

**East Carroll Parish Hospital Service District d/b/a  
East Carroll Parish Hospital  
A Component Unit of East Carroll Parish**

**Independent Auditor's Reports and Financial Statements**

**May 31, 2020 and 2019**

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East Carroll Parish Hospital  
A Component Unit of East Carroll Parish**

**May 31, 2020 and 2019**

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## Independent Auditor's Report

Board of Commissioners  
East Carroll Parish Hospital Service District d/b/a  
East Carroll Parish Hospital  
Lake Providence, Louisiana

### Report on Financial Statements

We have audited the accompanying financial statements of East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital), a component unit of East Carroll Parish, as of and for the years ended May 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

### ***Opinion***

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, as listed in the table of contents, is required by the Louisiana Legislative Auditor and is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2021, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital'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 Hospital's internal control over financial reporting and compliance.

**BKD, LLP**

Jackson, Mississippi  
February 9, 2021

**East Carroll Parish Hospital Service District d/b/a  
East Carroll Parish Hospital  
A Component Unit of East Carroll Parish  
Management's Discussion and Analysis  
Years Ended May 31, 2020 and 2019**

***Introduction***

This management's discussion and analysis of the financial performance of East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital) provides an overview of the Hospital's financial activities for the years ended May 31, 2020 and 2019. It should be read in conjunction with the accompanying financial statements of the Hospital.

***Financial Highlights***

- Cash and cash equivalents, along with the change in certificates of deposit, increased by \$5,572,781 and \$2,522,759 in 2020 and 2019, respectively. This was mainly due to \$3,722,301 received for Coronavirus, Aid, Relief, and Economic Security (CARES) Act funding in 2020.
- The Hospital's net position decreased \$27,876 in 2020 and increased \$1,235,127 in 2019.
- The assets of the Hospital exceeded liabilities by \$11,960,120 at the end of the 2020 fiscal year and by \$11,987,996 at the end of fiscal year 2019. Of this amount, \$8,938,547 and \$9,171,133 at May 31, 2020 and 2019, respectively, are unrestricted net position and may be used to meet ongoing obligations to the Hospital's employees, patients and creditors; while \$3,021,573 and \$2,816,863 at May 31, 2020 and 2019, respectively, are invested in capital assets.

***Using This Annual Report***

The Hospital's financial statements consist of three statements—balance sheet; statement of revenues, expenses and changes in net position; and statement of cash flows. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

***The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position***

One of the most important questions asked about any Hospital's finances is "Is the Hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes in it. The Hospital's total net position—the difference between assets and liabilities—is one measure of the Hospital's financial health

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or financial position. Over time, increases or decreases in the Hospital's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the Hospital.

***The Statement of Cash Flows***

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

***The Hospital's Net Position***

The Hospital's net position is the difference between its assets and liabilities reported in the balance sheet. The Hospital's net position decreased by \$27,876 in 2020 over 2019, and increased by \$1,235,127 in 2019 over 2018, as shown in Table 1.

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**Table 1: Assets, Liabilities and Net Position**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>			
Current assets	\$ 10,508,049	\$ 5,748,181	\$ 5,684,846
Capital assets, net	3,021,573	2,816,863	2,392,254
Board designated certificates of deposit	4,469,874	4,415,689	3,377,577
<b>Total assets</b>	<b>\$ 17,999,496</b>	<b>\$ 12,980,733</b>	<b>\$ 11,454,677</b>
<b>Liabilities</b>			
Current liabilities	\$ 5,085,015	\$ 992,737	\$ 701,808
Long-term debt	954,361	-	-
<b>Total liabilities</b>	<b>6,039,376</b>	<b>992,737</b>	<b>701,808</b>
<b>Net Position</b>			
Net investment in capital assets	3,021,573	2,816,863	2,392,254
Unrestricted	8,938,547	9,171,133	8,360,615
<b>Total net position</b>	<b>11,960,120</b>	<b>11,987,996</b>	<b>10,752,869</b>
<b>Total liabilities and net position</b>	<b>\$ 17,999,496</b>	<b>\$ 12,980,733</b>	<b>\$ 11,454,677</b>

**2020 Highlights**

- Current assets increased in 2020 by a total of \$4,759,868, primarily due to \$3,722,301 in CARES Act funds received during the year.
- Long-term debt increased \$954,361 due to the receipt of a Paycheck Protection Program (PPP) loan in the amount of \$1,137,947 during the fiscal year.
- Capital assets, net increased \$204,710 in 2020 due to a new clinic under construction during the year.

**2019 Highlights**

- Current assets increased in 2019 by a total of \$63,335, primarily due to an increase of \$1,484,647 in cash and cash equivalents partially offset by a \$723,076 decrease in net accounts receivable and an \$844,911 decrease in due from third-party payers.



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- Decrease in Upper Payment Limit (UPL) funding of \$1.2 million, due to less uncompensated care following Medicaid expansion in Louisiana.
- Capital assets, net increased \$424,609 in 2019 due to the completion of a hospital renovation project of approximately \$537,000 during the year.
- Board designated certificates of deposits (CDs) increased in 2019, due to the purchase of an approximately \$1,000,000 in CDs from a financial institution.

***Operating Results and Changes in the Hospital's Net Position***

In 2020, the Hospital's change in net position decreased by \$1,263,003, from \$1,235,127 in 2019 to (\$27,876) in 2020, as shown in Table 2. This decrease is primarily related to decreases in net patient service revenue of \$1,652,741 as a result of the COVID-19 pandemic beginning in March 2020. The Hospital's 2019 change in net position increased \$671,329, as compared to 2018 to \$1,235,127 in 2019, a decrease of 35%.

***Table 2: Operating Results and Changes in Net Position***

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Operating Revenues</b>			
Net patient service revenue	\$ 10,266,489	\$ 11,919,230	\$ 12,326,603
Other operating revenues	312,804	153,544	86,922
Total operating revenues	<u>10,579,293</u>	<u>12,072,774</u>	<u>12,413,525</u>
<b>Operating Expenses</b>			
Salaries, wages and employee benefits	6,608,743	6,674,834	6,444,390
Supplies and other	4,213,883	4,361,645	4,208,435
Depreciation	359,404	328,214	335,574
Total operating expenses	<u>11,182,030</u>	<u>11,364,693</u>	<u>10,988,399</u>
<b>Operating Income (Loss)</b>	(602,737)	708,081	1,425,126
<b>Nonoperating Revenues, Net</b>	<u>574,861</u>	<u>527,046</u>	<u>481,330</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ (27,876)</u>	<u>\$ 1,235,127</u>	<u>\$ 1,906,456</u>

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***Operating Revenues***

The first component of the overall change in the Hospital's net position is its operating income or loss - generally, the difference between net patient service revenue and other operating revenues and the expenses incurred to perform those services. In two of the past three years, the Hospital has reported operating income. This is consistent with the Hospital's recent operating history, as the Hospital was formed and is operated primarily to serve residents of East Carroll Parish and the surrounding area. The Hospital levies property taxes to provide sufficient resources to enable the Hospital to serve lower income and other residents.

The operating income for 2020 decreased by \$1,310,818, or 185%, as compared to 2019. The primary components of the decreased operating income are:

- A decrease in net patient service revenue of \$1,652,741, or 13.9%, from 2019 to 2020 due to the COVID-19 pandemic, resulting in a decrease in clinic visits and admissions by health care facilities among other forced closures or limitations of businesses.
- A decrease in salaries, wages and employee benefits of \$66,091, or 1%, in 2020 due to lower utilization during the COVID-19 pandemic.
- A decrease in supplies and other of \$147,762, or 3.4%, due to lower volumes of procedures during the COVID-19 pandemic.

***2020 Highlights***

- During 2020, the Hospital had patient days and admissions (inpatient and observation) of 1,297 and 570, respectively. This was a decrease of 540 patient days, or 29.4% from 2019 levels. Admissions decreased in 2020 by 161, or 22.0%, from 2019 levels.
- Operating expenses were down 1.6% from 2019 to 2020. This was primarily due to a 3.4% decrease in supplies and other, offset by a 9.5% increase in depreciation expense.

***2019 Highlights***

- During 2019, the Hospital had patient days and admissions (inpatient and observation) of 1,837 and 731, respectively. This was a decrease of 219 patient days, or 10.4% from 2018 levels. Admissions decreased in 2019 by 102, or 12.2%, from 2018 levels.
- Net patient service revenue decreased 3.3% from 2018 to 2019, primarily related to a decrease in patient days and admissions as noted above.

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- Operating expenses were up 3.4% from 2018 to 2019. This was primarily due to a 3.6% increase in salaries, wages and employee benefits, offset by a 2.2% decrease in depreciation expense.

***Nonoperating Revenues and Expenses***

Nonoperating revenues and expenses consist primarily of subsidy from the Parish. The Hospital recognized approximately \$502,000, \$470,000 and \$441,000 of parish subsidy for 2020, 2019 and 2018, respectively.

***The Hospital's Cash Flows***

Cash provided by operating activities was \$701,786, \$2,748,536, and \$1,310,308 for 2020, 2019 and 2018, respectively. The primary reason for cash provided by operating activities in 2020 is receipts from and on behalf of patients, which was a significant decrease over 2019 as noted in the "Operating Revenues" section above.

***Capital Asset and Debt Administration***

**Capital Assets**

At the end of 2020 and 2019, the Hospital had approximately \$3,022,000 and \$2,817,000 of net capital assets, as detailed in *Note 6* to the financial statements.

**Debt**

At May 31, 2020, the Hospital had an outstanding loan under the PPP for approximately \$1,138,000. The Hospital had no debt in 2019.

***Other Economic Factors***

While the annual budget of the Hospital is not presented within these financial statements, the Hospital's Board and management considered many factors when setting the fiscal year 2021 budget. The primary importance in setting the 2021 budget was the status of the economy and the health care environment, which takes into account market forces and environmental factors such as:

- Impact of COVID-19 on the Hospital, primarily to revenues and additional supplies
- Medicare reimbursement changes
- Medicaid reimbursement changes, particularly as Medicaid expands in Louisiana

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- Continuation at the current level of Uncompensated Care Program
- Increased number of high deductible plans
- Workforce shortages, primarily in nursing and other clinically skilled positions and related employee costs

***Contacting the Hospital's Financial Management***

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Hospital Administrator at East Carroll Parish Hospital, 336 North Hood Street, Lake Providence, Louisiana 71254-2194 or by phone at 318.559.4023.

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**Balance Sheets  
May 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,958,162	\$ 3,439,566
Patient accounts receivable, net of allowance for uncollectible accounts of approximately \$1,242,000 and \$1,078,000 in 2020 and 2019, respectively	936,536	1,279,227
Estimated amounts due from third-party payers	127,305	541,978
Supplies	288,746	238,392
Prepaid expenses and other	197,300	249,018
Total current assets	10,508,049	5,748,181
<b>Capital Assets, Net</b>	3,021,573	2,816,863
<b>Board Designated Certificates of Deposit</b>	4,469,874	4,415,689
Total assets	\$ 17,999,496	\$ 12,980,733

	<u>2020</u>	<u>2019</u>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 183,586	\$ -
Accounts payable	808,017	681,856
Accrued expenses	371,111	310,881
Revenue received in advance	<u>3,722,301</u>	<u>-</u>
Total current liabilities	<u>5,085,015</u>	<u>992,737</u>
<b>Long-term Debt</b>	<u>954,361</u>	<u>-</u>
Total liabilities	<u>6,039,376</u>	<u>992,737</u>
<b>Net Position</b>		
Net investment in capital assets	3,021,573	2,816,863
Unrestricted	<u>8,938,547</u>	<u>9,171,133</u>
Total net position	<u>11,960,120</u>	<u>11,987,996</u>
Total liabilities and net position	<u><u>\$ 17,999,496</u></u>	<u><u>\$ 12,980,733</u></u>

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**Statements of Revenues, Expenses and Changes in Net Position  
Years Ended May 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts; 2020 - \$1,520,000 2019 - \$1,245,000	\$ 10,266,489	\$ 11,919,230
Other	312,804	153,544
Total operating revenues	<u>10,579,293</u>	<u>12,072,774</u>
<b>Operating Expenses</b>		
Salaries and wages	5,576,878	5,664,121
Employee benefits	1,031,865	1,010,713
Supplies and other	4,213,883	4,361,645
Depreciation	359,404	328,214
Total operating expenses	<u>11,182,030</u>	<u>11,364,693</u>
<b>Operating Income (Loss)</b>	<u>(602,737)</u>	<u>708,081</u>
<b>Nonoperating Revenues (Expenses)</b>		
Parish subsidy	501,585	470,110
Interest income	58,220	41,853
Interest expense	(223)	(57)
Rental income	600	550
Noncapital grants	14,679	14,590
Total nonoperating revenues (expenses)	<u>574,861</u>	<u>527,046</u>
<b>Increase (Decrease) in Net Position</b>	(27,876)	1,235,127
<b>Net Position, Beginning of Year</b>	<u>11,987,996</u>	<u>10,752,869</u>
<b>Net Position, End of Year</b>	<u>\$ 11,960,120</u>	<u>\$ 11,987,996</u>

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**Statements of Cash Flows  
Years Ended May 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from and on behalf of patients	\$ 11,023,853	\$ 13,487,934
Payments to suppliers and contractors	(3,958,601)	(4,199,911)
Payments to employees	(6,676,270)	(6,693,031)
Other operating receipts	312,804	153,544
	<u>701,786</u>	<u>2,748,536</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Noncapital grants	14,679	14,590
Paycheck Protection Program loan proceeds	1,137,947	-
Governmental funding through CARES Act	3,722,301	-
Rental income	600	550
Parish subsidy	501,585	470,110
	<u>5,377,112</u>	<u>485,250</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	(564,114)	(752,823)
Interest payments on long-term debt	(223)	(57)
	<u>(564,337)</u>	<u>(752,880)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of board designated certificates of deposit	(54,185)	(1,038,112)
Interest income received	58,220	41,853
	<u>4,035</u>	<u>(996,259)</u>
<b>Increase in Cash and Cash Equivalents</b>	5,518,596	1,484,647
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,439,566</u>	<u>1,954,919</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 8,958,162</u>	<u>\$ 3,439,566</u>



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Statements of Cash Flows (Continued)  
Years Ended May 31, 2020 and 2019**

	2020	2019
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>		
<b>Provided by Operating Activities</b>		
Operating income (loss)	\$ (602,737)	\$ 708,081
Depreciation	359,404	328,214
Provision for uncollectible accounts	1,092,829	1,244,872
Changes in operating assets and liabilities		
Patient accounts receivable	(750,138)	(521,796)
Estimated amounts due to/from third-party payers	414,673	844,911
Supplies	(50,354)	(18,927)
Prepaid expenses and other	51,718	(127,748)
Accounts payable and accrued expenses	186,391	290,929
Net cash provided by operating activities	\$ 701,786	\$ 2,748,536

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**Notes to Financial Statements  
May 31, 2020 and 2019**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations and Reporting Entity***

East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital) primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in East Carroll Parish, Louisiana. The Hospital is a governmental acute care hospital located in Lake Providence, Louisiana. It was created by the East Carroll Parish Police Jury. The Policy Jury appoints the Board of Commissioners of the Hospital. The Hospital is considered a political subdivision of the State of Louisiana and a component unit of East Carroll Parish.

***Basis of Accounting and Presentation***

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and parish appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as parish appropriations), investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

***Use of Estimates***

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

***Cash and Cash Equivalents***

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At May 31, 2020 and 2019, cash equivalents consisted of a money market account.

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**Notes to Financial Statements  
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***Parish Subsidy***

The Hospital received approximately 4.5% in 2020 and 3.7% in 2019 of its financial support from property taxes. These funds were used as follows:

	<b>2020</b>	<b>2019</b>
Percentage used to support operations	100.0%	100.0%
Percentage used for debt service on bonds	0.0%	0.0%
	100.0%	100.0%

Property taxes are assessed October 1 and are received beginning in October 1 of each year and become delinquent after January 1 of the following year. Revenue from property taxes is recognized in the year for which the taxes are levied.

***Risk Management***

The Hospital 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 employee health and accident benefits. 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.

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

***Investments and Investment Income***

Investments in nonnegotiable certificates of deposit are carried at amortized cost.

Investment income includes interest income on board designated certificates of deposit.

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**Notes to Financial Statements  
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***Patient Accounts Receivable***

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

***Supplies***

Supplies inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term, or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

Buildings and improvements	20-40 years
Furniture and equipment	5-20 years
Transportation equipment	4-8 years

***Capital Asset Impairment***

The Hospital evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. No asset impairment was recognized during the years ended May 31, 2020 or 2019.

***Compensated Absences***

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an

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**Notes to Financial Statements  
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additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

***Net Position***

Net position of the Hospital is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

***Net Patient Service Revenue***

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive revenue adjustments under reimbursement agreements with third-party payers and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

***Charity Care***

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

***Income Taxes***

As a political subdivision of the State of Louisiana, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

***Reclassifications***

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation. The reclassifications had no effect on the changes in financial position.

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**Note 2: Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. The Hospital does not have a deposit policy for custodial credit risk. Investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in (1) direct obligations of the United States Government pledged by its full faith and credit, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral and (3) savings accounts at savings and loan associations and banks to the extent fully insured.

At May 31, 2020 and 2019, the Hospital's bank balances were exposed to custodial credit risk as follows:

	<b>2020</b>	<b>2019</b>
Insured by Federal Deposit Insurance Corporation (FDIC)	\$ 282,088	\$ 263,366
Collateralized by securities held by the pledging financial institution's Trust Department in the Hospital's name	13,159,688	7,612,683
Uninsured and uncollateralized	12,630	-
 Total depository balance	 \$ 13,454,406	 \$ 7,876,049
 Carrying value	 \$ 13,428,036	 \$ 7,855,255
 Included in the following balance sheets captions		
Cash and cash equivalents	\$ 8,958,162	\$ 3,439,566
Board designated certificates of deposit	4,469,874	4,415,689
	\$ 13,428,036	\$ 7,855,255

**Note 3: Net Patient Service Revenue**

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

*Medicare* - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services and defined capital costs related to Medicare beneficiaries are

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paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

*Medicaid* - Inpatient services rendered to Medicaid program beneficiaries are reimbursed at a prospectively determined per diem rate. Outpatient services are reimbursed at a percentage of cost, with final settlement determined after the submission of annual cost reports by the Hospital and audits thereof by the Medicaid administrative contractor.

*Other* - The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Approximately 84% and 87% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended May 31, 2020 and 2019, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor), whereby the Grantor awards an intergovernmental transfer (IGT) grant to be used solely to provide adequate and essential medically necessary and available health care services to the Hospital's service population subject to the availability of such grant funds. The benefit to the Hospital for participating in this program for the years ended May 31, 2020 and 2019 totaled approximately \$898,000 and \$1,409,000, respectively, and is included in net patient service revenue. There can be no assurances that this program will remain in effect in future years, or that the Hospital will continue to participate in the program at reimbursement levels experienced to date.

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**Note 4: Patient Accounts Receivable**

The Hospital grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at May 31, 2020 and 2019 consisted of:

	<b>2020</b>	<b>2019</b>
Medicare	\$ 276,856	\$ 426,583
Medicaid	149,397	514,497
Other third-party payers	761,101	624,378
Patients	991,136	791,523
	2,178,490	2,356,981
Less allowance for uncollectible accounts	(1,241,954)	(1,077,754)
	<b>\$ 936,536</b>	<b>\$ 1,279,227</b>

**Note 5: Estimated Amounts Due from Third-party Payers**

A summary of estimated amounts due from third-party payers follows.

	<b>2020</b>	<b>2019</b>
Due from Medicare Program, net	\$ 187,972	\$ 104,958
Due from (to) Louisiana Medicaid Program, net	(115,904)	169,793
Due from Rural Health Coalition	55,237	267,227
	<b>\$ 127,305</b>	<b>\$ 541,978</b>



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**Note 6: Capital Assets**

Capital assets activity for the years ended May 31, 2020 and 2019 was:

	2020				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 22,000	\$ -	\$ -	\$ -	\$ 22,000
Land improvements	52,146	-	-	-	52,146
Buildings and improvements	3,598,796	10,000	-	-	3,608,796
Equipment	2,643,843	153,471	-	-	2,797,314
Transportation equipment	751,659	109,192	-	-	860,851
Clinic building and equipment	594,979	-	-	-	594,979
Capital improvement	44,789	-	-	-	44,789
Construction in progress	16,321	291,451	-	-	307,772
	<u>7,724,533</u>	<u>564,114</u>	<u>-</u>	<u>-</u>	<u>8,288,647</u>
Less accumulated depreciation					
Land improvements	4,373	2,607	-	-	6,980
Buildings and improvements	1,576,244	178,063	-	-	1,754,307
Equipment	2,240,371	100,691	-	-	2,341,062
Transportation equipment	590,003	57,148	-	-	647,151
Clinic building and equipment	496,679	20,895	-	-	517,574
	<u>4,907,670</u>	<u>359,404</u>	<u>-</u>	<u>-</u>	<u>5,267,074</u>
Capital assets, net	<u>\$ 2,816,863</u>	<u>\$ 204,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,021,573</u>

Construction in progress at May 31, 2020, consists of expenditures associated with the construction of a new clinic. Budgeted costs to complete this project is approximately \$1,501,000 in fiscal year 2021 to be funded by operations.

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	2019				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 22,000	\$ -	\$ -	\$ -	\$ 22,000
Land improvements	52,146	-	-	-	52,146
Buildings and improvements	3,013,247	48,835	-	536,714	3,598,796
Equipment	2,504,192	139,651	-	-	2,643,843
Transportation equipment	694,380	57,279	-	-	751,659
Clinic building and equipment	594,979	-	-	-	594,979
Capital improvement	14,710	30,079	-	-	44,789
Construction in progress	76,056	476,979	-	(536,714)	16,321
	<u>6,971,710</u>	<u>752,823</u>	<u>-</u>	<u>-</u>	<u>7,724,533</u>
Less accumulated depreciation					
Land improvements	1,766	2,607	-	-	4,373
Buildings and improvements	1,444,403	131,841	-	-	1,576,244
Equipment	2,118,004	122,367	-	-	2,240,371
Transportation equipment	550,316	39,687	-	-	590,003
Clinic building and equipment	464,967	31,712	-	-	496,679
	<u>4,579,456</u>	<u>328,214</u>	<u>-</u>	<u>-</u>	<u>4,907,670</u>
Capital assets, net	<u>\$ 2,392,254</u>	<u>\$ 424,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,816,863</u>

**Note 7: Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses included in current liabilities at May 31 consisted of:

	2020	2019
Payable to suppliers and contractors	\$ 846,535	\$ 721,961
Payable to employees (including payroll tax benefits)	332,593	270,776
	<u>\$ 1,179,128</u>	<u>\$ 992,737</u>

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May 31, 2020 and 2019**

**Note 8: Long-term Debt**

The following is a summary of long-term obligation transactions for the Hospital for the year ended May 31, 2020:

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
PPP Loan	\$ -	\$1,137,947	\$ -	\$ 1,137,947	\$183,586

The Hospital received a Paycheck Protection Program (PPP) loan of \$1,137,947 in May 2020, from the Small Business Administration (SBA), designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan has an interest rate of 1%, due in monthly installments of \$64,052 beginning in May 2021, with the balance due August 2022. On November 16, 2020, the Hospital was approved for forgiveness of the full amount of the loan.

The debt service requirements on long-term debt (including capital leases) as of May 31, 2020, are as follows:

Year Ending May 31	Principal	Interest	Total
2021	\$ 183,586	\$ 8,571	\$ 192,157
2022	762,517	6,110	768,627
2023	191,844	313	192,157
	\$ 1,137,947	\$ 14,994	\$ 1,152,941

**Note 9: Retirement Plan**

The Hospital contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the Hospital's required contributions, determined in accordance with the terms of the plan. The plan is administered by an unrelated third party. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Hospital's governing body. Currently, the Hospital matches the employee's contributions up to 2% of the employee's eligible compensation. Contributions made

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by plan members and the Hospital were \$137,523 and \$53,774 during 2020, respectively, and \$147,662 and \$50,642 during 2019, respectively.

**Note 10: Contingencies**

***Admitting Physicians***

The Hospital is served by three physicians whose patients comprised approximately 82% of the Hospital's admissions for both the years ended May 31, 2020 and 2019.

***Litigation***

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's insurance program described in *Note 1*, such as allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. No such amounts have been recorded as of May 31, 2020 or 2019. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**Note 11: COVID-19 Pandemic and CARES Act Funding**

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues for most of the Hospital's services were significantly impacted by COVID-19, as various policies were implemented by federal, state and local governments in response to the pandemic that have caused many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective surgical procedures by health care facilities.

While some of these restrictions have been eased and states have lifted moratoriums on nonemergent procedures, some restrictions remain in place, and some state and local governments are reimposing certain restrictions due to increasing rates of COVID-19 cases. While patient volumes and revenues experienced gradual improvement beginning in the latter part of May and continuing through July and August, the Hospital is unable to predict the future impact of the pandemic on the Hospital's operations.

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Notes to Financial Statements  
May 31, 2020 and 2019**

The Hospital's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The Hospital has taken precautionary steps to enhance its operational and financial flexibility and react to the risks the COVID-19 pandemic presents to the Hospital's business, including the following:

- Implemented certain cost reduction initiatives
- Execution of Payroll Protection Act loan
- Reduction of certain planned projects and capital expenditures
- During the year ended May 31, 2020, the Hospital received approximately \$3,722,000 in Provider Relief Funds distributions, as provided for under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act.

The extent of the COVID-19 pandemic's adverse impact on the Hospital's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Hospital's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or recommended suspensions of elective procedures, continued declines in patient volumes for an indeterminable length of time, increases in the number of uninsured and underinsured patients as a result of higher sustained rates of unemployment, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure.

Because of these and other uncertainties, the Hospital cannot estimate the length or severity of the impact of the pandemic on the Hospital's business. Decreases in cash flows and results of operations may have an impact on the inputs and assumptions used in significant accounting estimates, including contractual allowances related to uninsured patient accounts.

***Provider Relief Funds***

During the year ended May 31, 2020, the Hospital received approximately \$3,722,000 of distributions from the CARES Act Provider Relief Funds. These distributions from the Provider Relief Funds are not subject to repayment, provided the Hospital is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services (HHS).

The Hospital is accounting for such payments as conditional contributions. These payments are recognized as nonoperating revenue once the applicable terms and conditions required to retain the funds have been met and completion of the measurement period. Based on an analysis of the compliance and reporting requirements of the Provider Relief Funds and the effect of the pandemic

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**Notes to Financial Statements**

**May 31, 2020 and 2019**

on the Hospital's operating revenues and expenses through May 31, 2020, the Hospital was unable to recognize any Provider Relief Funds. The unrecognized amount of Provider Relief Funds are recorded as revenues received in advance in the accompanying balance sheets.

Subsequent to year-end, HHS issued guidance on the use of payments from the Provider Relief Funds. The Hospital considers the guidance issued subsequent to year-end to be substantive changes in guidance rather than clarifications of guidance existing at May 31, 2020. As a result, the amounts recorded in the financial statements compared to the Hospital's Provider Relief Funds reporting could differ. This difference cannot be currently estimated but could be material.

The Hospital will continue to monitor compliance with the terms and conditions of the Provider Relief Funds and the effect of the pandemic on the Hospital's revenues and expenses. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the Hospital is unable to attest to or comply with current or future terms and conditions, the Hospital's ability to retain some or all of the distributions received may be affected. Provider Relief Funds payments are subject to government oversight, including potential audits.

***Paycheck Protection Program (PPP) Loan***

The CARES Act and other subsequent legislation also provides an SBA loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The PPP loans will be forgiven if all employee retention criteria are met and the funds are used for eligible expenses. The Hospital received a PPP loan of approximately \$1,138,000 in May 2020. The loan has an interest rate of 1%.

The Hospital has accounted for the PPP loan in accordance with GASB Statement No. 62. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loan will be recognized as a gain in the financial statements in the period the debt is legally released. The PPP loan is included on the accompanying balance sheets as long-term debt in accordance with the term of the PPP loan agreement. See *Note 8* for additional information.

## **Supplementary Information**

**East Carroll Parish Hospital Service District d/b/a**  
**East Carroll Parish Hospital**  
**A Component Unit of East Carroll Parish**  
**Schedule of Compensation, Benefits and Other Payments**  
**to Agency Head or Chief Executive Officer**  
**Year Ended May 31, 2020**

Purpose	Amount
Salary	\$ 178,573
Benefits - insurance	6,052
Benefits - retirement	2,925
Continuing professional education fees	585
	\$ 188,135



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

**Independent Auditor's Report**

Board of Commissioners  
East Carroll Parish Hospital Service District d/b/a  
East Carroll Parish Hospital  
Lake Providence, 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 East Carroll Parish Hospital Service District d/b/a East Carroll Parish Hospital (the Hospital), a component unit of East Carroll Parish, which comprise the balance sheet as of May 31, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 9, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-02 to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Hospital'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Management's Responses to Findings***

The Hospital's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Hospital's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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

**BKD, LLP**

Jackson, Mississippi  
February 9, 2021

**East Carroll Parish Hospital Service District d/b/a  
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Schedule of Findings and Responses  
Year Ended May 31, 2020**

<b>Reference Number</b>	<b>Finding</b>
2020-01	<p><i>Criteria or Specific Requirement</i> – Management is responsible for establishing and maintaining effective internal controls over financial reporting to appropriately represent the financial position as of year-end.</p> <p><i>Condition</i> – The Hospital’s financial statements required adjusting journal entries for financial statement presentation, and its accounting records include other immaterial adjustments that were passed during the course of the audit.</p> <p><i>Context</i> – Timely and accurate account reconciliations and review of general ledger details are critical in identifying necessary adjustments.</p> <p><i>Effect</i> – Monthly and annual financial statements may not accurately reflect the financial position of the Hospital.</p> <p><i>Cause</i> – Controls were not operating properly that would ensure transactions were properly recorded. Further, the Hospital has staffing limitations such that timely reconciliations may not always be feasible.</p> <p><i>Recommendation</i> – Management should review or enhance month-end and fiscal year-end closing procedures to identify necessary journal entries to appropriately present the financial position of the Hospital and results of operations.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> – Management will continue to consider the costs versus benefits of improving controls over financial statement preparation.</p>

**East Carroll Parish Hospital Service District d/b/a  
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Schedule of Findings and Responses  
Year Ended May 31, 2020**

<b>Reference Number</b>	<b>Finding</b>
2020-02	<p><b><i>Criteria or Specific Requirement</i></b> – Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p><b><i>Condition</i></b> – Limited separation of functions exists within the accounting system.</p> <p><b><i>Context</i></b> – There are incompatible duties within cash disbursements and payroll. Further, the Administrator has full access to the accounting system and can modify journal entries subsequent to posting with no review.</p> <p><b><i>Effect</i></b> – Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p><b><i>Cause</i></b> – Due to limitations of the Hospital’s small accounting staff, the Hospital has not designed internal control procedures for separation of duties in various functional accounting areas.</p> <p><b><i>Recommendation</i></b> – Management should periodically evaluate the cost versus the benefits of developing internal control procedures or other compensating controls over the functional accounting areas and implement those changes it deems appropriate for which benefits are determined to exceed costs.</p> <p><b><i>Views of Responsible Officials and Planned Corrective Actions</i></b> – Management will continue to consider the costs versus benefits of improving segregation of duties within the functional accounting areas.</p>

**East Carroll Parish Hospital Service District d/b/a  
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Summary Schedule of Prior Audit Findings  
Year Ended May 31, 2020**

<b>Reference Number</b>	<b>Summary of Findings</b>	<b>Status</b>
<b>2019-01</b>	The Hospital relies on its outside auditors to assist in the preparation of external financial statements and related notes to the financial statements. (2007)	Not corrected. Management continues to assess the cost versus the benefit of improving internal controls over financial statement preparation. (See 2020-01)
<b>2019-02</b>	Lack of segregation of duties exists within the accounting system. (2019)	Not corrected. Due to the size of the accounting staff, difficulty inherently exists in segregation of duties. (See 2020-02)