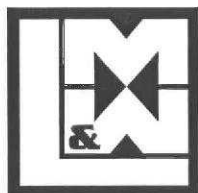


REEVES MEMORIAL MEDICAL CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2021, 2022, AND 2019



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

Reeves Memorial Medical Center
Financial Statements
and
Independent Auditors' Report
Years Ended December 31, 2021, 2020, and 2019

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Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis

This section of the Hospital Service District's (the "District") annual financial report presents background information and management's analysis of the District's financial performance during the fiscal year that ended on December 31, 2021. Please read it in conjunction with the financial statements in this report.

Financial Highlights

- The District's total assets increased in FY 2021 by \$1,281,920 compared to an increase of \$7,793,219 and \$1,004,111 in FY 2020 and 2019, respectively. The majority of the increase in fiscal year 2021, is due to large cash deposits of Phase 4 Provider Relief Funds and American Rescue Plan payments received during the fiscal year. The total amount received for Phase 4 Provider Relief and American Rescue Plan were \$600,301 and \$418,668, respectively. In FY 2020, the District applied for and received a Paycheck Protection Plan loan from the SBA in the amount of \$870,592. The PPP loan was forgiven during the fiscal year and the amount of the loan was recognized as Grant Revenue.
- Patient volume decreased in FY 2021 compared to a decrease in fiscal years 2020 and 2019. The District reported operating income of \$732,848, \$38,072 and \$760,227 in FY 2021, 2020 and 2019, respectively. The District reported nonoperating income, which includes Provider Relief Fund grant revenue, of \$4,404,052, \$1,935,275, and \$228,495 in FY 2021, 2020, and 2019, respectively. Operating expenses in 2021, 2020, and 2019 include \$17,620,543, \$17,815,986 and \$14,939,916, respectively, which were Intergovernmental Transfers (IGT) expenses. Operating expenses increased by \$527,266 in FY 2021 compared to a decrease in FY 2020 of \$31,228 and an increase of \$721,684 in FY 2019.
- The District collaborated with a rural hospital trade organization to establish a grant program (IGT). The District entered into cooperative endeavor agreements with other regional public rural hospitals. These grants were to be used for providing healthcare to indigent and/or low-income patients. IGT grants of \$17,620,543, \$17,815,986 and \$14,939,916 were received and distributed by the District during FYs 2021, 2020, and 2019, respectively.
- The District received property tax revenues of \$288,573, \$294,619, and \$256,830, for fiscal years 2021, 2020, and 2019, respectively. The 5.34 mills ad valorem tax expired in fiscal year 2021 and was renewed for 2021 through 2031. The 5.11 mills was renewed in March 2015 for another 10 years. In FY 2016, the District board voted to increase the 5.34 mills to 5.47 mills to maintain the ad valorem tax equal to prior year tax collections.

Required Financial Statements

The Financial Statements of the District report information about the District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. This statement measures improvements in the District's operations over the past three years and can be used to determine whether the District has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

Financial Analysis of the Hospital Service District

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Hospital Service District's activities. These two statements report the net position of the District and changes in them. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Net Position

The District's net position is the difference between its assets and liabilities reported on the balance sheet on page 5. The District's net position increased in FY 2021 by \$5,247,953 compared to an increase in FY 2020 and 2019 of \$1,942,678 and \$981,597, respectively. The financial highlights also discuss the changes in assets and liabilities as presented in Table 1 below:

TABLE 1
Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total current assets	\$ 15,990,488	\$ 14,843,044	\$ 6,929,874	\$ 5,988,176
Capital assets - net	2,278,642	2,234,144	2,332,124	2,254,713
Other assets	<u>397,214</u>	<u>307,236</u>	<u>329,207</u>	<u>344,205</u>
 Total assets	 \$ <u>18,666,344</u>	 \$ <u>17,384,424</u>	 \$ <u>9,591,205</u>	 \$ <u>8,587,094</u>
 Current liabilities	 \$ 4,358,927	 \$ 5,516,147	 \$ 2,135,242	 \$ 2,120,046
Long-term liabilities	<u>1,204,374</u>	<u>4,013,187</u>	<u>1,543,551</u>	<u>1,536,233</u>
 Total Liabilities	 <u>5,563,301</u>	 <u>9,529,334</u>	 <u>3,678,793</u>	 <u>3,656,279</u>
 Invested in capital assets, net of related debt	 904,091	 688,163	 621,251	 537,951
Restricted by third-party	151,583	150,973	142,275	143,794
Unrestricted	<u>12,047,369</u>	<u>7,015,954</u>	<u>5,148,886</u>	<u>4,249,070</u>
 Net Position	 <u>13,103,043</u>	 <u>7,855,090</u>	 <u>5,912,412</u>	 <u>4,930,815</u>
 Total liabilities and net position	 \$ <u>18,666,344</u>	 \$ <u>17,384,424</u>	 \$ <u>9,591,205</u>	 \$ <u>8,587,094</u>

Summary of Changes in Net Position

The following table presents a summary of the District's historical revenues and expenses for each of the fiscal years ended December 31, 2021, 2020, 2019, and 2018.

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

TABLE 2
Summary of Revenues, Expenses, and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:				
Net patient service revenue	\$ 28,275,170	\$ 27,614,600	\$ 25,239,102	\$ 26,023,891
Other revenue	<u>1,290,012</u>	<u>923,983</u>	<u>1,176,794</u>	<u>478,883</u>
Total revenues	<u>29,565,182</u>	<u>28,538,583</u>	<u>26,415,896</u>	<u>26,502,774</u>
Expenses:				
Salaries and benefits	5,654,568	5,410,043	5,426,110	4,986,627
Medical supplies and drugs	1,465,343	1,363,055	1,360,384	1,315,817
Professional fees	1,755,385	1,648,595	1,539,611	1,252,226
Other expenses	1,914,897	1,755,114	1,858,522	1,913,505
Intergovernmental transfer expense	17,620,543	17,815,986	14,939,916	16,058,706
Insurance	125,459	158,361	117,298	135,636
Depreciation	<u>296,139</u>	<u>349,357</u>	<u>413,828</u>	<u>390,258</u>
Total expenses	<u>28,832,334</u>	<u>28,500,511</u>	<u>25,655,669</u>	<u>26,052,775</u>
Operating income (loss)	732,848	38,072	760,227	449,999
Nonoperating revenues (expenses)				
Interest income	18,938	74,928	34,615	19,474
Interest expense	(50,427)	(58,898)	(62,950)	(51,931)
Gain (loss) on disposal of asset	(2,256)	-0-	-0-	93,150
Loan Forgiveness	870,592	-0-	-0-	-0-
Property tax revenue	288,573	294,619	256,830	253,428
COVID-19 grant awards	<u>3,278,632</u>	<u>1,624,626</u>	<u>-0-</u>	<u>-0-</u>
Nonoperating income (loss), net	4,404,052	1,935,275	228,495	314,121
Changes in net position before capital grants	5,136,900	1,973,347	988,722	764,120
Capital grants	<u>21,685</u>	<u>-0-</u>	<u>6,354</u>	<u>-0-</u>
Changes in net position before other comprehensive income	5,158,585	1,973,347	995,076	764,120
Other comprehensive income				
Change in unrealized gain (loss) on securities	<u>89,368</u>	<u>(30,669)</u>	<u>(13,479)</u>	<u>12,159</u>
Changes in net position	\$ <u>5,247,953</u>	\$ <u>1,942,678</u>	\$ <u>981,597</u>	\$ <u>776,279</u>

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

Sources of Revenue

Operating Income

During fiscal year 2020, the District derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the District's facilities. On December 30, 2005, the District changed its status for Medicare reimbursement purposes from a prospectively paid (PPS) hospital to a cost-based reimbursement or critical access hospital. This change resulted in more reimbursement from Medicare. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes grants to provide healthcare to indigent and/or low-income patients. If the District continues to meet the criteria, grant money may be available for a short period of time. Other revenue also contains cafeteria sales, HPSA incentive income, and other miscellaneous services.

The District collaborated with a rural hospital trade organization to establish a grant program. The District entered into cooperative endeavor agreements with other regional public rural hospitals. These grants were to be used for providing healthcare to indigent and/or low-income patients. An intergovernmental transfers grant flow through of \$18,441,135 was received by the District in fiscal year 2021. Of that amount \$17,620,543 was transferred to other regional rural hospitals, allowing \$820,592 to be recorded as grant revenue.

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years:

TABLE 3
Payor Mix by Percentage

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Medicare	35%	37%	45%	46%
Medicaid	23%	18%	15%	20%
Blue Cross	12%	11%	11%	10%
Commercial and other third-party payors	27%	31%	27%	22%
Other	<u>3%</u>	<u>3%</u>	<u>2%</u>	<u>2%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Non-operating Income

The District holds investments and Certificates of Deposit in its Statements of Net Position in the amount of \$1,743,817, \$1,654,449, and \$1,335,287, for 2021, 2020, and 2019, respectively. Interest income earned from the Certificate of Deposit and investments was \$18,938, \$74,928, and \$34,615, for fiscal years 2021, 2020, and 2019, respectively. The District received ad valorem tax revenue of \$288,573, \$294,619, and \$256,830 in fiscal years 2021, 2020, and 2019, respectively. The District recognized \$3,278,632 and \$1,624,626 in COVID-19 grant awards in FY 2020 and 2021, respectively.

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

Operating and Financial Performance

In FY 2021, acute and swing patient days decreased by 458 days, compared to a 472 day decrease in FY 2020 and a 91 day increase in FY 2019. Rural health clinic visits increased by 1,845 visits in FY 2021 compared to a 2,547 decrease in visits in FY 2020 and a 217 decrease in visits in 2019. The decrease in patient days was mainly due to decrease in Swing Bed patients. After COVID-19 restrictions were lifted Rural Health Clinic visits began to increase.

As a critical access hospital, the average length of stay is required to be 4.00 days or less. The Acute day's average length of stay was 2.95 for patients in fiscal year 2021, compared to the Acute days average length of stay of 4.01 in FY 2020. Due to the COVID-19 pandemic, the District was granted an exception to the 4.00 day or less rule for FY 2020.

In FY 2021 the net patient service revenue, without the \$18,441,135 IGT included, increased by \$517,783 due to changes in patient volume. Without consideration of the \$18,298,348 included in net patient service revenue, the District's net patient service revenue decreased by \$288,458 in FY 2020 due to changes in patient volume. Net patient service revenue saw an increase of \$116,290 in FY 2019 due to increases in patient volume.

The gross accounts receivable balance decreased by \$66,661 in FY 2021 compared to a decrease of \$257,146 in FY 2020 and a decrease of \$846,649 in FY 2019. The decrease is primarily due to the increase in collections by Impact Healthcare. The District continues to exert every effort to assist patients in finding funding sources for health care.

Salaries & benefits increased in FY 2021 by \$244,525 and decreased by \$16,067 in FY 2020 with an increase of \$439,483 in FY 2019, respectively. In FY 2021 salaries and benefits increased due to pay increases for all staff during FY 2021 in order to pay comparable wages to other healthcare facilities in the area.

In FY 2021 Provision for Bad Debts decreased by \$40,809, compared to a decrease of \$80,209 and \$127,068 in FY 2020 and FY 2019, respectively.

Depreciation decreased in fiscal year 2021 by \$53,218, compared to a decrease of \$64,471 in FY 2020 and an increase of \$23,570 in FY 2019. Medical Supplies and Drugs increased by \$102,288, \$2,671, and \$44,567 in FY 2021, 2020, and 2019, respectively, due to increased cost of pharmacy drugs, 340B pharmaceutical program drug purchases and lab supplies. Professional fees increased by \$106,790 in FY 2021, due to increase in laboratory procedures, compared to an increase of \$108,984 and \$287,385 in FY 2020 and 2019, respectively. Other expenses and insurance had a combined increase of \$126,881 in FY 2021, compared to a \$62,345 and \$73,321 decrease in FY 2020 and FY 2019, respectively.

Capital Assets

In FY 2021 capital assets increased by \$44,498 compared to a decrease of \$97,980 in FY 2020 and an increase of \$77,441 in FY 2019. During fiscal year 2021, the District purchased a lot by the Hospital in the amount of \$92,500.

Also, the District paved the emergency department entrance for better patient access in the amount of \$43,470 in FY 2021. The District purchased Mobile X-ray equipment in FY 2021 in the amount of \$126,975. All are included in Table 4 below.

Ward 3, 4 and 10 Hospital Service District
of the Parish of Union, State of Louisiana
Management's Discussion and Analysis (continued)

TABLE 4
Capital Assets

	December 31, <u>2021</u>	December 31, <u>2020</u>	December 31, <u>2019</u>	December 31, <u>2018</u>
Land	\$ 149,840	\$ 57,340	\$ 36,840	\$ 36,840
Construction in progress	3,750	63,521	-0-	-0-
Land improvements	72,798	37,882	37,882	37,882
Leasehold improvements	22,583	22,583	22,583	22,014
Buildings	2,852,645	2,882,779	2,725,789	2,513,861
Fixed equipment	455,185	453,038	442,673	442,673
Major moveable equipment	2,812,947	3,104,687	3,104,687	3,029,010
Property held for capital lease	556,461	556,461	556,461	382,757
Transportation equipment	87,344	87,344	87,344	87,894
Minor equipment	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
Total	7,013,853	7,265,935	7,014,559	6,553,231
Accumulated depreciation	<u>4,735,211</u>	<u>5,031,791</u>	<u>4,682,435</u>	<u>4,298,518</u>
Net capital assets	\$ <u>2,278,642</u>	\$ <u>2,234,144</u>	\$ <u>2,332,124</u>	\$ <u>2,254,713</u>

Long-Term Debt

As of December 31, 2021, the District had \$1,374,551 in long-term and short-term debt. In FY 2021 long-term and short-term debt decreased \$1,042,022, compared to an increase of \$705,700 and a decrease of \$5,889 in FY 2020 and FY 2019, respectively. In FY 2021 the Small Business Administration forgave the Paycheck Protection Program loan in the amount of \$870,592.

Other Economic Factors

The outbreak of COVID-19 in 2020 may continue to impact the operations of the District. Uncertainties surrounding the pandemic, including duration of the outbreak and availability of resources, may result in an overall negative economic impact on operations.

Contacting the Hospital Service District's Financial Manager

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



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Bernice, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana d/b/a Reeves Memorial Medical Center (the "District"), a component unit of the Union Parish Police Jury, Bernice, Louisiana, as of and for the years ended December 31, 2021, 2020, and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2021, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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



Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Ward 3, 4 and 10 Hospital Service District of the Parish of Union and do not purport to, and do not, present fairly the financial position of Union Parish Police Jury as of December 31, 2021, 2020 and 2019, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages "i" through "vi" be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 response to our 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022, 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.



Board of Commissioners
Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Page Four

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Alexandria, Louisiana

September 23, 2022



Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Statements of Net Position
December 31,

ASSETS	2021	2020	2019
Current assets:			
Cash and cash equivalents (Notes 2 & 3)	\$ 11,276,082	\$ 10,305,434	\$ 3,175,065
Certificates of deposit (Notes 2 & 3)	1,500,000	1,500,000	1,150,169
Accounts receivable, net (Note 4)	736,480	755,142	926,050
Estimated third-party payor settlements	1,124,703	1,246,354	613,614
Other receivables	736,136	571,622	611,267
Inventory	448,064	358,391	316,800
Prepaid expenses	169,023	106,101	136,909
Total current assets	<u>15,990,488</u>	<u>14,843,044</u>	<u>6,929,874</u>
Non-current assets:			
Nondepreciable capital assets (Note 5)	153,590	120,861	36,840
Depreciable capital assets, net (Note 5)	2,125,052	2,113,283	2,295,284
Limited-use assets (Note 6)	151,583	150,973	142,275
Investments (Note 3)	243,817	154,449	185,118
Other assets (Note 7)	1,814	1,814	1,814
Total assets	<u>\$ 18,666,344</u>	<u>\$ 17,384,424</u>	<u>\$ 9,591,205</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 337,428	\$ 334,249	\$ 267,421
Accrued expenses and withholdings payable (Note 9)	556,768	496,684	436,322
Estimated third-party payor settlements	454,184	589,729	1,264,177
Unearned revenue	1,020,969	3,161,620	-0-
Medicare advanced payments	1,819,401	528,646	-0-
Current portion of long-term debt (Note 8)	170,177	405,219	167,322
Total current liabilities	<u>4,358,927</u>	<u>5,516,147</u>	<u>2,135,242</u>
Long-term liabilities			
Medicare advanced payments	-0-	2,001,833	-0-
Long-term debt (Note 8)	1,204,374	2,011,354	1,543,551
Total liabilities	<u>5,563,301</u>	<u>9,529,334</u>	<u>3,678,793</u>
Net position:			
Invested in capital assets, net of related debt	904,091	688,163	621,251
Restricted by third-parties (Note 6)	151,583	150,973	142,275
Unrestricted	12,047,369	7,015,954	5,148,886
Total net position	<u>13,103,043</u>	<u>7,855,090</u>	<u>5,912,412</u>
Total liabilities and net position	<u>\$ 18,666,344</u>	<u>\$ 17,384,424</u>	<u>\$ 9,591,205</u>

See accompanying notes to financial statements.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Net patient service revenue (Note 12)	\$ 28,275,170	\$ 27,614,600	\$ 25,239,102
Grant income	289,832	132,635	43,512
Other operating revenue	1,000,180	791,348	1,133,282
Total revenues	<u>29,565,182</u>	<u>28,538,583</u>	<u>26,415,896</u>
Expenses:			
Salaries and benefits	5,654,568	5,410,043	5,426,110
Medical supplies and drugs	1,465,343	1,363,055	1,360,384
Professional fees	1,755,385	1,648,595	1,539,611
Other expenses	1,914,897	1,755,114	1,858,522
Intergovernmental transfer expense (Note 19)	17,620,543	17,815,986	14,939,916
Insurance	125,459	158,361	117,298
Depreciation and amortization	296,139	349,357	413,828
Total expenses	<u>28,832,334</u>	<u>28,500,511</u>	<u>25,655,669</u>
Operating income (loss)	732,848	38,072	760,227
Nonoperating revenues (expenses)			
Interest income	18,938	74,928	34,615
Interest expense	(50,427)	(58,898)	(62,950)
Gain (loss) on disposal of assets	(2,256)	-0-	-0-
Loan forgiveness	870,592	-0-	-0-
Property tax revenue (Note 14)	288,573	294,619	256,830
COVID-19 grant awards	3,278,632	1,624,626	-0-
Nonoperating income (loss), net	4,404,052	1,935,275	228,495
Changes in net position before capital grants	5,136,900	1,973,347	988,722
Capital grants	21,685	-0-	6,354
Changes in net position before other comprehensive income	<u>5,158,585</u>	<u>1,973,347</u>	<u>995,076</u>
Other comprehensive income			
Change in unrealized gain (loss) on securities	89,368	(30,669)	(13,479)
Changes in net position	<u>5,247,953</u>	<u>1,942,678</u>	<u>981,597</u>
Beginning net position	<u>7,855,090</u>	<u>5,912,412</u>	<u>4,930,815</u>
Ending net position	\$ <u>13,103,043</u>	\$ <u>7,855,090</u>	\$ <u>5,912,412</u>

See accompanying notes to financial statements.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Statements of Cash Flows
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:			
Cash received from patients and third-party payors	\$ 27,568,860	\$ 29,008,799	\$ 25,472,379
Other receipts from operations	1,125,498	963,628	867,387
Cash paid to governmental entities	(17,620,543)	(17,815,427)	(14,939,916)
Cash payments to employees and for employee-related cost	(5,594,484)	(5,349,681)	(5,398,340)
Cash payments for other operating expenses	<u>(5,410,536)</u>	<u>(4,869,708)</u>	<u>(4,900,064)</u>
Net cash provided (used) by operating activities	<u>68,795</u>	<u>1,937,611</u>	<u>1,101,446</u>
Cash flows from investing activities:			
Interest income	18,938	74,928	34,615
Cash invested in certificates of deposits	<u>-0-</u>	<u>(349,831)</u>	<u>(1,000,169)</u>
Net cash provided (used) by investing activities	<u>18,938</u>	<u>(274,903)</u>	<u>(965,554)</u>
Cash flows from non-capital financing activities			
Proceeds from COVID-19 grant awards	1,137,981	4,786,246	-0-
Proceeds from long-term debt	-0-	870,592	-0-
Proceeds from ad valorem taxes	<u>288,573</u>	<u>294,619</u>	<u>256,830</u>
Net cash provided (used) by non-capital financing activities	<u>1,426,554</u>	<u>5,951,457</u>	<u>256,830</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(354,557)	(251,377)	(251,110)
Loss from sale of assets	(2,256)	-0-	-0-
Disposal of assets	13,920	-0-	36,961
Proceeds from capital grants	21,685	-0-	6,354
Cash invested in limited use assets	(574)	(8,629)	841
Payments on long-term debt	(171,430)	(164,892)	(282,840)
Interest expense on long-term debt	<u>(50,427)</u>	<u>(58,898)</u>	<u>(62,950)</u>
Net cash provided (used) by capital and related financing activities	<u>(543,639)</u>	<u>(483,796)</u>	<u>(552,744)</u>
Net increase (decrease) in cash and cash equivalents	970,648	7,130,369	(160,022)
Beginning cash and cash equivalents	<u>10,305,434</u>	<u>3,175,065</u>	<u>3,335,087</u>
Ending cash and cash equivalents	\$ <u>11,276,082</u>	\$ <u>10,305,434</u>	\$ <u>3,175,065</u>

See accompanying notes to financial statements.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Statements of Cash Flows (Continued)
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 732,848	\$ 38,072	\$ 760,227
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	296,139	349,357	413,689
Changes in:			
Accounts receivable, net	18,662	170,908	278,950
Estimated third-party payor settlements	(13,894)	(1,307,188)	(45,673)
Other receivables	(164,514)	39,645	(309,407)
Limited-use asset	(36)	(69)	678
Inventory	(89,673)	(41,591)	8,963
Prepaid expenses	(62,922)	30,808	(15,497)
Accounts payable	3,179	66,828	(18,254)
Accrued expenses and withholdings payable	60,084	60,362	27,770
Medicare advance payments	<u>(711,078)</u>	<u>2,530,479</u>	<u>-0-</u>
Net cash provided (used) by operating activities	\$ <u>68,795</u>	\$ <u>1,937,611</u>	\$ <u>1,101,446</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	\$ <u>50,427</u>	\$ <u>58,898</u>	\$ <u>62,950</u>
Unrealized gain (loss) recorded to investments and net position	\$ <u>89,368</u>	\$ <u>(30,669)</u>	\$ <u>(13,479)</u>
Equipment acquired under capital lease	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>276,951</u>

See accompanying notes to financial statements.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana (referred to as the "District") was created by an ordinance of the Union Parish Police Jury on July 11, 1967, and beginning September 2010 is referred to as Reeves Memorial Medical Center.

The District is a political subdivision of the Union Parish Police Jury whose jurors are elected officials. Its commissioners are appointed by the Union Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Union Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the Union Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. 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 governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District provides outpatient, emergency, rural health clinic, acute inpatient, and skilled nursing (through "swing beds") services. The District converted to a Medicare critical care hospital (CAH) on December 30, 2005.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic measurement focus.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposits with original maturities over 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Credit Risk

The District provides medical care primarily to Union Parish residents and grants credit to patients, substantially all of whom are local residents.

The District's estimate of collectability is based on evaluation of historical collections compared to gross charges and an analysis of aged accounts receivable to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The District has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients. The District also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 12. Accordingly, changes in federal or state legislation or interpretations of rules have a significant impact on the District.

Net Patient Service Revenue

The District has entered into agreements with third-party payors, including government programs, health insurance companies, and managed care health plans, under which the Hospital is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates, or discounts from established charges.

Revenues are recorded at estimated amounts due from patients and third-party payors for the Hospital services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charges for the services provided, less an estimate made for contractual adjustments or discounts provided to the third-party payors, less any payments received and less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by utilizing a historical experience applied to an aging of accounts. Patient accounts receivable are written off as bad debt expense when deemed uncollectible. Recoveries of

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

receivables previously written off as bad debt expense are recorded as a reduction of bad debt expense when received.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out method, or market basis.

Income Taxes

The entity is a political subdivision and exempt from taxation.

Investments in Debt and Equity Securities

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned.

Capital Assets

Capital assets are recorded at cost for purchased assets or at fair market value on the date of any donation. The District uses straight-line method of determining depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used:

Buildings	15 to 40 years
Machinery and Equipment	5 to 20 years
Furniture and Fixtures	5 to 15 years

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations when incurred.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposal are currently credited or charged to nonoperating revenue.

Net Position

The District classifies net position into three components: invested in capital assets, net of related debt; restricted, and unrestricted. Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the purchase or construction of those assets. Restricted consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, or contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted. 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.

Revenues and Expenses

The District's Statements of Changes in Revenues, Expenses, and Net Position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the District's principal activity. Nonexchange revenues are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Grants and Contributions

From time to time, the District receives grants and contributions from individuals or private and public organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Use of Estimates

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

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classification.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Environmental Matters

The Hospital is subject to laws and regulations relating to the protection of the environment. The District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the District. At December 31, 2021, 2020, and 2019, management is not aware of any liability resulting from environmental matters.

Advertising

The Hospital expenses advertising cost as incurred. Advertising expense for the years ended December 31, 2021, 2020, and 2019 totaled \$19,789, \$5,978, and \$6,131, respectively.

Recently Issued Accounting Principles

In June 2017, the GASB issued Statement No. 87 (GASB 87). The objective of GASB Statement No. 87, Leases, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on the District's financial statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 3 - DEPOSITS AND INVESTMENTS

Louisiana state statutes authorize the District to invest in direct obligations of the U.S. Treasury and other federal agencies, time deposits with state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust fund institutions. Louisiana statutes also require that all of the deposits of the District be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

Custodial Credit Risks – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Louisiana state statutes require that all of the deposits of the District be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The District's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the District's name at December 31, 2021, 2020, and 2019.

Concentration of Credit Risks – The District has 100% of its cash and cash equivalents at Origin Bank in checking and certificates of deposit.

Interest Rate Risks – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer an investment takes to mature, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Account balances according to bank's records at December 31, 2021, for the District are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash in banks	\$ <u>12,931,576</u>	\$ <u>12,346,382</u>	\$ <u>4,505,312</u>
Insured by FDIC	\$ <u>500,000</u>	\$ <u>500,000</u>	\$ <u>500,000</u>
Collateralization at fair market value	\$ <u>13,275,056</u>	\$ <u>12,984,194</u>	\$ <u>4,311,401</u>
Uncollateralized	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The carrying amount of deposits and investments are included in the District's balance sheets as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Carrying amount			
Deposits	\$ 11,276,082	\$ 10,305,434	\$ 3,175,065
Certificates of deposit	1,500,000	1,500,000	1,150,169
Donated stocks	<u>243,817</u>	<u>154,449</u>	<u>185,118</u>
	<u>\$ 13,019,899</u>	<u>\$ 11,959,883</u>	<u>\$ 4,510,352</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 11,276,082	\$ 10,305,434	\$ 3,175,065
Certificates of deposit	1,500,000	1,500,000	1,150,169
Investments	<u>243,817</u>	<u>154,449</u>	<u>185,118</u>
	<u>\$ 13,019,899</u>	<u>\$ 11,959,883</u>	<u>\$ 4,510,352</u>

Investment in LHA Trust consists of allocations of equity from the Louisiana Hospital Association Malpractice and Worker's Compensation Trust Funds. Allocations consist of Capital Reserve funds set aside for the District and are recorded at amortized cost.

Investments in marketable equity securities consist of stocks donated to the District in 1988. An analysis at December 31 is as follows:

		----- Fair Value -----		
	<u>Shares</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Exxon Corporation	800	\$ 48,952	\$ 32,976	\$ 55,824
Pfizer	3,300	<u>194,865</u>	<u>121,473</u>	<u>129,294</u>
Total market value		243,817	154,449	185,118
Less cost basis		<u>(14,456)</u>	<u>(14,456)</u>	<u>(14,456)</u>
Unrealized gain (loss)		<u>\$ 229,361</u>	<u>\$ 139,993</u>	<u>\$ 170,662</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The District records these registered securities under the provision of the GASB Statement No 31. These securities are recorded at fair value and unrealized gains are recognized as a component of fund equity. Fair values are based upon quoted market prices as of the fiscal year end. These securities are considered a Level 1 investment under the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Patient accounts receivable	\$ 1,943,983	\$ 2,010,644	\$ 2,267,790
Estimated allowance for uncollectibles	<u>(1,207,503)</u>	<u>(1,255,502)</u>	<u>(1,341,740)</u>
Net patient accounts receivable	\$ <u>736,480</u>	\$ <u>755,142</u>	\$ <u>926,050</u>

The following is a summary of the mix of gross receivables from patients and third-party payors at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Medicare	18%	15%	25%
Medicaid	13%	11%	16%
Commercial and other third-party payors	27%	31%	21%
Blue Cross	9%	10%	6%
Patients	<u>33%</u>	<u>33%</u>	<u>32%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets and related accumulated depreciation:

	December 31, 2020	Additions	Dispositions	Transfers	December 31, 2021
Nondepreciable capital assets					
Land	\$ 57,340	\$ 92,500	\$ -0-	\$ -0-	\$ 149,840
Construction in progress	63,521	-0-	-0-	(59,771)	3,750
Total nondepreciable capital assets	\$ <u>120,861</u>	\$ <u>92,500</u>	\$ <u>-0-</u>	\$ <u>(59,771)</u>	\$ <u>153,590</u>
Depreciable capital assets					
Land improvements	\$ 37,882	\$ 43,470	\$ 8,554	\$ -0-	\$ 72,798
Leasehold improvements	22,583	-0-	-0-	-0-	22,583
Buildings	2,882,779	-0-	30,134	-0-	2,852,645
Fixed equipment	453,038	3,750	1,603	-0-	455,185
Major moveable equipment	3,104,687	214,837	566,348	59,771	2,812,947
Property held for capital lease	556,461	-0-	-0-	-0-	556,461
Transportation equipment	87,344	-0-	-0-	-0-	87,344
Minor equipment	300	-0-	-0-	-0-	300
Total depreciable capital assets	7,145,074	262,057	606,639	59,771	6,860,263
Accumulated depreciation	5,031,791	296,139	592,719	-0-	4,735,211
Total depreciable capital assets, net	\$ <u>2,113,283</u>	\$ <u>(34,082)</u>	\$ <u>13,920</u>	\$ <u>59,771</u>	\$ <u>2,125,052</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 5 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets and related accumulated depreciation:

	December 31, 2019	Additions	Dispositions	Transfers	December 31, 2020
Nondepreciable capital assets					
Land	\$ 36,840	\$ 20,500	\$ -0-	\$ -0-	\$ 57,340
Construction in progress	-0-	63,521	-0-	-0-	63,521
Total nondepreciable capital assets	\$ <u>36,840</u>	\$ <u>84,021</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>120,861</u>
Depreciable capital assets					
Land improvements	\$ 37,882	\$ -0-	\$ -0-	\$ -0-	\$ 37,882
Leasehold improvements	22,583	-0-	-0-	-0-	22,583
Buildings	2,725,789	156,990	-0-	-0-	2,882,779
Fixed equipment	442,673	10,365	-0-	-0-	453,038
Major moveable equipment	3,104,687	-0-	-0-	-0-	3,104,687
Property held for capital lease	556,461	-0-	-0-	-0-	556,461
Transportation equipment	87,344	-0-	-0-	-0-	87,344
Minor equipment	300	-0-	-0-	-0-	300
Total depreciable capital assets	6,977,719	167,355	-0-	-0-	7,145,074
Accumulated depreciation	4,682,435	349,356	-0-	-0-	5,031,791
Total depreciable capital assets, net	\$ <u>2,295,284</u>	\$ <u>(182,001)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>2,113,283</u>

Ward 3, 4 and 10 Hospital Service District
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NOTE 5 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets and related accumulated depreciation:

	December 31, 2018	Additions	Dispositions	Transfers	December 31, 2019
Nondepreciable capital assets					
Land	\$ 36,840	\$ -0-	\$ -0-	\$ -0-	\$ 36,840
Construction in progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total nondepreciable capital assets	\$ <u>36,840</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>36,840</u>
Depreciable capital assets					
Land improvements	\$ 37,882	\$ -0-	\$ -0-	\$ -0-	\$ 37,882
Leasehold improvements	22,014	569	-0-	-0-	22,583
Buildings	2,513,861	211,928	-0-	-0-	2,725,789
Fixed equipment	442,673	-0-	-0-	-0-	442,673
Major moveable equipment	3,029,010	82,156	6,479	-0-	3,104,687
Property held for capital lease	382,757	173,704	-0-	-0-	556,461
Transportation equipment	87,894	29,935	30,485	-0-	87,344
Minor equipment	<u>300</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>300</u>
Total depreciable capital assets	6,516,391	498,292	36,964	-0-	6,977,719
Accumulated depreciation	<u>4,298,518</u>	<u>413,828</u>	<u>29,911</u>	<u>-0-</u>	<u>4,682,435</u>
Total depreciable capital assets, net	\$ <u>2,217,873</u>	\$ <u>84,464</u>	\$ <u>7,053</u>	\$ <u>-0-</u>	\$ <u>2,295,284</u>

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NOTE 6 - LIMITED-USE ASSETS

The following assets are restricted as to use as designated below:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Restricted by third-parties</u>			
Bond paying agent fund	\$ 17,475	\$ 16,901	\$ 16,272
Bond contingency fund	60,752	60,752	52,752
LHA trust deposits	72,883	72,883	72,883
Capital lease fund	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total restricted by third-parties	151,110	150,536	141,907
<u>Restricted by board</u>			
Intergovernmental transfer	<u>473</u>	<u>437</u>	<u>368</u>
Limited use assets	\$ <u>151,583</u>	\$ <u>150,973</u>	\$ <u>142,275</u>

NOTE 7 - OTHER ASSETS

Other assets consist of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Meter deposits	\$ <u>1,814</u>	\$ <u>1,814</u>	\$ <u>1,814</u>
Total	\$ <u>1,814</u>	\$ <u>1,814</u>	\$ <u>1,814</u>

Ward 3, 4 and 10 Hospital Service District
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NOTE 8 - LONG-TERM DEBT

The following is a summary of long-term debt at December 31, 2021, 2020, and 2019:

	December 31, 2020	Additions	Payments	December 31, 2021	Due Within One Year
Capital Leases	\$ 200,883	\$ -0-	\$ 67,659	\$ 133,224	\$ 63,661
SBA PPP loan	870,592	-0-	870,592	-0-	-0-
Revenue bonds, R-1 Series 2013	1,101,524	-0-	70,682	1,030,842	69,761
Revenue bonds, R-2 Series 2013	<u>243,574</u>	<u>-0-</u>	<u>33,089</u>	<u>210,485</u>	<u>36,755</u>
Total	\$ <u>2,416,573</u>	\$ <u>-0-</u>	\$ <u>1,042,022</u>	\$ <u>1,374,551</u>	\$ <u>170,177</u>

	December 31, 2019	Additions	Payments	December 31, 2020	Due Within One Year
Capital Leases	\$ 267,822	\$ -0-	\$ 66,939	\$ 200,883	\$ 68,847
SBA PPP loan	-0-	870,592	-0-	870,592	232,601
Revenue bonds, R-1 Series 2013	1,170,086	-0-	68,562	1,101,524	70,682
Revenue bonds, R-2 Series 2013	<u>272,965</u>	<u>-0-</u>	<u>29,391</u>	<u>243,574</u>	<u>33,089</u>
Total	\$ <u>1,710,873</u>	\$ <u>870,592</u>	\$ <u>164,892</u>	\$ <u>2,416,573</u>	\$ <u>405,219</u>

	December 31, 2018	Additions	Payments	December 31, 2019	Due Within One Year
Capital Leases	\$ 176,053	\$ 276,951	\$ 185,182	\$ 267,822	\$ 66,834
Revenue bonds, R-1 Series 2013	1,236,604	-0-	66,518	1,170,086	68,455
Revenue bonds, R-2 Series 2013	<u>304,105</u>	<u>-0-</u>	<u>31,140</u>	<u>272,965</u>	<u>32,033</u>
Total	\$ <u>1,716,762</u>	\$ <u>276,951</u>	\$ <u>282,840</u>	\$ <u>1,710,873</u>	\$ <u>167,322</u>

The following is a summary of the terms and due dates of the Hospital's long-term debt at December 31:

- On December 10, 2018, a Government Obligation Contract was executed between KS State Bank and the District. Computer hardware was leased for the total amount of \$268,907 at an interest rate of 6.002%, for 60 months, terminating March 1, 2024, secured by equipment.
- On March 31, 2017, a Capital Lease Agreement was executed between GE Capital and the District. A GE Logic S8 Ultrasound was leased at a rate of imputed interest of 1.526%, with 60 monthly payments of \$1,297.95 until March 30, 2022, collateralized by leased equipment with a cost of \$81,578 and a book value of \$20,425 at December 31, 2020.

Ward 3, 4 and 10 Hospital Service District
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Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 8 - LONG-TERM DEBT (Continued)

- On November 20, 2013, Series 2013 Hospital Service Bonds, known as R-1, were issued in the principal amount of \$1,550,000, at 3.05%, rate subject to adjustment on the 5th, 10th, and 15th anniversary dates based upon then current 5-year Treasury rate (not to exceed 5% per annum) due in 2033, collateralized by a pledge and dedication of District revenue. These bonds are further secured by a mortgage of all properties owned by the District. They will mature 20 years from the date of delivery.
- On November 20, 2013, Series 2013 Hospital Service Bonds, known as R-2, were issued in the principal amount of \$450,000, at 3.05%, rate subject to readjustment on the 5th and 10th anniversary dates, due in 2026, collateralized by a pledge and dedication of District revenue. These bonds are further secured by a mortgage. They will mature on their monthly anniversary date in August 2027.
- On April 10, 2020, the District received an SBA Paycheck Protection Program (PPP) loan for employee expenses in the amount of \$870,592. The loan repayment originally commenced six months after the loan date of April 10, 2020; however, a 10-month deferment was granted, commencing after the District's 24-week covered period. The District has applied for loan forgiveness through the Small Business Administration. The PPP loan was forgiven by the SBA on January 26, 2021.

The District issued the \$2,000,000 of revenue bonds for the purpose of improving and renovating the Reeves Memorial Medical Center, including equipment, accessories and furnishings, to prepay (refund) the District's outstanding Hospital Revenue Bond, dated August 20, 2002 issued in the principal amount of \$650,000 and cost of issuance of the Bonds.

As required by the bond agreement, the District is required to maintain two separate accounts: Sinking Fund and Contingency Fund. The Sinking Fund is required in order to have sufficient monies to pay promptly and fully the principal and interest on the bonds due the next payment day. The Contingency Fund shall have deposited a sum equal to five percent (5%) of the amount being paid monthly into the Sinking Fund to cover depreciation, extensions, additions, improvements and replacements necessary to properly operate Reeves Memorial Medical Center. The sum equal to five percent (5%) of the Sinking Fund will continue until the amount of \$100,000 is deposited into the Contingency Fund. Should the Contingency Fund sum thereafter be reduced to less than \$100,000, monthly payments shall recommence until Contingency Fund balance is \$100,000.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
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Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 8 - LONG-TERM DEBT (Continued)

Scheduled principal and interest payments on long-term debt are as follows:

<u>Year ending December 31,</u>	<u>Long-Term Debt</u>		<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 106,516	\$ 36,296	\$ 63,661	\$ 6,440
2023	110,289	32,987	60,374	2,921
2024	113,700	29,577	9,188	157
2025	117,217	26,059	-0-	-0-
2026	120,843	22,434	-0-	-0-
2027-2031	480,681	65,456	-0-	-0-
2032-2036	<u>192,082</u>	<u>5,912</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>1,241,328</u>	\$ <u>218,721</u>	\$ <u>133,223</u>	\$ <u>9,518</u>

Assets and liabilities under capital leases are recorded at the fair value of the asset. The assets are depreciated over their estimated productive lives. Depreciation of assets under capital leases in the amount of \$73,984 is included in depreciation expense. Net book value of capital leases is \$125,763, \$219,080, and \$288,077, in 2021, 2020, and 2019, respectively.

NOTE 9 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

Accrued expenses and withholdings payable at December 31 consist of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accrued interest	\$ 2,480	\$ 2,480	\$ 2,480
Accrued payroll taxes	5,209	5,209	5,209
Accrued vacation	318,673	307,255	270,831
Accrued payroll	<u>230,406</u>	<u>181,740</u>	<u>157,802</u>
Total	\$ <u>556,768</u>	\$ <u>496,684</u>	\$ <u>436,322</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 10 - COMPENSATED ABSENCES

Employees of the District are entitled to paid time off and extended illness benefit days depending on job classification, length of service, and other factors. The District accrued \$318,673, \$307,255, and \$270,831, of vacation pay at December 31, 2021, 2020 and 2019. It is impracticable to estimate the amount of accrued compensation for future extended illness benefit days and, accordingly, no liability has been recorded in the accompanying financial statements. However, vested paid time off has been recorded as a liability in the accompanying financial statements at employee earning rates in effect at the balance sheet date.

NOTE 11 - RETIREMENT PLAN

On January 1, 2012, the District instituted the Reeves Memorial Medical Center 457 Plan, which is a defined contribution plan (exempt under Section 457 of the Internal Revenue Code). Security Benefits is the Plan's third-party administrator. At December 31, 2021, 2020, and 2019 there were 57, 44, and 46 plan members, respectively. Employees are eligible to participate in the plan beginning on the date of hire, with a maximum contribution of up to 100% of compensation. The contribution limit for those under age 50 is not to exceed \$20,000, \$19,500, and \$19,000 in calendar years 2021, 2020, and 2019, respectively. For those 50 or older \$27,000, \$26,000, and \$25,000 are the contribution limits for calendar years 2021, 2020, and 2019, respectively. The District has elected to match 100% of the first 2% of the participating employees' compensation deferred to the plan. The District may choose to make annual discretionary non-elective contributions based on the employees' compensation during the plan year. The District holds all rights to change and/or stop its contribution at any time. Employees are immediately vested in their contributions and in the employer match posted to their account.

The District's contributions were \$60,361, \$52,700, and \$51,479, compared to employee contributions of \$148,799, \$128,103, and \$131,743, for the years ended December 31, 2021, 2020, and 2019, respectively.

NOTE 12 - NET PATIENT SERVICE REVENUE

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - The District became a Medicare "Critical Access Hospital" (CAH) effective December 30, 2005. This designation enables the District to receive cost-based reimbursement for most services provided to Medicare beneficiaries on or after this date, including Swing Bed and rural health clinic services.

The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Financial Statements
Years Ended December 31, 2021, 2020, and 2019

NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Most Medicaid outpatient services are reimbursed under a cost reimbursement methodology, while others are paid on a prospectively determined fee schedule. Rural health clinic services were paid based on a prospectively determined rate per visit until June 30, 2008, when it changed to a cost reimbursement methodology. The District is reimbursed at a tentative rate for cost-based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary.

Commercial - The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Blue Cross Blue Shield "BCBS" is the largest commercial provider. BCBS charges were 11%, 11% and 12% of the gross charges for the years ended December 31, 2021, 2020 and 2019, respectively.

The following is a summary of the District's net patient service revenues for the years ended December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Gross charges	\$ 16,097,659	\$ 14,786,711	\$ 17,675,744
Less charges associated with charity patients	<u>(10,601)</u>	<u>(15,319)</u>	<u>(18,066)</u>
Gross patient service revenue	16,087,058	14,771,392	17,657,678
Add increases in revenue:			
Intergovernmental transfer (IGT)	18,441,135	18,298,348	15,634,392
Less deductions from revenue:			
Contractual adjustments	<u>(5,420,884)</u>	<u>(4,709,197)</u>	<u>(7,180,507)</u>
Policy and other discounts	<u>(286,937)</u>	<u>(159,932)</u>	<u>(206,241)</u>
Patient service revenue (net of contractual adjustments and discounts)	28,820,372	28,200,611	25,905,322
Less provision for bad debt	<u>(545,202)</u>	<u>(586,011)</u>	<u>(666,220)</u>
Net patient service revenue	\$ <u>28,275,170</u>	\$ <u>27,614,600</u>	\$ <u>25,239,102</u>

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NOTE 12 - NET PATIENT SERVICE REVENUE (Continued)

The District receives a substantial portion of its revenues from the Medicare and Medicaid programs at discounted rates. The following is a summary of Medicare and Medicaid charges for the years ended December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Medicare and Medicaid charges	\$ 9,316,521	\$ 8,073,235	\$ 10,662,618
Contractual adjustments	<u>(2,635,156)</u>	<u>(2,379,843)</u>	<u>(4,475,769)</u>
Program patient service revenue	\$ <u>6,681,365</u>	\$ <u>5,693,392</u>	\$ <u>6,186,849</u>
Percent of total gross patient charges	<u>58%</u>	<u>55%</u>	<u>60%</u>
Percent of total net patient revenues without IGT	<u>68%</u>	<u>61%</u>	<u>64%</u>

NOTE 13 - CHARITY CARE

The District provides charity care to patients who are financially unable to pay for part or all of the healthcare services they receive. The patient will either qualify for 100% of charity care or owe a reduced "sliding scale" amount based on the patient's level of income in comparison to the Federal poverty guidelines based on a 200% scale. Accordingly, the District does not report the amounts it expects not to collect in net operating revenues or in the allowance for doubtful accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including wages and related benefits, supplies, and other operating expenses. The costs of caring for charity care patients were approximately \$7,046, \$10,726, and \$10,467, in 2021, 2020, and 2019, respectively.

NOTE 14 - PROPERTY TAX REVENUE

The District levies property taxes for the maintenance and operation of the facility. The taxes are collected by the Union Parish Sheriff's office for an 8% collection fee. Property tax notices are mailed by November 15 each year and are due by December 31. The lien date is January 31. The special maintenance and operation millage is a ten-year tax assessed on all taxable property within the District at the rate of 10.45 mills. The 5.11 mills tax, which expired December 31, 2015, was renewed for the period 2016 through 2025. The 5.34 mills tax, which expired in 2021, was renewed for the period 2021 through 2031.

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NOTE 15 - PROFESSIONAL LIABILITY RISK

The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to health care providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability to \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

NOTE 16 - WORKER'S COMPENSATION RISK

The District participates in the Louisiana Hospital Association Self Insurance Worker's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The District has included these allocations and equity amounts assigned to the District by the Trust Fund in its financial statements.

NOTE 17 - CONTINGENCIES

The District evaluates contingencies based upon the best available evidence. The District believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District's estimates, future earnings will be charged or credited.

The principal contingencies are described below:

Governmental Third-Party Reimbursement Programs (Note 12) - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined.

Further, in order to continue receiving reimbursement from the Medicare program, the District entered into an agreement with a government agent allowing the agent access to the District's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the District.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as privacy, licensure, accreditation, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government

Ward 3, 4 and 10 Hospital Service District
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NOTE 17 - CONTINGENCIES (Continued)

healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 15) - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Worker's Compensation Risk (Note 16) - The District carries worker's compensation insurance through the Louisiana Hospital Association Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any.

Litigation and other matters in the ordinary course of business are pending against the District. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determination in the case where liability can be measured.

NOTE 18 - GRANT REVENUE

The District recognized operating grant income of \$289,832, \$114,562, and \$18,012 in years 2021, 2020, and 2019, respectively, for Medicaid Physician IPA payments and SHIP Grant.

NOTE 19 - INTERGOVERNMENTAL TRANSFERS-ACCESS GRANTS

The District ("Grantor") collaborated with a rural hospital trade organization ("RHC") to establish a grant program, whereby Grantor entered into cooperative endeavor agreements ("CEAs") with other regional public rural hospitals ("Grantees") to provide intergovernmental transfers-access grant ("IGT") funds to enhance access to adequate and essential medically necessary healthcare services to the rural communities served by Grantees. Grant amounts were calculated based upon schedules prepared by RHC when it was determined that sufficient funds were available to make such IGT grants. The aggregate IGT grant expense is \$17,620,543, \$17,815,986 and \$14,939,916 for the years ended December 31, 2021, 2020, and 2019, respectively.

NOTE 20 - RELATED PARTY

The District has a management agreement with Impact Healthcare Solutions, LLC to manage the hospital. Additionally, Impact provides billing and collection services. Total amounts paid for these services were \$512,503, \$465,079, and \$532,755, for December 31, 2021, 2020, and 2019, respectively.

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Notes to Financial Statements
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NOTE 21 - COVID-19 GRANT AWARDS

The Hospital received \$4,786,246 and \$1,137,981 in COVID-19 Grant Awards (the funds) via the Coronavirus Aid Relief and Economic Security (CARES) Act during the fiscal years ending December 31, 2020 and 2021, respectively. The funds were issued by the U.S. Department of Health & Human Services (HHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. The Hospital recognized \$1,624,626 and \$3,278,632 as non-operating grant revenue in the fiscal years ending December 31, 2020 and 2021, respectively. The unrecognized amount of \$3,161,620 and \$1,020,969 are reported in unearned revenue in the accompanying statement of net position at December 31, 2020 and 2021, respectively.

NOTE 22 - MEDICARE ADVANCE PAYMENTS

The Hospital applied for and received \$2,530,479 in Medicare Advance Payments during April 2020. The advance payments are to assist the Hospital due to the reduction in volume experienced by the restrictions placed by the Louisiana Department of Health in response to the coronavirus pandemic. These restrictions included the postponement of elective procedures. During FY 2021, \$711,069 was collected through Medicare claims. The remaining balance of \$1,819,410 will be collected in FY 2022.

NOTE 23 - SUBSEQUENT EVENT

Management has evaluated subsequent events through the date the financial statements were to be issued, September 23, 2022, and determined that no material events occurred that require disclosure.

SUPPLEMENTARY INFORMATION

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Net Patient Service Revenue
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Daily patient services:			
Room and board	\$ 500,842	\$ 593,457	\$ 949,421
Swing	<u>826,301</u>	<u>1,035,608</u>	<u>1,499,068</u>
 Total daily patient services	 <u>1,327,143</u>	 <u>1,629,065</u>	 <u>2,448,489</u>
 Other professional services:			
Radiology	2,708,051	2,008,929	2,418,054
Laboratory	2,597,106	2,296,181	2,459,509
Blood	23,413	13,885	25,852
Respiratory therapy	199,787	143,133	277,812
Physical therapy	1,544,645	1,573,433	1,630,070
Occupational therapy	960,361	976,547	1,073,024
Speech therapy	83,624	58,443	99,528
EKG	69,012	55,594	62,906
Medical supply	330,434	569,939	710,100
Pharmacy	3,116,884	2,755,060	2,934,842
Rural health clinic	1,353,479	1,116,394	1,456,026
Wound care	41,708	48,216	184,430
Emergency room	1,661,262	1,475,142	1,790,352
Monitor	<u>80,750</u>	<u>66,750</u>	<u>104,750</u>
 Total other professional services	 \$ <u>14,770,516</u>	 \$ <u>13,157,646</u>	 \$ <u>15,227,255</u>

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Reeves Memorial Medical Center
Schedules of Net Patient Service Revenue (Continued)
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Gross charges	\$ 16,097,659	\$ 14,786,711	\$ 17,675,744
Less charges associated with charity patients	<u>10,601</u>	<u>15,319</u>	<u>18,066</u>
Gross patient service revenue	16,087,058	14,771,392	17,657,678
Deductions from revenue:			
Medicare and Medicaid contractual adjustments	2,635,156	2,379,843	4,475,769
Intergovernmental transfers-access grant	(18,441,135)	(18,298,348)	(15,634,392)
Other contractual adjustments	2,785,728	2,329,354	2,704,738
Policy and other discounts	<u>286,937</u>	<u>159,932</u>	<u>206,241</u>
Patient service revenue (net of contractual adjustments and discounts)	28,820,372	28,200,611	25,905,322
Less provision for bad debt	<u>545,202</u>	<u>586,011</u>	<u>666,220</u>
Net patient service revenue less provision for bad debt	\$ <u>28,275,170</u>	\$ <u>27,614,600</u>	\$ <u>25,239,102</u>

Ward 3, 4 and 10 Hospital Service District
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Schedules of Other Operating Revenue
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
HPSA incentive	\$ 63,521	\$ 57,241	\$ 18,972
Dietary revenue	19,233	3,276	12,661
Health information	55	-0-	3,386
Discounts taken	66,418	59,030	59,996
Pharmacy revenue	2,695	3,467	3,585
340B pharmaceutical program	683,328	526,402	738,921
Grant administrative fee	34,605	18,500	25,230
Insurance recovery	-0-	-0-	19,126
Administrative processing fee	129,775	118,034	230,861
Miscellaneous revenue	<u>550</u>	<u>5,398</u>	<u>20,544</u>
 Total other revenue	 \$ <u>1,000,180</u>	 \$ <u>791,348</u>	 \$ <u>1,133,282</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Expenses - Salaries and Benefits
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Administration	\$ 581,192	\$ 520,707	\$ 515,840
Plant maintenance	100,477	134,478	139,523
Housekeeping	100,534	74,227	76,130
Dietary	101,238	81,665	123,823
Nursing administration	106,697	99,957	87,176
Health information	181,173	178,424	160,944
Nursing services	1,207,320	1,106,479	1,271,823
Radiology	193,689	151,853	162,583
Laboratory	245,468	273,725	260,059
Respiratory therapy	58,419	65,461	67,591
EKG and EEG	5,581	6,410	6,640
Central supply	32,896	31,538	30,198
Pharmacy	197,681	191,532	190,457
Rural health clinic	1,193,213	1,186,245	1,259,290
Emergency room	<u>568,237</u>	<u>527,751</u>	<u>277,042</u>
 Total salaries	 <u>4,873,815</u>	 <u>4,630,452</u>	 <u>4,629,119</u>
 Payroll taxes	 336,993	 312,122	 313,946
Health/life insurance	344,575	368,311	379,963
457 matching contribution	60,361	52,700	51,479
Worker's compensation	<u>38,824</u>	<u>46,458</u>	<u>51,603</u>
 Total benefits	 <u>780,753</u>	 <u>779,591</u>	 <u>796,991</u>
 Total salaries and benefits	 \$ <u>5,654,568</u>	 \$ <u>5,410,043</u>	 \$ <u>5,426,110</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Expenses - Medical Supplies and Drugs
Years Ended December 31,

	<u>2021</u>		<u>2020</u>		<u>2019</u>
Nursing services	\$ 49,469	\$	33,845	\$	26,262
Radiology	23,257		11,985		13,264
Laboratory	89,280		131,660		126,675
Blood	13,382		7,136		16,538
Respiratory therapy	10,365		9,162		9,616
Physical and occupational therapy	3,466		4,585		2,092
Pharmacy	889,909		954,468		944,521
340B pharmaceutical program	360,245		195,453		183,934
Wound care	-0-		1,162		-0-
Rural health clinic	24,584		13,599		37,482
Emergency room	<u>1,386</u>		<u>-0-</u>		<u>-0-</u>
 Total medical supplies and drugs	 \$ <u>1,465,343</u>	 \$	 <u>1,363,055</u>	 \$	 <u>1,360,384</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Expenses - Professional Fees
Years Ended December 31,

	<u>2021</u>		<u>2020</u>		<u>2019</u>
Health information	\$ 450	\$	-0-	\$	1,138
Nursing	109,812		46,739		24,648
Radiology	84,852		57,015		14,268
Laboratory	165,395		191,832		115,958
Physical therapy	378,944		353,717		365,071
Occupational therapy	235,090		228,339		259,132
Speech therapy	55,447		33,564		47,480
Pharmacy	34,714		37,898		35,250
Wound care	-0-		-0-		18,260
Rural health clinic	15,391		13,500		15,400
Emergency room	<u>675,290</u>		<u>685,991</u>		<u>643,006</u>
 Total professional fees	 \$ <u>1,755,385</u>	 \$	 <u>1,648,595</u>	 \$	 <u>1,539,611</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Expenses - Other Expenses
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Purchased services	\$ 840,614	\$ 750,663	\$ 787,718
Accounting and legal	88,147	67,102	87,649
Non medical supplies	334,067	302,682	277,452
Repairs and maintenance	287,618	300,548	276,504
Utilities	90,697	77,962	84,646
Telephone	48,487	50,137	46,978
Travel	19,588	11,647	30,017
Rentals	58,228	91,324	150,800
Training	7,577	6,206	18,624
Promotion and advertising	19,789	5,978	6,131
Licensing and publications	50,022	34,303	37,894
Miscellaneous	61,203	47,441	45,538
Tax assessor fees	<u>8,860</u>	<u>9,121</u>	<u>8,571</u>
 Total other expenses	 \$ <u><u>1,914,897</u></u>	 \$ <u><u>1,755,114</u></u>	 \$ <u><u>1,858,522</u></u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedules of Per Diem and Other Compensation Paid to Board Members
Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board members:			
Penya Moses	\$ 360	\$ 320	\$ 360
Mike Holley	400	320	360
Jennifer Lenard	400	320	320
Edwin Watley	400	320	320
Michael Brandon	360	280	360
	<hr/>	<hr/>	<hr/>
Total	\$ <u>1,920</u>	\$ <u>1,560</u>	\$ <u>1,720</u>

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Compensation, Benefits, and Other Payments
To Chief Executive Officer
Year Ended December 31, 2021

Agency Head Name:	David Caston
Position:	CEO
Time Period:	January 1, 2021 to December 31, 2021

<u>Purpose</u>	<u>Amount</u>
Salary	162,500
Health insurance	-0-
Retirement	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	469
Travel	690
Registration fees	150
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-



LESTER, MILLER & WELLS

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Retired 2015
Bobby G. Lester, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Bernice, 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 Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana d/b/a Reeves Memorial Medical Center (the "District"), a component unit of the Union Parish Police Jury, as of and for the years ended December 31, 2021, 2020, and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 23, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies: 2021-001.

Board of Commissioners
Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Page Two

Report on Compliance and Other Matters

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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

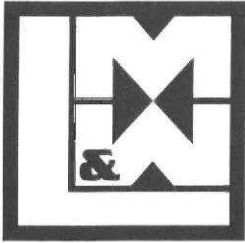
This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountants
Alexandria, Louisiana

September 23, 2022





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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Bernice, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana d/b/a Reeves Memorial Medical Center's (the "District"), a component unit of the Union Parish Police Jury, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana d/b/a Reeves Memorial Medical Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control over Compliance

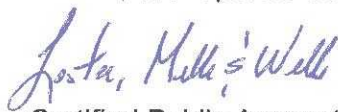
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountants
Alexandria, Louisiana

September 23, 2022



Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

<u>Federal Grantor/Program Name/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass-through Identifying No.</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services COVID-19 Provider Relief Fund	93.498	N/A	\$ 4,753,797
U.S. Department of Health and Human Services COVID-19 Testing for Rural Health Clinics	93.697	N/A	<u>149,461</u>
Total Expenditures of Federal Awards			\$ <u><u>4,903,258</u></u>

See accompanying notes to schedule of expenditures of federal awards.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

NOTE A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Ward 3, 4 and 10 Hospital Service District of the Parish of Union, State of Louisiana d/b/a Reeves Memorial Medical Center (the "District"), a component unit of the Union Parish Police Jury under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – Reconciliation of Provider Relief Fund Grant Revenue in the Financial Statements to the SEFA

During the fiscal year ended December 31, 2021, the Hospital received Provider Relief Funds from the U.S. Department of Health and Human Services (HHS) under Assistance Listing Number 93.498. The funds are to be utilized for expenditures to prevent, prepare for, and respond to coronavirus. Additionally, the funds are for lost revenues attributable to coronavirus pandemic. The Hospital recognized the amounts in the financial statements in the table below based on meeting the requirements of the program. The amounts received and expended are reported in the SEFA according to HHS's periods of availability. Accordingly, the \$4,753,797 expended in "Period 1" and "Period 2" is reported on the December 31, 2021 SEFA.

<u>Fiscal Year</u>	<u>Provider Relief Funding Received</u>	<u>Amount Recognized as Revenue</u>	<u>Amount Reported as Unearned Revenue</u>	<u>Amount Reported on the SEFA</u>
2020	4,753,797	1,624,626	3,129,171	-0-
2021	1,137,981	3,129,171	1,137,981	4,753,797

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Current Year Findings and Questioned Costs
Year Ended December 31, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion on financial statements prepared in accordance with generally accepted accounting principles (GAAP)

Internal control over financial reporting:

- Material weaknesses identified – No
- Significant deficiencies identified – Yes

Compliance:

- Noncompliance issues noted – No

Management letter issued – No

Federal Awards–

- Material weaknesses identified – No
- Significant deficiencies identified – No
- Type of auditor's report issued on compliance for major programs – Unmodified
- Any audit findings which are required to be reported under Uniform Guidance – No
- Any instances of material noncompliance in major programs disclosed during the audit – No
- Identification of Major Programs:
 - Assistance Listing # 93.498 Department of Health and Human Services
 - COVID-19 Provider Relief Fund
- Dollar threshold to distinguish between Type A and Type B Programs - \$750,000
- Auditee qualified as a low-risk auditee - No

Section II. Financial Statement Findings

FINDING 2021-001 - Financial Close and Reporting

Fiscal Year Initially Reported: December 31, 2020

Criteria: U.S. generally accepted accounting principles require that revenues be reported in the period earned.

Condition: Monthly financial statements do not reflect accrual basis operating results of the Hospital because estimated COVID-19 Grant Awards earnings were not correctly recorded.

Cause: Incorrectly recorded COVID-19 Grant Awards earned and allowed for FYE 12/31/2021 in FY 2022.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Current Year Findings and Questioned Costs
Year Ended December 31, 2021

FINDING 2021-001 - Financial Close and Reporting (Continued)

Effect: COVID-19 Grant Awards revenue was understated \$917,012.

Recommendation: Management should continue to review Provider Relief Fund updated Q&A's and calculate Provider Relief Fund grant revenue on an interim basis using available information at the time.

Management Response: Management has reviewed the final reporting requirements for COVID-19 Grant Awards and will begin making interim calculations of COVID-19 Grant Awards grant revenue based on that information.

Section III. Federal Award Findings

Not applicable

Section IV. Management Letter

Not applicable

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2021

Section I. Financial Statement Findings

FINDING 2020-001 - Segregation of Duties

Fiscal Year Initially Reported: December 31, 2007

Criteria: The District staff should maintain a segregation of duties for effective internal control.

Condition: The District does not maintain segregation of duties in all job functions.

Cause: Segregation is not feasible due to small staff size.

Effect: A weakness in internal controls over job duties and functions, allowing possible fraud.

Recommendation: We recommend that duties be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating transaction recording from general ledger posting and maintenance; and 3) separating operations responsibility from record-keeping. Where these segregations are not possible, we recommend close supervision and review particularly at remote locations.

Management Response: The District is limited in its resources. The benefits of having a complete segregation of duties are not feasible. However, management has added an additional accountant to help segregate duties between the custody and recording of cash transactions.

Resolution: Resolved.

FINDING 2020-002 - Financial Close and Reporting

Fiscal Year Initially Reported: December 31, 2020

Criteria: U.S. generally accepted accounting principles require that revenues be reported in the period earned.

Condition: Monthly financial statements do not reflect accrual basis operating results of the District because estimated COVID-19 Grant Awards earnings were not correctly recorded.

Cause: Guidance for COVID-19 Grant Awards reporting has changed several times and uncertainty regarding revenue recognition was not clarified until after year-end.

Effect: COVID-19 Grant Awards revenue was understated \$846,032.

Recommendation: Management should review COVID-19 Grant Awards updated Q&A's and calculate estimates on Funds earned on an interim basis using all available information at the time.

Ward 3, 4 and 10 Hospital Service District
Of the Parish of Union, State of Louisiana
Reeves Memorial Medical Center
Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2021

Management Response: The flow of information regarding the COVID-19 Grant Awards has been sporadic. Management will continue to monitor COVID-19 Grant Awards reporting instructions as they are released.

Resolution: Not Resolved.

Section II. Federal Award Findings

Not applicable

Section III. Management Letter

Not applicable

September 23, 2022

Legislative Audit Advisory Council
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Ward 3, 4, and 10 Hospital Service District of the
Parish of Union, State of Louisiana - d/b/a Reeves Memorial Medical Center
FYE 12/31/2021 Financial Statement Audit
Management Corrective Action Plan

Dear Council Members:

Management has taken the following action in response to the finding of our auditors, Lester, Miller & Wells, CPAs for the fiscal year ended December 31, 2021.

Finding 2021-001 – COVID-19 Grant Awards

Position(s) of Agency Personnel taking correction action:
Chief Financial Officer

Corrective Action:
Management has reviewed the final reporting requirements for COVID-19 Grant Awards and will begin making interim calculations of COVID-19 Grant Awards grant revenue based on that information.

Date Corrective Action Complete:
December 31, 2021

If you should require additional information, please call (318) 285-9066.

Sincerely,

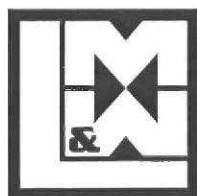
A handwritten signature in blue ink, appearing to read "David Caston", is written over a horizontal line.

David Caston
Chief Executive Officer

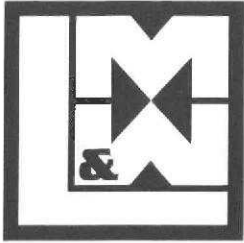
REEVES MEMORIAL MEDICAL CENTER

INDEPENDENT AUDITORS' REPORT
ON APPLYING AGREED UPON
PROCEDURES

FOR THE YEAR ENDED
DECEMBER 31, 2021



LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
of Ward 3, 4 & 10 Hospital Service District of
Parish of Union State of Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Ward 3, 4 & 10 Hospital Service District of Parish of Union State of Louisiana ("District") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Hospital's management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (*e.g., determining the reasonableness of fuel card purchases*).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **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, and (5) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exceptions: No exceptions were found as a result of these procedures.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.



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

Exceptions: No exceptions were found as a result of these procedures.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (*or all accounts if less than 5*). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (*e.g., initialed and dated, electronically logged*);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (*e.g., initialed and dated, electronically logged*); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exceptions: No exceptions were found as a result of these procedures.

Collections (excluding electronic funds transfers)

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



- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exceptions: No exceptions were found as a result of these procedures.

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

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



- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (*e.g., initial/date, electronic logging*) of segregation of duties tested under #9, as applicable.

Exceptions: No exceptions were found as a result of these procedures.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (*e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage*) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. *[Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]*
 - b) Observe that finance charges and late fees were not assessed on the selected statements.



13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exceptions: No exceptions were found as a result of these procedures.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions: No exceptions were found as a result of these procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., *solicited quotes or bids, advertised*), if required by law.



- b) Observe that the contract was approved by the governing body/board, if required by policy or law (*e.g., Lawrason Act, Home Rule Charter*).
- c) If the contract was amended (*e.g., change order*), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (*e.g., if approval is required for any amendment, was approval documented*).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Exceptions: No exceptions were found as a result of these procedures.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that 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.*)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Exceptions: No exceptions were found as a result of these procedures.



Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Exceptions: One of the 5 employees tested did not take the 1-hour ethics course in FY 2021.

Management's Response: Management has resolved and has a process to ensure applicable employees have the one-hour ethics certification.

Debt Service

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

Exceptions: No exceptions were found as a result of this procedure.

Fraud Notice

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

Exceptions: No exceptions were found as a result of this procedure.



Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (*e.g., tapes, CDs*), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Exceptions: Back-ups were not tested in a timely manner.

Management's Response: Management has included back-up testing program and reports in the back-up software.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.



Board of Commissioners
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Exceptions: Of the five (5) employees tested none took the 1-hour sexual harassment course.

Management's Response: Management has required all employees to take the 1-hour sexual harassment course and has a process to ensure all employees have 1-hour sexual harassment certificate by year-end.

Exceptions: The sexual harassment report was not filed for FYE 12/31/2021.

Management's Response: Management has a process in place to track all employees who take the sexual harassment training, all sexual harassment complaints, complaints that resulted in a finding, complaints in which findings have resulted in corrective action, and amount of time it took to resolve each complaint.

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

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

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



Certified Public Accountants
Alexandria, Louisiana

September 23, 2022



