

**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, 2021 and 2020

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

May 31, 2021 and 2020

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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 the 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, 2021 and 2020, 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, 2021 and 2020, 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.

Board of Commissioners
East Carroll Parish Hospital Service District d/b/a
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2022, 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 24, 2022

**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, 2021 and 2020**

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, 2021 and 2020. 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, decreased by \$1,948,927 in 2021 and increased by \$5,572,781 in 2020. This was mainly due to an increase in board designated certificates of deposits of \$4,077,067 in 2021.
- The Hospital's net position increased \$4,614,831 in 2021 and decreased \$27,876 in 2020.
- The assets of the Hospital exceeded liabilities by \$16,574,951 at the end of the 2021 fiscal year and by \$11,960,120 at the end of fiscal year 2020. Of this amount, \$12,140,801 and \$8,938,547 at May 31, 2021 and 2020, respectively, are unrestricted net position and may be used to meet ongoing obligations to the Hospital's employees, patients and creditors; while \$4,434,150 and \$3,021,573 at May 31, 2021 and 2020, 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 increased by \$4,437,530 in 2021 over 2020, and decreased by \$27,876 in 2020 over 2019, as shown in Table 1.

Table 1: Assets, Liabilities and Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current assets	\$ 5,655,185	\$ 10,508,049	\$ 5,748,181
Capital assets, net	4,552,443	3,021,573	2,816,863
Board designated certificates of deposit	8,546,941	4,469,874	4,415,689
Total assets	<u>\$ 18,754,569</u>	<u>\$ 17,999,496</u>	<u>\$ 12,980,733</u>
Liabilities			
Current liabilities	\$ 1,153,803	\$ 5,085,015	\$ 992,737
Long-term debt	1,025,815	954,361	-
Total liabilities	<u>2,179,618</u>	<u>6,039,376</u>	<u>992,737</u>
Net Position			
Net investment in capital assets	4,434,150	3,021,573	2,816,863
Unrestricted	12,140,801	8,938,547	9,171,133
Total net position	<u>16,574,951</u>	<u>11,960,120</u>	<u>11,987,996</u>
Total liabilities and net position	<u>\$ 18,754,569</u>	<u>\$ 17,999,496</u>	<u>\$ 12,980,733</u>

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2021 Highlights

- Current assets decreased in 2021 by a total of \$4,852,864, primarily due to cash invested in board designated certificates of deposit of \$4,000,000.
- Capital assets, net increased \$1,530,870 in 2021 due to a new clinic under construction during the year.
- Current liabilities decreased \$3,931,212 due to the recognition of Provider Relief Funds of approximately \$3,722,000 in 2021.

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.

Operating Results and Changes in the Hospital's Net Position

In 2021, the Hospital's change in net position increased by \$4,642,707, from (\$27,876) in 2020 to \$4,614,831 in 2021, as shown in Table 2. This increase is primarily related to an increase in nonoperating revenues of \$3,777,780 as a result of the recognition of Provider Relief Funds. The Hospital's 2019 change in net position decreased \$1,263,003, as compared to 2019 to (\$27,876) in 2020.

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Table 2: Operating Results and Changes in Net Position

	2021	2020	2019
Operating Revenues			
Net patient service revenue	\$ 9,832,032	\$ 10,266,489	\$ 11,919,230
Other operating revenues	741,668	312,804	153,544
Total operating revenues	<u>10,573,700</u>	<u>10,579,293</u>	<u>12,072,774</u>
Operating Expenses			
Salaries, wages and employee benefits	6,777,389	6,608,743	6,674,834
Supplies and other	4,344,496	4,213,883	4,361,645
Depreciation	327,572	359,404	328,214
Total operating expenses	<u>11,449,457</u>	<u>11,182,030</u>	<u>11,364,693</u>
Operating Income (Loss)	(875,757)	(602,737)	708,081
Nonoperating Revenues, Net	4,352,641	574,861	527,046
Special Item	<u>1,137,947</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ 4,614,831</u>	<u>\$ (27,876)</u>	<u>\$ 1,235,127</u>

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 an operating loss. 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 loss for 2021 increased by \$273,020, or 45%, as compared to 2020. The primary components of the increased operating loss are:

- A decrease in net patient service revenue of \$434,457, or 4.2%, from 2020 to 2021 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.

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- Other operating revenues increased \$428,864, or 137.1%, due to an increase in 340b pharmacy revenue of \$381,147 during 2021.
- An increase in salaries, wages and employee benefits of \$168,646, or 2.6%, in 2021 due to a decrease of utilization during the COVID-19 pandemic during 2020 and an increase in pay in 2021 due to incentive pay added for COVID procedures.
- An increase in supplies and other of \$130,613, or 3.1%, due to additional need for supplies needed to treat and test for COVID-19 cases.

2021 Highlights

- During 2021, the Hospital had patient days and admissions (inpatient and observation) of 746 and 335, respectively. This was a decrease of 551 patient days, or 42.5% from 2020 levels. Admissions decreased in 2021 by 235, or (41.2%), from 2020 levels.
- Operating expenses were up 2.4% from 2020 to 2021. This was primarily due to a 3.1% increase in supplies and other, as well as a 2.6% increase in salaries and wages.

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.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of subsidy from East Carroll Parish and Provider Relief Funds. The Hospital recognized approximately \$465,000, \$502,000 and \$470,000 of parish subsidy for 2021, 2020 and 2019, respectively. In 2021, the Hospital recognized \$3,722,301 related to Provider Relief Funds received.

The Hospital's Cash Flows

Cash provided by (used in) operating activities was (\$1,864,933), \$701,786, and \$2,748,536 for 2021, 2020 and 2019, respectively. The primary reason for cash used in operating activities in 2021 is receipts from and on behalf of patients, which significantly decreased over 2020 as noted in the "Operating Revenues" section above.

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Management's Discussion and Analysis
Years Ended May 31, 2021 and 2020**

Capital Asset and Debt Administration

Capital Assets

At the end of 2021 and 2020, the Hospital had approximately \$4,552,000 and \$3,022,000 of net capital assets, as detailed in *Note 6* to the financial statements.

Debt

The Hospital had an outstanding loan under the PPP for approximately \$1,026,000 and \$1,138,000 at May 31, 2021 and 2020, respectively. In 2021, the Hospital received forgiveness of the PPP loan received in 2020. The Hospital will apply for forgiveness of the 2021 PPP loan during 2022.

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 2022 budget. The primary importance in setting the 2022 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
- 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.

**East Carroll Parish Hospital Service District d/b/a
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**Balance Sheets
May 31, 2021 and 2020**

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,932,168	\$ 8,958,162
Patient accounts receivable, net of allowance for uncollectible accounts of approximately \$967,000 and \$1,242,000 in 2021 and 2020, respectively	1,009,802	936,536
Estimated amounts due from third-party payers	1,091,884	127,305
Supplies	323,490	288,746
Prepaid expenses and other	297,841	197,300
Total current assets	5,655,185	10,508,049
Capital Assets, Net	4,552,443	3,021,573
Board Designated Certificates of Deposit	8,546,941	4,469,874
Total assets	\$ 18,754,569	\$ 17,999,496

	<u>2021</u>	<u>2020</u>
Liabilities and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ -	\$ 183,586
Accounts payable	809,151	808,017
Accrued expenses	344,652	371,111
Revenue received in advance	-	3,722,301
	<u>1,153,803</u>	<u>5,085,015</u>
Long-term Debt	<u>1,025,815</u>	<u>954,361</u>
	<u>2,179,618</u>	<u>6,039,376</u>
Net Position		
Net investment in capital assets	4,434,150	3,021,573
Unrestricted	12,140,801	8,938,547
	<u>16,574,951</u>	<u>11,960,120</u>
	<u>\$ 18,754,569</u>	<u>\$ 17,999,496</u>

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
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Statements of Revenues, Expenses and Changes in Net Position
Years Ended May 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2021 - \$691,000 2020 - \$1,093,000	\$ 9,832,032	\$ 10,266,489
Other	741,668	312,804
Total operating revenues	<u>10,573,700</u>	<u>10,579,293</u>
Operating Expenses		
Salaries and wages	5,763,002	5,576,878
Employee benefits	1,014,387	1,031,865
Supplies and other	4,344,496	4,213,883
Depreciation	327,572	359,404
Total operating expenses	<u>11,449,457</u>	<u>11,182,030</u>
Operating Loss	<u>(875,757)</u>	<u>(602,737)</u>
Nonoperating Revenues (Expenses)		
Parish subsidy	464,992	501,585
Interest income	80,784	58,220
Interest expense	(353)	(223)
Rental income	600	600
CARES Act revenue	3,722,301	-
Noncapital grants	84,317	14,679
Total nonoperating revenues (expenses)	<u>4,352,641</u>	<u>574,861</u>
Income (Loss) Before Special Item	3,476,884	(27,876)
Special Item		
Forgiveness of PPP loan	1,137,947	-
Increase (Decrease) in Net Position	4,614,831	(27,876)
Net Position, Beginning of Year	<u>11,960,120</u>	<u>11,987,996</u>
Net Position, End of Year	<u>\$ 16,574,951</u>	<u>\$ 11,960,120</u>

**East Carroll Parish Hospital Service District d/b/a
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**Statements of Cash Flows
Years Ended May 31, 2021 and 2020**

	2021	2020
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	\$ 8,794,187	\$ 11,023,853
Payments to suppliers and contractors	(4,470,502)	(3,958,601)
Payments to employees	(6,814,667)	(6,676,270)
Other operating receipts	626,049	312,804
	(1,864,933)	701,786
Cash Flows from Noncapital Financing Activities		
Noncapital grants	84,357	14,679
Paycheck Protection Program loan proceeds	1,025,775	1,137,947
Governmental funding through CARES Act	-	3,722,301
Rental income	600	600
Parish subsidy	464,992	501,585
	1,575,724	5,377,112
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(1,740,149)	(564,114)
Interest payments on long-term debt	(353)	(223)
	(1,740,502)	(564,337)
Cash Flows from Investing Activities		
Purchase of board designated certificates of deposit	(4,077,067)	(54,185)
Interest income received	80,784	58,220
	(3,996,283)	4,035
Increase (Decrease) in Cash and Cash Equivalents	(6,025,994)	5,518,596
Cash and Cash Equivalents, Beginning of Year	8,958,162	3,439,566
Cash and Cash Equivalents, End of Year	\$ 2,932,168	\$ 8,958,162

**East Carroll Parish Hospital Service District d/b/a
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Statements of Cash Flows (Continued)
Years Ended May 31, 2021 and 2020**

	2021	2020
Reconciliation of Operating Loss to Net Cash		
Provided by (Used in) Operating Activities		
Operating loss	\$ (875,757)	\$ (602,737)
Depreciation	327,572	359,404
Provision for uncollectible accounts	691,468	1,092,829
Changes in operating assets and liabilities		
Patient accounts receivable	(764,734)	(750,138)
Estimated amounts due to/from third-party payers	(964,579)	414,673
Supplies	(34,744)	(50,354)
Prepaid expenses and other	(100,541)	51,718
Accounts payable and accrued expenses	(143,618)	186,391
Net cash provided by (used in) operating activities	\$ (1,864,933)	\$ 701,786
Noncash Investing, Capital and Financing Activities		
Capital asset acquisitions included in accounts payable and accrued expenses	\$ 118,293	\$ -
Forgiveness of PPP Loan	\$ 1,137,947	\$ -

**East Carroll Parish Hospital Service District d/b/a
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**Notes to Financial Statements
May 31, 2021 and 2020**

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, 2021 and 2020, cash equivalents consisted of a money market account.

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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.

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.

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, 2021 or 2020.

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

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Notes to Financial Statements

May 31, 2021 and 2020

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

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.

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.

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**Notes to Financial Statements
May 31, 2021 and 2020**

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.

Parish Subsidy

The Hospital received approximately 2.9% in 2021 and 4.5% in 2020 of its financial support from property taxes. These funds were used as follows:

	2021	2020
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.

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.

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.

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**Notes to Financial Statements
May 31, 2021 and 2020**

At May 31, 2021 and 2020, the Hospital's bank balances were exposed to custodial credit risk as follows:

	<u>2021</u>	<u>2020</u>
Insured by Federal Deposit Insurance Corporation (FDIC)	\$ 263,111	\$ 282,088
Collateralized by securities held by the pledging financial institution's Trust Department in the Hospital's name	11,555,382	13,159,688
Uninsured and uncollateralized	<u>-</u>	<u>12,630</u>
Total depository balance	<u>\$ 11,818,493</u>	<u>\$ 13,454,406</u>
Carrying value	<u>\$ 11,479,109</u>	<u>\$ 13,428,036</u>
Included in the following balance sheets captions		
Cash and cash equivalents	\$ 2,932,168	\$ 8,958,162
Board designated certificates of deposit	<u>8,546,941</u>	<u>4,469,874</u>
	<u>\$ 11,479,109</u>	<u>\$ 13,428,036</u>

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 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.

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**Notes to Financial Statements
May 31, 2021 and 2020**

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 80% and 84% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended May 31, 2021 and 2020, 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, 2021 and 2020 totaled approximately \$1,153,000 and \$898,000, 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.

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, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Medicare	\$ 282,660	\$ 276,856
Medicaid	363,239	149,397
Other third-party payers	584,058	761,101
Patients	746,655	991,136
	<u>1,976,612</u>	<u>2,178,490</u>
Less allowance for uncollectible accounts	<u>(966,810)</u>	<u>(1,241,954)</u>
	<u>\$ 1,009,802</u>	<u>\$ 936,536</u>

**East Carroll Parish Hospital Service District d/b/a
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**Notes to Financial Statements
May 31, 2021 and 2020**

Note 5: Estimated Amounts Due from Third-party Payers

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

	2021	2020
Due from Medicare Program, net	\$ 253,260	\$ 187,972
Due from (to) Louisiana Medicaid Program, net	264,015	(115,904)
Due from Rural Health Coalition	574,609	55,237
	\$ 1,091,884	\$ 127,305

Note 6: Capital Assets

Capital assets activity for the years ended May 31, 2021 and 2020 was:

	2021				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 22,000	\$ -	\$ -	\$ -	\$ 22,000
Land improvements	52,146	-	-	-	52,146
Buildings and improvements	3,608,796	-	-	-	3,608,796
Equipment	2,797,314	194,115	-	-	2,991,429
Transportation equipment	860,851	50,189	-	-	911,040
Clinic building and equipment	594,979	-	-	-	594,979
Capital improvement	44,789	-	-	-	44,789
Construction in progress	307,772	1,614,138	-	-	1,921,910
	8,288,647	1,858,442	-	-	10,147,089
Less accumulated depreciation					
Land improvements	6,980	2,607	-	-	9,587
Buildings and improvements	1,754,307	178,397	-	-	1,932,704
Equipment	2,341,062	96,470	-	-	2,437,532
Transportation equipment	647,151	38,974	-	-	686,125
Clinic building and equipment	517,574	11,124	-	-	528,698
	5,267,074	327,572	-	-	5,594,646
Capital assets, net	\$ 3,021,573	\$ 1,530,870	\$ -	\$ -	\$ 4,552,443

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**Notes to Financial Statements
May 31, 2021 and 2020**

Construction in progress at May 31, 2021, consists of expenditures associated with the construction of a new clinic. The construction of the project was completed in early fiscal year 2022.

	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>

Note 7: Accounts Payable and Accrued Expenses

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

	2021	2020
Payable to suppliers and contractors	\$ 827,996	\$ 846,535
Payable to employees (including payroll tax benefits)	325,807	332,593
	<u>\$ 1,153,803</u>	<u>\$ 1,179,128</u>

**East Carroll Parish Hospital Service District d/b/a
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**Notes to Financial Statements
May 31, 2021 and 2020**

Note 8: Long-term Debt

The following is a summary of long-term obligation transactions for the Hospital for the year ended May 31, 2021 and 2020:

	2021				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
PPP Loan	\$ 1,137,947	\$ 1,025,815	\$ 1,137,947	\$ 1,025,815	\$ -
	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 Hospital received a PPP loan of \$1,025,815 in April 2021, from the SBA. The loan has an interest rate of 1%, due in monthly installments of \$24,080 beginning in September 20, 2022, with the balance due April 20, 2026. On September 21, 2021, the Hospital was approved for forgiveness of the full amount of the loan.

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Notes to Financial Statements
May 31, 2021 and 2020**

The debt service requirements on long-term debt as of May 31, 2021, are as follows:

Year Ending May 31	Principal	Interest	Total
2022	\$ -	\$ -	\$ -
2023	195,864	20,862	216,726
2024	281,958	7,009	288,967
2025	284,790	4,177	288,967
2026	263,203	1,316	264,519
	<u>\$ 1,025,815</u>	<u>\$ 33,364</u>	<u>\$ 1,059,179</u>

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 by plan members and the Hospital were \$137,855 and \$51,544 during 2021, respectively, and \$137,523 and \$53,774 during 2020, respectively.

Note 10: Contingencies

Admitting Physicians

The Hospital is served by three physicians whose patients comprised approximately 79% and 82% of the Hospital's admissions for the years ended May 31, 2021 and 2020, respectively.

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,

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**Notes to Financial Statements
May 31, 2021 and 2020**

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, 2021 or 2020. 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.

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.

Because of these and other uncertainties, the Health System 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 estimated bad debts and contractual adjustments related to uninsured patient accounts, and self-insured health liability reserves.

Provider Relief Funds

During the year ended May 31, 2020, the Hospital received approximately \$3,722,000 from the general other targeted distributions from the Coronavirus Aid, Relief, and Economic Security (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 health care related 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 voluntary nonexchange transactions. 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 impact of the pandemic on the Hospital's operating results through May 31, 2021, the Hospital recognized approximately \$3,722,000 in 2021 related to these general distribution and targeted funds, as Provider Relief Funds are applied after all other assistance received, including state grants. These payments are recorded as nonoperating revenues – CARES Act revenue received and other in our statements of revenues, expenses and changes in net position. The unrecognized amount of general distributions and targeted distributions are recorded as part of revenue received in advance in the accompanying balance sheets.

**East Carroll Parish Hospital Service District d/b/a
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**Notes to Financial Statements
May 31, 2021 and 2020**

Guidance for reporting use of Provider Relief Fund payments received has changed significantly since distributions were authorized through the CARES Act in March 2020. The Hospital has evaluated the “Post-Payment Notice of Reporting Requirements” (Notice) and the Frequently Asked Questions (FAQs) issued by HHS subsequent to May 31, 2021, in accordance with Governmental Accounting Standards Board (GASB) Codification Section 2250 and has concluded any impact on the May 31, 2021 FAQs would not be recognized.

The Hospital has recognized revenue from the Provider Relief Funds based on guidance issued by the HHS as of May 31, 2021. Any clarifications issued by HHS subsequent to year-end did not have an impact on the Hospital at May 31, 2021. 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, its ability to retain some or all of the distributions may be affected. Additionally, the amounts recorded in the financial statements compared to the Hospital’s Provider Relief Funds reporting could differ. 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 recognized the forgiveness of this loan as a gain in the financial statements during fiscal year 2021, when the loan was legally forgiven.

The Hospital received a second draw PPP loan of approximately \$1,025,000 in April 2021. This loan has an interest rate of 1%.

The Hospital has accounted for the PPP loans 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 loans are 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, 2021

Purpose	Amount
Salary	\$ 189,683
Benefits - insurance	6,068
Benefits - retirement	2,996
	\$ 198,747

**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, 2021, 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 24, 2022.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 Hospital'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 2021-01 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 2021-02 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*.

The Hospital'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 24, 2022

**East Carroll Parish Hospital Service District d/b/a
East Carroll Parish Hospital
A Component Unit of East Carroll Parish
Schedule of Findings and Responses
Year Ended May 31, 2021**

Reference Number	Finding
2021-01	<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 (Continued)
Year Ended May 31, 2021**

Reference Number	Finding
2021-02	<p><i>Criteria or Specific Requirement</i> – Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p><i>Condition</i> – Limited separation of functions exists within the accounting system.</p> <p><i>Context</i> – 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><i>Effect</i> – 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><i>Cause</i> – 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><i>Recommendation</i> – 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><i>Views of Responsible Officials and Planned Corrective Actions</i> – 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
 East Carroll Parish Hospital
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 Summary Schedule of Prior Audit Findings
 Year Ended May 31, 2021**

Reference Number	Summary of Findings	Status
2020-01	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 2021-01)
2020-02	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 2021-02)