We recommend the District enter payments timely to patient accounts and reconcile the accounts receivable subledger to the general ledger monthly.

Response: The District has started using one central billing system for all departments. Bad debts were recognized for old receivables considered uncollectible. Management is currently trying to determine how to print reports that match revenues, charges, and adjustments as well as receivables as of the same report date.

2017-2. Significant deficiency in internal controls for disbursements

Condition: Five disbursements of eight requiring purchase orders did not have a valid purchase order attached as supporting documentation. One disbursement did not agree to the invoice amount. Three disbursements included finance charges, late fees, or past due amounts.

Criteria: Internal controls should be set up for all areas

Cause: All supporting documentation not maintained in central location

Effect: Internal control violation and potential errors in payroll.

Recommendation: District should maintain adequate documentation for all disbursements.

Response: The District will start keeping all supporting documentation.

C. Federal Award Findings and Questioned Costs

None

Bienville Parish Hospital Service District No. 2
Summary of Prior Year Findings
For the Year Ended December 31, 2017

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2016-1. Budget variance > 5%

Status: Resolved

2016-2. Internal control deficiency

Status: Unresolved - see 2017-1

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

WADE & PERRY

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
of Bienville Parish Hospital Service District #2 and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Bienville Parish Hospital Service District #2 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
The entity has written policies and procedures that address the functions noted above.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
The entity has written policies and procedures that address the functions noted above.
 - c) **Disbursements**, including processing, reviewing, and approving
The entity has written policies and procedures that address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits
The entity does not have written policies and procedures regarding receipts.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
The entity has written policies and procedures that address the functions noted above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
The entity has written policies and procedures that address the functions noted above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
The entity has written policies and procedures that address the functions noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
The entity has written policies and procedures that address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
The entity does not have written policies and procedures regarding ethics.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
The entity does not have written policies and procedures regarding debt service.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
The board meets monthly in accordance with the Entity's policy.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes did not reference or include monthly budget-to-actual comparisons for any funds.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes did not reference or include monthly budget-to-actual comparisons for any funds.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes do reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management provided a listing of bank accounts and management provided representation that the listing is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

All bank reconciliations have been prepared for all the months in the fiscal period.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There was no evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management has documented on the bank reconciliations that it has researched reconciling items that have been outstanding for more than six months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided a listing of collection locations and management represented that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

(1) bonded – all employees responsible for collecting cash are not bonded

(2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party) – management has asserted that the only employee responsible for recording transactions and reconciling the bank accounts is Lee Locke, the District Manager. Lee Locke does not collect any cash payments or make any deposits. Management has also asserted that employees at the Bienville Family Clinic office who collect cash do not make deposits, but that employees at the Bienville Wellness office are responsible for collecting cash payments and making deposits.

(3) not required to share the same cash register or drawer with another employee – management has asserted that only one cash drawer is used for collecting payments and that all employees who are collecting cash use that same drawer.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There is no written documentation supporting a formal process to reconcile cash collections to the general ledger

(c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained for thirteen deposits for the highest (dollar) week. Three deposits were made the same day they were received, one deposit was made within one day of receiving payment, two deposits were made two days after receiving payments, one deposit was made three days after receiving payment, two deposits were made 4 days after receiving payments, one deposit was made five days after receiving payment, one deposit was made seven days after receiving payment, one deposit was made twenty days after receiving payment, and one deposit did not have any support as to when it was received.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

All of the deposits tested had supporting documentation and agreed to the supporting documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Entity does not have written documentation that address the functions noted above.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided the general ledger and management provided representation that the general ledger is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the 25 disbursements selected, of which 6 required purchase orders according to the entity's policies and procedures. It was noted that purchases were not initiated using a purchase order system for 5 of those 6 disbursements

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the 25 disbursements selected, of which 6 required purchase orders according to the entity's policies and procedures, and noted there was no purchase order for 5 of those 6 disbursements. Of the one disbursement for which there was a purchase order, we noted appropriate approval of the purchase order by a person who did not initiate the transaction.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements selected, of which 6 required purchase orders according to the entity's policies and procedures, and noted there was no purchase order for 5 of those 6 disbursements. Of the one disbursement for which there was a purchase order, we noted appropriate purchase order and approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

One person responsible for processing payments is allowed to add vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person with check signing authority can initiate purchases and records all purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The unused checks are kept under lock and one person with signatory authority does have access to those checks when they are under lock.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamp or signature machine is used.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Obtained listing of all active credit cards and management provided representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Examined supporting documentation for each monthly statement selected and noted no approval.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Finance charges were not assessed on the selected statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Each transaction was supported by an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The transactions reviewed did have documentation of the business/ public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The entity's written policies and procedures with regards to credit cards state that all credit card statements are to be reviewed by the CFO and approved (in writing) before the payment is made. The selected statement was not reviewed and approved (in writing) by the CFO.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The Louisiana Public Bid Law does not require being adhered to for the transactions that were selected.

17. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No Exceptions Noted

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Obtained listing of travel and expense reimbursements, by person, and management provided representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The entity has written policies and procedures that address the functions noted above. The travel reimbursements do not exceed the GSA rate.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The entity has written policies and procedures that address the functions noted above. The travel reimbursements did exceed the GSA rate.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Two of the three expenses selected were reimbursed in accordance with supporting documentation.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Documentation of the business purpose noted for each expense reimbursement selected.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the

requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

None of the three expenses selected were approved in writing by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

There were no contracts per management.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were no contracts per management.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

There were no contracts per management.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There were no contracts per management.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

There were no contracts per management.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no contracts per management.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

There were no contracts per management.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained listing of employees with their related salaries and management's representation that the listing is complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Each employee selected was paid in accordance with the terms and conditions of the employment contract or pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no changes during the year for the selected employees.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Documentation of daily attendance and leave was noted for each selected employee.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Documentation of supervisor approval for attendance and leave was not noted for each selected employee.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Documentation of written leave records were maintained for employees selected.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing is complete. Termination payments were paid in accordance with the entity's written policies.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Obtained supporting documentation relating to payroll taxes during the fiscal period noting that related payments and forms were filed by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

The Entity does not have any ethics training in place currently.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exceptions noted.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No new debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Entity made the required monthly debt service payments and maintained debt reserves as required by debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Entity does not have any tax millages relating to debt service for the fiscal period.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the Entity did not have any misappropriation of public funds or assets during the reporting period.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notices are posted on the premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or

compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Wade & Perry

Ruston, LA
June 6, 2018

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

June 6, 2018

Wade & Perry, CPAs
Ruston, LA

The following is Management's Response to the 2017 AUP report submitted for Bienville Parish Hospital Service District #2.

WRITTEN POLICIES AND PROCEDURES

1. d) Receipts
Management will work toward documenting existing policy.
- i) Ethics
Management will work toward documenting existing policy.
- j) Debt Service
Management will work toward documenting existing policy.

BOARD

2. b) Management will work toward referencing budget-to-actual comparisons.

BANK RECONCILIATIONS

4. b) Management will work toward having bank reconciliations reviewed and signed off.

COLLECTIONS

6. a) Management will work toward getting responsible employees bonded; segregating duties at the Wellness Center; implementing checks and balances for the one cash drawer.
- b) Management will work toward documenting existing policy.
- c) Management will work toward making deposits on a daily basis.
7. Management will work toward implementing and documenting policy.

DISBURSEMENTS

9. a) Management will work toward initiating and maintaining purchase orders.
- b) Management will work toward initiating and maintaining purchase orders.
- c) Management will work toward initiating and maintaining purchase orders.
10. Management will work toward implementing checks and balances for this procedure.
11. Management will work toward implementing checks and balances for this procedure.

CREDIT CARDS/DEBIT CARDS, ETC.

15. a) Management will work toward implementing and documenting policy.
16. a) Management will work toward documenting existing policy.

TRAVEL AND EXPENSE REIMBURSEMENT

- 19. b) Management will work toward documenting existing policy.
- d) Management will work toward documenting existing policy.

PAYROLL AND PERSONNEL

- 23. b) Management will work toward ensuring supervisors approve all attendance and leave records.

ETHICS

- 26. Management will work toward documenting existing policy.