

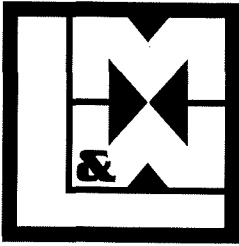
**HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
MARCH 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Hospital Service District No. 3
Parish of Vermilion, State of Louisiana
d/b/a Gueydan Memorial Guest Home
Gueydan, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home, a component unit of the Vermilion Parish Police Jury, as of and for the years ended March 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home'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 opinions.

Board of Commissioners
Hospital Service District No. 3
Parish of Vermilion, State of Louisiana
d/b/a Gueydan Memorial Guest Home
Gueydan, Louisiana
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home, as of March 31, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home and do not purport to, and do not, present fairly the financial position of the Vermilion Parish Police Jury as of March 31, 2021 and 2020, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of net patient service revenues, schedules of operating expenses and schedule of compensation, benefits, and other payments to agency head or chief executive officer are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

Board of Commissioners
Hospital Service District No. 3
Parish of Vermilion, State of Louisiana
d/b/a Gueydan Memorial Guest Home
Gueydan, Louisiana
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The schedules of net patient service revenues, schedules of operating expenses, and schedule of compensation, benefits, and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of net patient service revenues, schedules of operating expenses, and schedule of compensation, benefits, and other payments to agency head or chief executive officer are fairly stated in all material respects in relation to the 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 March 31, 2022, on our consideration of the Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home'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 Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home'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 Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home's internal control over financial reporting and compliance.

Lester, Miller, & Wells

Certified Public Accountants
Lafayette, Louisiana

March 31, 2022

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 STATEMENTS OF NET POSITION
 MARCH 31,

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 857,534	\$ 607,696
Certificates of deposit	473,020	466,482
Patient accounts receivable, net of allowance for doubtful accounts of \$132,961 in 2021 and \$126,179 in 2020 (Note 4)	600,627	435,778
Accrued interest receivable	1,890	2,613
Other receivables	1,937	2,500
Inventory	26,649	23,894
Prepaid expenses	96,168	53,949
Total current assets	2,057,825	1,592,912
RESTRICTED ASSETS (Note 1)		
Cash and cash equivalents	246,004	149,392
Certificates of deposit	825,000	325,000
Ad valorem tax receivable	5,913	10,310
Total restricted assets	1,076,917	484,702
CAPITAL ASSETS		
Nondepreciable assets (Note 9)	53,748	53,748
Depreciable assets, at cost, less accumulated depreciation of \$4,319,618 in 2021 and \$4,155,630 in 2020 (Note 9)	1,032,683	1,156,824
Total capital assets	1,086,431	1,210,572
TOTAL ASSETS	\$ 4,221,173	\$ 3,288,186

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 STATEMENTS OF NET POSITION (CONTINUED)
 MARCH 31,

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 144,521	\$ 119,669
Estimated third-party payor settlements	25,415	56,009
Accrued salaries and wages	125,673	114,298
Other payable	<u>19,687</u>	<u>25,216</u>
Total current liabilities	<u>315,296</u>	<u>315,192</u>
NET POSITION		
Net investment in capital assets, net of related debt	1,086,431	1,210,572
Restricted for debt services and capital facilities	1,076,917	484,702
Unrestricted	<u>1,742,529</u>	<u>1,277,720</u>
Total net position	<u>3,905,877</u>	<u>2,972,994</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ <u>4,221,173</u>	 \$ <u>3,288,186</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Net patient service revenues (net of provision for bad debts of \$137,955 and \$31,913 for 2021 and 2020, respectively)	\$ 4,464,574	\$ 4,142,665
UPL supplemental payments	<u>572,034</u>	<u>554,568</u>
Total operating revenues	<u>5,036,608</u>	<u>4,697,233</u>
Operating expenses:		
General and administrative	1,293,180	1,243,533
Nursing services	2,083,445	1,571,252
Housekeeping	149,365	172,168
Dietary	418,419	394,722
Plant operations	231,112	221,985
Laundry	125,818	96,600
Patient activity	37,800	38,694
Consultants	47,325	47,547
Clinic	122,188	220,259
Medicare SNF and outpatient	590,881	587,972
Intergovernmental transfer - public nursing home UPL	230,267	231,209
Depreciation	<u>192,490</u>	<u>223,628</u>
Total operating expenses	<u>5,522,290</u>	<u>5,049,569</u>
Operating income (loss)	<u>(485,682)</u>	<u>(352,336)</u>
Non-operating revenues (expenses):		
Ad valorem tax	227,614	189,932
Interest revenue	12,802	18,777
Provider relief funds	651,754	-0-
Gain on forgiveness of debt	504,487	-0-
Miscellaneous income	<u>21,908</u>	<u>21,548</u>
Total non-operating revenues, net	<u>1,418,565</u>	<u>230,257</u>
Changes in net position	932,883	(122,079)
Net position, beginning of year	<u>2,972,994</u>	<u>3,095,073</u>
Net position, end of year	\$ <u>3,905,877</u>	\$ <u>2,972,994</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 STATEMENTS OF CASH FLOWS
 YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	\$ 4,269,131	\$ 3,670,247
Payments to employees	(2,520,539)	(2,161,825)
Payments to suppliers and contractors	(2,823,537)	(2,723,126)
Other receipts and payments, net	<u>572,597</u>	<u>554,568</u>
Net cash provided by (used in) operating activities	<u>(502,348)</u>	<u>(660,136)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	232,011	187,921
Non-capital grants and donations	1,156,241	-0-
Other	<u>21,908</u>	<u>21,548</u>
Net cash provided by (used in) non-capital financing activities	<u>1,410,160</u>	<u>209,469</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>(68,349)</u>	<u>(85,337)</u>
Net cash provided by (used in) capital and related financing activities	<u>(68,349)</u>	<u>(85,337)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	13,525	17,489
Purchase (redemption) of certificates of deposit, net of renewals	<u>(506,538)</u>	<u>547,248</u>
Net cash provided by (used in) investing activities	<u>(493,013)</u>	<u>564,737</u>
Net increase (decrease) in cash and cash equivalents	346,450	28,733
Cash and cash equivalents, beginning	<u>757,088</u>	<u>728,355</u>
Cash and cash equivalents, ending	\$ <u>1,103,538</u>	\$ <u>757,088</u>

(continued)

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 STATEMENTS OF CASH FLOWS (CONTINUED)
 YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (485,682)	\$ (352,336)
Adjustment to reconcile operating income to net cash flows provided by (used in) operating activities:		
Depreciation	192,490	223,628
Provision for bad debts	137,955	31,913
(Increase) decrease in assets -		
Patient accounts receivable	(302,804)	(27,745)
Prepaid expense	(42,219)	(5,219)
Inventories	(2,755)	4,279
Other receivables	563	-0-
Increase (decrease) in liabilities -		
Accounts payable	24,852	(42,128)
Third-party payor settlements	(30,594)	(476,586)
Accrued expenses	11,375	3,368
Other payable	<u>(5,529)</u>	<u>(19,310)</u>
Net cash provided by (used in) operating activities	\$ <u>(502,348)</u>	\$ <u>(660,136)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 857,534	\$ 607,696
Cash and cash equivalents in restricted assets	<u>246,004</u>	<u>149,392</u>
Total cash and cash equivalents	\$ <u>1,103,538</u>	\$ <u>757,088</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2021 AND 2020

Note 1. Description of Organization and Summary of Significant Accounting Policies

Organization

The Hospital Service District No. 3, Parish of Vermilion, State of Louisiana (the "Hospital District") is a political subdivision of the state created by an ordinance adopted by the Vermilion Parish Police Jury on November 19, 1988. The geographical limits of the Hospital District coincide with those of Ward No. 8 of Vermilion Parish. Members of the Board of Commissioners are appointed by the Vermilion Parish Police Jury. The Hospital District is operating under the name Gueydan Memorial Guest Home. It operates a 66-bed nursing home that cares mainly for the elderly located in Southwest Louisiana and it operated a rural health clinic until August 3, 2020. Both of which are located in Gueydan, Louisiana.

On August 3, 2020, the District entered into a multi-year lease agreement to lease the rural health clinic facilities and equipment to Ochsner Abrom Kaplan Memorial Hospital (OAKMH), a subsidiary of Ochsner Lafayette General. OAKMH has assumed management and operations of the rural health clinic.

The financial statements of the Hospital District have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Hospital District are described below.

Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Vermilion Parish Police Jury is the reporting entity for the Hospital District. Accordingly, the Hospital District was determined to be a component unit of Vermilion Parish Police Jury. The accompanying financial statements present only the Hospital District.

Method of Accounting

The Hospital District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year they are levied. Grants are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. The Hospital District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Governmental Audit Guide*, and the *Audit and Accounting Guide – Health Care Organizations*, published by the American Institute of Certified Public Accountants, and standards established by the GASB.

Enterprise Fund

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

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2021 AND 2020

Note 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out, (FIFO) method, or net realizable value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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

For purposes of the statements of cash flows, the Hospital District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Under state law, the Hospital District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Patient Accounts Receivable and Allowance for Uncollectible Accounts

Patient accounts receivable are carried at the original billed amount less an estimate made for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient accounts receivable are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Capital Assets

The Hospital District's capital assets are stated at historical cost. Contributed capital assets are reported at their estimated fair value at the time of donation. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these assets lives:

Building	20 – 30 years
Furniture and fixtures	3 – 20 years
Building improvements	10 – 15 years
Capitalized interest	30 years

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

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2021 AND 2020

Note 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenues

The Hospital District has agreements with a third-party payor, which includes government programs under which the Hospital District is paid based upon established charges, the cost of providing services, predetermined diagnosis rates, fixed per diem rates and discounts from established charges. Revenues are recorded at estimated amounts due from patients and third-party payors for services provided.

Net patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital District provides care to patients even though they are covered by contractual payment arrangements that do not pay full charges or may lack adequate insurance. As a result, the Hospital District is exposed to credit risks. The Hospital District manages such risks by providing appropriate allowances. The allowances are evaluated on a regular basis and are based upon management's periodic review of the collectability of accounts considering historical experience, the nature and volume of the accounts and the agreement with the prospective third-party payor.

Grants and Donations

Revenues from grants and donations (including capital contributions of assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and donations may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Net Position Flow Assumption

Sometimes a government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Hospital District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Operating Revenues and Expenses

The Hospital District's statements of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital District's principal activity. Non-exchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2021 AND 2020

Note 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Advertisement

The Hospital District expenses advertising cost as incurred. Advertising expense for the years ended March 31, 2021 and 2020 totaled \$563 and \$2,212, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The Hospital District does not currently have any items that qualify for reporting in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Hospital District does not currently have any items that qualify for reporting in this category.

Risk Management

The Hospital District is exposed to various risks of loss from tort; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health. Commercial insurance coverage is purchased for claims arising from such matters.

Environmental Matters

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

Reclassifications

To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net position.

Compensated Absences

All full-time employees with one full year of continuous employment with the Hospital District earn up to a maximum of 10 days of paid time off. A maximum of 20 days may be carried forward to the succeeding fiscal year.

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2021 AND 2020

Note 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Hospital District is a political subdivision and exempt from taxes.

Restricted Assets

In 2006, a ten-year tax, 7 mill property tax was passed by the District of the Hospital for improving and maintaining the building and capital facilities of the District and also acquiring furnishings and equipment. The tax was renewed at 8.29 mills in 2016 for the same purpose. The statement of net position shows cash and cash equivalents, certificates of deposits and ad valorem tax receivables as restricted because they were monies collected from the tax.

Recently Issued Accounting Principles

In June 2018, the GASB issued Statement No. 87 (GASB 87). The objective of GASB Statement No. 87, Leases, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on the Hospital's financial statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021.

Note 2. Bank Deposits and Certificates of Deposit

The Hospital District's investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in time deposits, money market investment accounts, or certificates of deposit with financial institutions insured by Federal Depository Insurance Coverage (FDIC); direct obligations of the United States Government and its agencies; commercial paper issued by United States Corporations with a rating of A-1 (Moody's) and P-1 (Standard and Poor's) or higher; and government backed mutual trust funds. At March 31, 2021 and 2020, the Hospital District's funds consisted solely of demand deposits and certificates of deposit. These deposits are stated at cost, which approximates market.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Hospital District's deposits may not be returned to it. State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital District's policy requires that all bank balances be insured or collateralized by the financial institution to pledge their own securities to cover any amount in excess of FDIC. These securities must be pledged in the Hospital District's name. As of March 31, 2021, \$735,500 of the Hospital District's deposits were secured from risk by FDIC coverage and \$1,734,101 were collateralized by securities pledged by the financial institutions. As of March 31, 2020, \$732,130 of the Hospital District's deposits were secured from risk by FDIC coverage and \$821,954 were collateralized by securities pledged by the financial institutions. Accordingly, the Hospital District had no custodial credit risk related to its deposits at March 31, 2021 and 2020.

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED MARCH 31, 2021 AND 2020

Note 3. Net Patient Service Revenues

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

- **Medicare** – Covered skilled nursing services are paid based on the patient driven payment model (PDPM), a fee schedule amount for outpatient services and a per visit basis for rural health clinic services.
- **Medicaid** – Covered nursing home services are paid based on a per diem rate per day and a per visit basis for rural health clinic services.

During the years ended March 31, 2021 and 2020, approximately 79% and 85%, respectively, of the Hospital District's gross patient services were furnished to Medicare and Medicaid beneficiaries. Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. The Hospital District believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations are subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Note 4. Accounts Receivable

Patient accounts receivable reported as current assets by the Hospital District at March 31, 2021 and 2020 consisted of these amounts:

	<u>2021</u>	<u>2020</u>
Receivables from patients and insurance carriers	\$ 407,762	\$ 214,753
Receivables from Medicare	193,066	126,728
Receivables from Medicaid	<u>132,760</u>	<u>220,476</u>
Total patient accounts receivable	733,588	561,957
Allowance for doubtful accounts	<u>(132,961)</u>	<u>(126,179)</u>
Patient accounts receivable, net	<u>\$ 600,627</u>	<u>\$ 435,778</u>

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED MARCH 31, 2021 AND 2020

Note 5. Concentration of Credit Risk

The Hospital District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at March 31, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Medicare	26%	23%
Medicaid	18%	39%
Other third-party payors	56%	38%
	100%	100%

Note 6. Commitments and Contingencies

Operating Leases - The Hospital has two copiers under operating lease expiring on October 1, 2026. Total rental expense for the years ended March 31, 2021 and 2020 for all operating leases was \$2,100 and \$1,552, respectively.

The following is a schedule by year of the future minimum lease payments under the operating lease described above as of March 31, 2021.

<u>Year Ending</u> <u>March 31,</u>	<u>Amount</u>
2022	\$ 3,810
2023	4,380
2024	4,380
2025	4,380
2026	4,380
2027	2,190
	\$ 23,520

Note 7. Ad Valorem Taxes

Ad valorem taxes are attached as an enforceable lien on property as of January 1 of each year. Taxes are levied on November 15 and are actually billed to the taxpayers in December. Billed taxes due by December 31 become delinquent on January 1 of the following year.

Tax revenues are recognized in the year billed.

The Hospital District received approximately 3.53% and 3.85% in 2021 and 2020, respectively, of its financial support from ad valorem taxes. These funds are restricted for the retirement of bonds and maintaining the building and capital facilities of the Hospital District and acquiring furnishings and equipment.

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED MARCH 31, 2021 AND 2020

Note 7. Ad Valorem Taxes (Continued)

The taxes are based on assessed values determined by the Tax Assessor of Vermilion Parish and are collected by the Sheriff. The taxes are remitted to the Hospital District net of deductions for the pension fund contributions. For the years ended March 31 2021 and 2020, taxes of 8.29 mills were levied amounting to total taxes of \$227,614 and \$189,932, respectively.

Note 8. Custodial Asset and Liability

The Hospital District maintains a bank account for their residents as a service to them. The related asset and liability of \$36,647 at March 31, 2021 and \$23,935 at March 31, 2020 is not included in this report due to its custodial nature.

Note 9. Capital Assets

Capital assets additions, retirements, and balances for the years ended March 31, 2021 and 2020 were as follows:

	Balance March 31, 2020	Additions	Retirements	Transfers	Balance March 31, 2021
Nondepreciable capital assets					
Land	\$ 35,000	\$ -0-	\$ -0-	\$ -0-	\$ 35,000
Construction in progress	18,748	-0-	-0-	-0-	18,748
Total nondepreciable assets	<u>\$ 53,748</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 53,748</u>
Depreciable capital assets					
Building	\$ 2,464,324	\$ -0-	\$ -0-	\$ -0-	\$ 2,464,324
Furniture and equipment	1,384,253	62,578	(28,502)	-0-	1,418,329
Capitalized interest	73,839	-0-	-0-	-0-	73,839
Land and building improvements	1,390,038	5,771	-0-	-0-	1,395,809
Total historic cost	<u>5,312,454</u>	<u>68,349</u>	<u>(28,502)</u>	<u>-0-</u>	<u>5,352,301</u>
Less accumulated depreciation for:					
Building	(2,257,764)	(67,693)	-0-	-0-	(2,325,457)
Furniture and equipment	(1,131,507)	(65,840)	28,502	-0-	(1,168,845)
Capitalized interest	(69,530)	-0-	-0-	-0-	(69,530)
Land and building improvements	(696,829)	(58,957)	-0-	-0-	(755,786)
Total accumulated depreciation	<u>(4,155,630)</u>	<u>(192,490)</u>	<u>28,502</u>	<u>-0-</u>	<u>(4,319,618)</u>
Capital assets, net	<u>\$ 1,156,824</u>	<u>\$ (124,141)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,032,683</u>

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED MARCH 31, 2021 AND 2020

Note 9. Capital Assets (Continued)

	Balance					Balance
	<u>March 31, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>		<u>March 31, 2020</u>
Nondepreciable capital assets						
Land	\$ 35,000	\$ -0-	\$ -0-	\$ -0-		\$ 35,000
Construction in progress	285,475	61,532	-0-	(328,259)		18,748
Total nondepreciable assets	<u>\$ 320,475</u>	<u>\$ 61,532</u>	<u>\$ -0-</u>	<u>\$ (328,259)</u>		<u>\$ 53,748</u>
Depreciable capital assets						
Building	\$ 2,464,324	\$ -0-	\$ -0-	\$ -0-		\$ 2,464,324
Furniture and equipment	1,364,301	23,805	(3,853)	-0-		1,384,253
Capitalized interest	73,839	-0-	-0-	-0-		73,839
Land and building improvements	1,061,779	-0-	-0-	328,259		1,390,038
Total historic cost	<u>4,964,243</u>	<u>23,805</u>	<u>(3,853)</u>	<u>328,259</u>		<u>5,312,454</u>
Less accumulated depreciation for:						
Building	(2,174,496)	(83,268)	-0-	-0-		(2,257,764)
Furniture and equipment	(1,059,114)	(76,246)	3,853	-0-		(1,131,507)
Capitalized interest	(67,069)	(2,461)	-0-	-0-		(69,530)
Land and building improvements	(635,176)	(61,653)	-0-	-0-		(696,829)
Total accumulated depreciation	<u>(3,935,855)</u>	<u>(223,628)</u>	<u>3,853</u>	<u>-0-</u>		<u>(4,155,630)</u>
Capital assets, net	<u>\$ 1,028,388</u>	<u>\$ (199,823)</u>	<u>\$ -0-</u>	<u>\$ 328,259</u>		<u>\$ 1,156,824</u>

Depreciation expense for the years ended March 31, 2021 and 2020 amounted to \$192,490 and \$223,628, respectively.

Note 10. Compensated Absences

All full-time employees with one full year of continuous employment with the Hospital District earn up to a maximum of 10 days of paid time off. A maximum of 20 days may be carried forward to the succeeding fiscal year. Accrued compensated absences at March 31, 2021 and 2020 totaled \$45,781 and \$45,260, respectively, which is included in accrued liabilities on the statements of net position.

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED MARCH 31, 2021 AND 2020

Note 11. Retirement

The Hospital District has a simple plan under Section 408(p) of the Internal Revenue Code. The plan became effective March 1, 2001 and provides for employees of the Hospital District to make salary reduction contributions in each calendar year to the simple IRA established by each employee who meets eligibility requirements. All employees of the Hospital District are eligible to participate under the plan except employees who are not reasonably expected to earn \$5,000 during the plan year for which the contribution is to be made. The Hospital District has agreed to provide matching contributions for the 2021 and 2020 plan years in the amount of the participant's elective deferrals not in excess of 3% of such participant's compensation and not to exceed \$6,500. The Hospital District made contributions of \$34,526 for the year ended March 31, 2021 and \$30,613 for the year ended March 31, 2020.

Note 12. Compensation Paid to Board of Commissioners

In August 2018, House Bill 434 adjusted compensation paid to board members of the Hospital District. The change allowed the Hospital District to pay board members no more than \$125 for attendance at meetings of the commission, not to exceed 12 meetings per year and 4 special meetings. Prior to August 2018, the compensation paid to Board of Commissioners was presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Each member of the board received \$40 for each day of attendance at meetings of the commission. The compensation paid to Board of Commissioners at March 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Sean S. Gayle	\$ -0-	\$ 1,650
Flora Thompson	1,725	1,950
Jamie Lounsberry	1,725	300
Ronnie LeMaire	1,725	600
Linda Zaunbrecher	-0-	1,500
George Gardiner	1,725	2,250
Mona Simon	<u>1,725</u>	<u>1,800</u>
 Total	 \$ <u>8,625</u>	 \$ <u>10,050</u>

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2021 AND 2020

Note 13. Supplemental Medicaid Payments (UPL)

Effective March 2016, the Hospital District entered into a Participation Agreement in order to receive Medicaid supplemental payments for qualifying nursing facilities owned or operated by non-state governmental organizations that have entered into an agreement with the Louisiana Department of Health (LDH). The Hospital District agreed to transfer funds to LDH to be used as Medicaid matching funds within the Medicaid program.

As permitted by State and Federal laws, LDH agrees to use such funds to make Medicaid payments within the Medicaid program which shall include both the "non-federal share" and the "federal funds" generated by the "non-federal share." The Medicaid supplemental payments made to Public Nursing Facility shall not exceed Public Nursing Facility's upper payment limit.

The Hospital District made payments to LDH in conjunction with this agreement totaling \$230,267 in 2021 and \$231,209 in 2020. These payments are recognized as operating expense in the statement of revenues, expenses and changes in net position. LDH made Medicaid supplemental payments to the Hospital District totaling \$572,034 in 2021 and \$554,568 in 2020. These payments are recognized as operating revenues in the statement of revenues, expenses and changes in net position.

Note 14. Professional/Commercial Liability Risk

The Hospital District participates in the Louisiana Patient's Compensation Fund established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000, for which the Hospital District is at risk. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlements for professional liability to \$100,000 per occurrence and limiting the Patient's Compensation Fund's exposure to \$400,000 per occurrence.

The Hospital District participates in Louisiana Nursing Home Association Malpractice and General Liability Fund. The Fund provides for professional liability coverage of \$100,000, plus interest per claim and a \$15,000 per occurrence deductible. The Fund also covers Commercial and General Liability with a deductible of \$15,000 per occurrence.

Each participant in the Trust is jointly and severally liable for the obligations of the Trust.

Note 15. Contingencies

The principal contingencies are described below:

The Hospital District is contingently liable for losses from professional and general liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Nursing Home Association Malpractice and General Liability Fund.

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2021 AND 2020

Note 15. Contingencies (Continued)

The Hospital District participates in the Louisiana Nursing Home Association Self-Insurance Fund for Worker's Compensation. Should the fund's assets not be adequate to cover claims made against it, the Hospital District may be assessed its pro-rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the Hospital District is contingently liable for assessments by the Louisiana Nursing Home Association Self-Insurance Fund for Worker's Compensation.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a global pandemic. As a result, uncertainties have arisen that may have a significant impact on the operating activities and results of the Hospital. The occurrence and the extent of such an impact will depend on future developments, including the duration and spread of the virus, government quarantine measures, voluntary and precautionary restriction on travel or meetings, the effects on the financial markets, and the effects on the economy overall, all of which are uncertain. The Hospital received Provider Relief Funding after year end as discussed in Note 16.

Note 16. COVID-19 Funding

The District received \$602,292 in Provider Relief Funds (the funds) via the Coronavirus Aid Relief and Economic Security (CARES) Act during the fiscal year ending March 31, 2021. The funds were issued by the U.S. Department of Health & Human Services (HHS) in response to the coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. The District recognized \$602,292 as nonoperating revenue in the fiscal year ending March 31, 2021, based on the information available as of March 31, 2021. The District submitted a report of healthcare related expenses and lost revenues attributable to coronavirus. Funds received in excess of the reported expenses and lost revenues, if any, will be owed to HHS. As a result, the amount recorded in the financial statements compared to the District's Provider Relief Fund reporting could differ. This difference could be materially different from current estimates.

The District received \$49,461 from the Rural Health Clinic Testing & Mitigation Program via the American Rescue Plan (ARP) Act during the fiscal year ending March 31, 2021. The funds were issued by HHS to provide COVID-19 testing and expand access to testing in rural communities. The Hospital District recognized \$49,461 as nonoperating revenue in the fiscal year ending March 31, 2021.

The Hospital District applied for, and received, approximately \$504,000 under an SBA loan as part of the Paycheck Protection Plan (PPP Loan) in May of 2020. Stipulations of the PPP Loan's forgiveness provision require loan proceeds to be used for payroll and other operating expenses. The loan and related interest were forgiven by the SBA on March 31, 2021 and has been recognized as nonoperating revenue in the fiscal year ending March 31, 2021.

Note 17. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, March 31, 2022, and determined no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

OTHER SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 SCHEDULES OF NET PATIENT SERVICE REVENUES
 YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
Gross patient service revenue:		
Medicaid	\$ 1,953,030	\$ 2,146,607
Private	1,073,206	808,351
Medicare SNF	1,965,608	1,795,918
Medicare outpatient	311,808	307,770
Clinic	<u>51,855</u>	<u>102,056</u>
Total gross patient service revenue	5,355,507	5,160,702
Contractual allowances - nursing home	(732,619)	(970,629)
Contractual allowances - clinic	(20,359)	(15,495)
Provisions for bad debt	<u>(137,955)</u>	<u>(31,913)</u>
Net patient service revenues	\$ <u>4,464,574</u>	\$ <u>4,142,665</u>

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 SCHEDULES OF OPERATING EXPENSES
 YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
General and administrative:		
Salaries -		
Administrator and director	\$ 99,903	\$ 92,337
Office and clerical	151,069	145,259
Transportation	37,894	50,740
Advertising	539	1,047
Auto expense	5,943	9,234
Bank charges	61	-0-
Board fees	8,625	10,050
Computer expenses	38,160	32,561
Dues and subscriptions	4,374	3,949
Employee benefits	144,127	142,717
Employer retirement matching	34,526	30,613
Insurance	176,428	177,963
Legal and accounting	78,635	73,447
Licenses	1,841	1,270
Medicare consultants	36,257	27,022
Miscellaneous	12,344	14,444
Office supplies	9,350	9,309
Outside services	13,437	9,158
Payroll taxes	186,434	159,171
Pension expense	7,024	6,559
Postage and freight	2,163	2,350
Provider fee	225,207	217,259
Telephone	13,659	17,035
Travel and seminar	5,180	10,039
Total general and administrative	<u>1,293,180</u>	<u>1,243,533</u>
Nursing services:		
Salaries -		
Director of nursing	134,828	103,073
Other	1,497,591	1,086,855
Nursing supplies	199,433	105,284
Contract nursing services	251,593	276,040
Total nursing services	<u>\$ 2,083,445</u>	<u>\$ 1,571,252</u>

(Continued)

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 SCHEDULES OF OPERATING EXPENSES (CONTINUED)
 YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
Housekeeping:		
Salaries	\$ 141,487	\$ 149,145
Supplies	<u>7,878</u>	<u>23,023</u>
Total housekeeping	<u>149,365</u>	<u>172,168</u>
Dietary:		
Salaries	224,191	213,506
Food	154,368	153,200
Food supplement	13,822	11,314
Supplies	<u>26,038</u>	<u>16,702</u>
Total dietary	<u>418,419</u>	<u>394,722</u>
Plant operations:		
Salaries	53,011	47,122
Contract services	29,580	12,045
Other	7,183	7,005
Small equipment	17,775	12,003
Repairs and maintenance	41,879	52,310
Utilities	<u>81,684</u>	<u>91,500</u>
Total plant operations	<u>231,112</u>	<u>221,985</u>
Laundry:		
Salaries	96,339	90,651
Supplies	<u>29,479</u>	<u>5,949</u>
Total laundry	<u>125,818</u>	<u>96,600</u>
Patient activity and social service:		
Salaries	35,960	35,267
Supplies	<u>1,840</u>	<u>3,427</u>
Total patient activity and social service	\$ <u>37,800</u>	\$ <u>38,694</u>

(Continued)

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 SCHEDULES OF OPERATING EXPENSES (CONTINUED)
 YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
Consultants:		
Pharmacy	\$ 17,307	\$ 16,942
Dietary	4,938	4,925
Medical records	1,100	1,200
Medicare	23,500	22,500
Medical records	480	1,980
Total consultants	<u>47,325</u>	<u>47,547</u>
 Clinic:		
Salaries	59,641	151,238
Advertisement	24	1,165
Computer expense	1,723	7,573
Freight and postage	92	187
Insurance	19,398	22,476
Lab	28,025	1,386
Licenses and fees	825	2,026
Outside services	2,552	8,499
Repairs and maintenance	1,407	1,032
Supplies	4,732	8,010
Telephone	1,201	4,862
Training	-0-	-0-
Utilities	2,384	4,566
Vaccines	184	3,939
Accounting	-0-	3,300
Total clinic	<u>\$ 122,188</u>	<u>\$ 220,259</u>

(Continued)

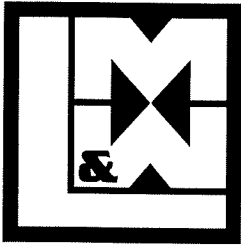
HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 SCHEDULES OF OPERATING EXPENSES (CONTINUED)
 YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
Medicare SNF and outpatient:		
Lab	\$ 10,836	\$ 1,486
Medical supplies and drugs charged to patients	63,929	102,007
Medical supplies non chargeable	974	1,182
Occupational therapy	165,332	165,288
Physical therapy	186,765	177,657
Radiology	11,420	7,615
Speech therapy	<u>151,625</u>	<u>132,737</u>
Total Medicare SNF and outpatient	<u>590,881</u>	<u>587,972</u>
 Intergovernmental transfer - public nursing home UPL	 <u>230,267</u>	 <u>231,209</u>
 Depreciation	 <u>192,490</u>	 <u>223,628</u>
 Total operating expenses	 \$ <u><u>5,522,290</u></u>	 \$ <u><u>5,049,569</u></u>

HOSPITAL SERVICE DISTRICT NO. 3
 PARISH OF VERMILION, STATE OF LOUISIANA
 D/B/A GUEYDAN MEMORIAL GUEST HOME
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
 AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 YEAR ENDED MARCH 31, 2021

Agency Head Name: Trevor Hair
 Position: Administrator
 Time Period: April 1, 2020 to March 31, 2021

Purpose	Amount
Salary	\$ 99,443
Benefits - insurance	6,986
Benefits - retirement	2,983
Benefits - other	43
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	3,340
Registration fees	499
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-
	\$ 113,294



LESTER, MILLER & WELLS

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Retired 2015
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Hospital Service District No. 3
Parish of Vermilion, State of Louisiana
d/b/a Gueydan Memorial Guest Home
Gueydan, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home (the "Hospital Service District") as of and for the years ended March 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Hospital Service District's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 31, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be material weaknesses as items number 2021-001, 2021-003 and 2021-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hospital Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2021-002.

Hospital Service District's Response to Findings

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

Purpose of this Report

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

Lester, Miller & Wells

Certified Public Accountants
Lafayette, Louisiana

March 31, 2022

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED MARCH 31, 2021

Section I. Summary of Auditors' Results

Report on Internal Control and Compliance Material to the Financial Statements

Type of auditors' opinion issued: unmodified

Internal Control over financial reporting:

- Material weakness(es) identified? Yes No
- Control deficiency(ies) identified that we do not consider to be material weaknesses Yes None reported

Noncompliance material to financial statements noted Yes No

Section II. Financial Statement Findings

2021-001 - Segregation of Duties

Condition: The Hospital Service District does not have adequate segregation of duties in the area of accounts receivable. During the course of our audit, we noted that the person in charge of accounts receivable has the responsibility to post cash receipts, issue credit memos, write-off account balances, reconcile bank statements and has access to incoming checks for customers. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize the Hospital Service District may not be large enough to permit such procedures, it is important that the Hospital Service District be aware of this condition. This condition was also included in the 2020 audit as item 2020-001.

Criteria: An effective system of internal control requires a proper segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The Hospital Service District has a limited number of employees within the accounting department.

Effect: Ineffective system of internal controls within the accounting function.

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned; the Hospital Service District should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible, and management and the board should review accounts receivable financial information on a timely basis.

Response: The Hospital Service District is aware of and evaluated this problem and concluded that it would not be cost beneficial or possible with the limited resources available to create a segregated accounts receivable environment. However, the Hospital Service District will continue to monitor this issue and the board will review accounts receivable financial information on a timely basis.

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED MARCH 31, 2021

Section II. Financial Statement Findings (Continued)

2021-002 - Overpayment to Board of Commissioners

Condition: Commissioners were paid a per diem of \$150 per meeting rather than the maximum allowable amount of \$125 per meeting allowed by LA R.S. 46:1053, which resulted in a total overpayment of \$1,675 by the Hospital Service District for the fiscal year under audit.

Criteria: In accordance with LA R.S. 46:1053, the governing authority of Vermilion Parish may permit a per diem to each member of the commission of Vermilion Parish Hospital Service District No. 3 in an amount not to exceed \$125 for attendance at meetings. Total allowable meetings per year are not to exceed twelve regular meetings per year and four special meetings per year.

Cause: Effective August 1, 2018, LA R.S. 46:1053 was revised to permit the Vermilion Parish Hospital Service District No. 3 to pay commissioners a per diem not to exceed \$125 for attendance at meetings, not to exceed twelve regular meetings per year and four special meetings per year. The board erroneously approved and paid a per diem of \$150 per meeting rather than the amount allowed by the revision of LA R.S. 46:1053.

Effect: It appears the Hospital Service District is in violation of LA R.S. 46:1053.

Recommendation: The Hospital Service District should approve a per diem in accordance with LA R.S. 46:1053, in which board members are paid no more than \$125 per board meeting. The Hospital Service District should also recover any amounts paid in excess of the allowable amount provided by LA R.S. 46:1053.

Response: The Hospital Service District has recovered the amounts paid in excess of LA R.S. 46:1053 and has paid Commissioners in accordance with LA R.S. 46:1053.

2021-003 - Lack of Written Covid Pay Policy

Condition: It was noted that there was no written policy and procedure to address Covid-19 pay during the year.

Criteria: Good internal controls require written policies and procedures to be in place and communicated to employees involved in all financial and operational areas.

Cause: The Hospital Service District's Board of Commissioners approved Covid-19 pay and the Administrator of the Hospital Service District implemented Covid-19 pay, but all was done verbally and there was no written policy and procedure.

Effect: By not having written policies and procedures for employees to follow, it weakens the accountability of the Hospital Service District's assets and does not help in preventing fraud.

Recommendation: Having written policies and procedures strengthen and provide a framework for present and future Hospital Service District employees to perform business operations necessary to provide accurate accountability of Hospital Service District assets and help prevent fraud. Sample best practice documents are available for reference on the Louisiana Legislative Auditor's website.

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED MARCH 31, 2021

Section II. Financial Statement Findings (Continued)

2021-003 - Lack of Written Covid Pay Policy (Continued)

Response: Management had a verbal Covid-19 pay policy and procedure in place, but did not have a written policy and procedure. Management will consult help in drafting a Covid-19 policy and procedure as well as following best practices as noted on the Louisiana Legislative Auditor's website.

2021-004 – Lack of Detailed Minutes

Condition: It was noted that in some instances minutes of board meetings did not contain adequate information for a reader to determine the outcome of matters decided.

Criteria: Minutes should include the following:

- The date, time and place of the meeting;
- The members of the public body recorded as either present or absent;
- The substance of all matters decided, and, at the request of any member, a record, by individual member, of any votes taken; and
- Any other information that the public body requests be included or reflected in the minutes.

Cause: The Hospital Service District's Board of Commissioner's minutes lacked enough detail to determine some of the matters that were decided.

Effect: By not having enough information to determine matters decided, it is difficult to determine if management properly followed through with board decisions.

Recommendation: Having enough information in minutes to support matters decided, helps any reader of the minutes to determine the actions taken by the Board of Commissioners and if management properly followed through on Board decisions.

Response: The Board of Commissioners will ensure that adequate information is detailed in the minutes to support matters decided.

Section III. Federal Award Findings and Questioned Costs

Not applicable.

Section IV. Management Letter

Not applicable.

HOSPITAL SERVICE DISTRICT NO. 3
PARISH OF VERMILION, STATE OF LOUISIANA
D/B/A GUEYDAN MEMORIAL GUEST HOME
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED MARCH 31, 2021

Section I. Internal Control and Compliance Material to the Financial Statements

2020-001 - Segregation of Duties

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned, the Hospital Service District should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible, and the board should review accounts receivable financial information on a timely basis.

Current Status: This finding is repeated at 2021-001.

2020-002 – Overpayment to Board of Commissioners

Recommendation: The Hospital Service District should approve a per diem in accordance with LA R.S. 46:1053, in which board members are paid no more than \$125 per board meeting. The Hospital District should also recover any amounts paid in excess of the allowable amount provided by LA R.S. 46:1053.

Current Status: The Hospital Service District received the amounts paid in excess of the allowable amounts in the 2021 fiscal year-end.

Section II. Internal Control and Compliance Material to the Federal Awards

Not applicable.

Section III. Management Letter

Not applicable