SAVOY MEDICAL MANAGEMENT GROUP, INC.
MAMOU, LOUISIANA

(A COMPONENT UNIT OF THE
TOWN OF MAMOU, LOUISIANA)

Financial Report

Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Savoy Medical Management Group, Inc.
Mamou, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Savoy Medical Management Group, Inc. (a nonprofit health care entity), a component unit of the Town of Mamou, consisting of Savoy Medical Center Operations Fund and Town of Mamou Building Fund, which comprise the statement of financial position as of December 31, 2019, and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Savoy Medical Management Group, Inc. as of December 31, 2019, and the results of its operations, changes in its net assets, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is 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 September 15, 2020, on our consideration of Savoy Medical Management Group, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Savoy Medical Management Group, Inc.'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 Savoy Medical Management Group, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 15, 2020

FINANCIAL STATEMENTS

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Statement of Financial Position
December 31, 2019

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 802,902	$ 6,042	$ 808,944
Patient accounts receivable, net	1,752,406	-	1,752,406
Estimated third-party payor settlements	1,940,597	-	1,940,597
Other receivables	87,351	-	87,351
Inventory	655,424	-	655,424
Prepaid expenses	65,670	-	65,670
Total current assets	5,304,350	6,042	5,310,392
Property, plant and equipment, net	1,345,036	3,081,269	4,426,305
Deposits	1,828	-	1,828
Total assets	$ 6,651,214	$ 3,087,311	$ 9,738,525
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	$ 1,170,646	$ -	$ 1,170,646
Accrued salaries and payroll taxes	618,654	-	618,654
Estimated third-party payor settlements	995,229	-	995,229
Current portion of long-term debt	174,687	-	174,687
Total current liabilities	2,959,216	-	2,959,216
Long-term liabilities:			
Long-term debt	320,982	-	320,982
Total liabilities	3,280,198	-	3,280,198
Net assets:			
Without donor restrictions-			
Unrestricted and undesignated	3,371,016	3,087,311	6,458,327
Total liabilities and net assets	$ 6,651,214	$ 3,087,311	$ 9,738,525

The accompanying notes are an integral part of this statement.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Operating revenue:			
Net patient service revenue (net of provision for bad debts of $2,613,749)	$ 22,087,593	$ -	$ 22,087,593
Other operating revenues	1,496,967	-	1,496,967
Net operating revenue	23,584,560	-	23,584,560
Operating expenses:			
Salaries and wages	8,234,387	-	8,234,387
Employee benefits	1,609,668	-	1,609,668
Professional fees	681,945	-	681,945
Supplies	3,633,995	12	3,634,007
Utilities	850,553	-	850,553
Contract services	847,597	-	847,597
Insurance	504,740	-	504,740
Management fee	877,088	-	877,088
Other	251,287	-	251,287
Rents and leases	348,521	-	348,521
Repairs and maintenance	524,754	-	524,754
Interest expense	21,517	-	21,517
Intergovernmental transfer - access grants	4,650,020	-	4,650,020
Depreciation	548,488	125,972	674,460
Total operating expenses	23,584,560	125,984	23,710,544
Operating loss	-	(125,984)	(125,984)
Nonoperating revenues (expenses):			
Interest income	2,670	8	2,678
Change in net assets without donor restrictions	2,670	(125,976)	(123,306)
Net assets, beginning	3,368,346	3,213,287	6,581,633
Net assets, ending	$ 3,371,016	$ 3,087,311	$ 6,458,327

The accompanying notes are an integral part of this statement.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Statement of Cash Flows
Year Ended December 31, 2019

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Cash flows from operating activities:			
Operating loss	$ -	$ (125,984)	$ (125,984)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	548,488	125,972	674,460
Provision for bad debts	2,613,749	-	2,613,749
Increase in accounts receivable	(2,689,736)	-	(2,689,736)
Decrease in third party payer receivables	(160,577)	-	(160,577)
Increase in other receivables	5,189	-	5,189
Decrease in inventory	(31,541)	-	(31,541)
Increase in prepaid expenses	11,590	-	11,590
Decrease in accounts payable	350,869	-	350,869
Increase in accrued salaries and payroll taxes	(45,018)	-	(45,018)
Net cash provided (used) by operating activities	603,013	(12)	603,001
Cash flows from investing activities:			
Interest earned on interest-bearing deposits	2,670	8	2,678
Purchase of property and equipment	(371,073)	-	(371,073)
Net cash provided (used) by investing activities	(368,403)	8	(368,395)
Cash flows from financing activities:			
Proceeds from capital leases	360,403	-	360,403
Principal paid on capital leases	(172,177)	-	(172,177)
Net cash provided by financing activities	188,226	-	188,226
Net increase (decrease) in cash and cash equivalents	422,836	(4)	422,832
Cash and cash equivalents, beginning of year	380,066	6,046	386,112
Cash and cash equivalents, end of year	$ 802,902	$ 6,042	$ 808,944
Supplemental disclosures:			
Interest paid	$ 21,517	$ -	$ 21,517

The accompanying notes are an integral part of this statement.

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

The Town of Mamou (Town) is the sole member of Savoy Medical Management Group, Inc. (Organization). The Organization, a component unit of the Town, is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of managing and operating a quality, cost effective health care facility for patients of the communities located in Evangeline Parish. The Town owns the Savoy Medical Center located in Mamou, Louisiana, which is operated by the Organization.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Patient Accounts Receivable

Patient accounts receivable are stated at net realizable value. The Organization maintains allowance for uncollectible accounts and for estimated losses resulting from a payer's inability to make payments on accounts. The Organization estimates the allowance for uncollectible accounts based on management's assessment of historical and expected net collections considering historical and current business and economic conditions, trends in healthcare coverage, and other collections indicators. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

E. Inventory

Inventory, consisting primarily of pharmaceuticals and other medical supplies, are stated at the lower of cost, using an average cost method, or market.

F. Property and Equipment

The Organization's capitalization policy is $5,000 for property and equipment recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over useful lives of the assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Typical useful lives are 7 to 40 years for buildings and improvements and 4 to 15 years for equipment and furniture.

G. Revenue and Expense Recognition

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates per admission or visit, reimbursed costs, discounted charges, and per diem rates. Net patient service revenues contain a single delivery element and is recognized at a point in time when the services are provided. The estimated net amount due from patients and third-party payors for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted, as needed, in future periods. The Organization also provides care to self-pay patients. The revenue on services provided to these patients are recognized at the time services are rendered. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, the organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2016.

I. Compensated Absences

The Organization allows employees annual leave based on years of service. Upon termination of employment, an employee is paid for the value of any accrued leave through the date of separation at their current rate of pay. At December 31, 2019, the accrued compensated absences amounted to $364,810, which is included in accrued salaries and payroll taxes in the statement of financial position.

J. Advertising Expense

Advertising costs are expensed as incurred. Total advertising expense was $5,599 for the year ended December 31, 2019.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Liquidity and Availability of Financial Assets

The Organization has $4,589,298 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenses consisting of $808,944 in cash, $1,752,406 of patient accounts receivable, $1,940,597 of estimated third-party payor settlements, and $87,351 of other receivables.

(3) Cash and interest-bearing deposits

As of December 31, 2019, the Organization had cash and interest-bearing deposits in the amount of $808,944. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Organization's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Deposit balances (bank balances) as of December 31, 2019 are secured as follows:

Bank balances	$ 987,108
Federal deposit insurance	500,000
Pledged securities	487,108
Total	$ 987,108

Deposits in the amount of $487,108 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Organization's name. The Organization does not have a policy for custodial credit risk.

(4) Patient Accounts Receivable

Patient accounts receivable at December 31, 2019 consisted of the following:

Medicare	$ 791,854
Medicaid	606,003
Other third-party payors	1,202,004
Patients	3,026,964
Total patient accounts receivable	5,626,825
Less: allowance for uncollectible accounts	(3,874,419)
Patient accounts receivable, net	$ 1,752,406

(5) Estimated Third-Party Settlements

The estimated third-party payors settlements receivable consisted of the following at December 31, 2019:

Estimated third-party payor settlements:

Receivable-

Cost Report Year:	Medicare	Medicaid	Uncompensated Care Cost (UCC)	Total
2019	$ 138,019	$ 77,412	$ 1,714,804	$ 1,930,235
2018	10,362	-	-	10,362
	$ 148,381	$ 77,412	$ 1,714,804	$ 1,940,597

Payable-

Cost Report Year:	Medicare	Medicaid	Uncompensated Care Cost (UCC)	Total
2019	$ 50,515	$ 324,819	$ -	$ 375,334
2018	-	181,447	-	181,447
2017	3,381	190,250	-	193,631
2016	-	58,034	-	58,034
2015	-	-	153,162	153,162
2014	-	-	33,621	33,621
	$ 53,896	$ 754,550	$ 186,783	$ 995,229

(6) Property, Plant and Equipment

Property, plant and equipment consisted of the following at December 31, 2019:

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Total
Land	$ -	$ 430,000	$ 430,000
Buildings and improvements	1,628,840	18,722,013	20,350,853
Equipment	4,986,860	2,471,663	7,458,523
Furniture	308,551	27,061	335,612
Total property, plant and equipment	6,924,251	21,650,737	28,574,988
Less: Accumulated depreciation	(5,579,215)	(18,569,468)	(24,148,683)
Net property, plant and equipment	$ 1,345,036	$ 3,081,269	$ 4,426,305

Depreciation expense charged to operations amounted to $548,488 and $125,972 for Savoy Medical Center's Operations Fund and Town of Mamou Building Fund, respectively, for the year ended December 31, 2019.

Savoy Medical Center Operations Fund leases equipment with a cost basis of $1,300,995 under a capital lease. The depreciation for the year ended December 31, 2019 on these assets is $180,371, and the accumulated depreciation balance at December 31, 2019 is $751,879.

Savoy Medical Center Operations Fund incurred interest charges in the amount of $21,517 for assets purchased under a capital lease. The total amount was charged to operations for the year ended December 31, 2019.

(7) Changes in Long-Term Debt

The following is a summary of changes for the year ended December 31. 2019:

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Savoy Medical Center Operations Fund:					
Capital leases	$ 307,443	$ 360,403	$ (172,177)	$ 495,669	$ 174,687

Long-term debt at December 31, 2019 is comprised of the following individual issues:

Savoy Medical Center Operations Fund:

Capital Leases –

$98,127 capital lease payable to Marlin Business Bank, dated December 15, 2016, due in monthly installments of $1,813 through December 15, 2021, interest at 4.136%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $40,886.	$ 43,360
$22,563 capital lease payable to Siemens Financial Services, Inc., dated December 15, 2016, due in monthly installments of $458 through December 15, 2021, interest at 8.021%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $9,401.	10,118
$169,800 capital lease payable to Olympus Financial Services, dated April 15, 2017, due in monthly installments of $3,924 through April 15, 2021, interest at 5.172%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $63,675.	61,132
$36,071 capital lease payable to Olympus Financial Services, dated April 15, 2017, due in monthly installments of $3,924 through April 15, 2021, interest at 5.124%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $13,527.	10,817
$19,753 capital lease payable to Ally Financial, dated April 16, 2018, due in monthly installments of $478 through April 26, 2022, interest at 7.548%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $11,523.	12,237
$24,489 capital lease payable to Ally Financial, dated June 6, 2018, due in monthly installments of $600 through June 6, 2022, interest at 8.163%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $14,285.	16,225
$33,168 capital lease payable to GE Healthcare Equipment Finance, dated May 28, 2018, due in monthly installments of $1,033 through May 28, 2021, interest at 7.6%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $18,427.	16,767
$360,403 capital lease payable to GE Healthcare Equipment Finance, dated June 1, 2019, due in monthly installments of $6,131 through June 1, 2024, interest at 0.807%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $318,356.	325,013
Total capital leases	$ 495,669

Scheduled maturities of long-term debt as of December 31, 2019 are as follows:

Year Ending December 31,	Principal	Interest
2020	$ 174,687	$ 9,318
2021	133,567	3,705
2022	77,764	1,923
2023	72,953	615
2024	36,698	86
Total	$ 495,669	$ 15,647

(8) Net Patient Service Revenue

Outpatient services are reimbursed based on fee schedules provided by Medicare/Medicaid and other insurance companies. Billings are adjusted in order to reflect amounts to be reimbursed. Net patient service revenue consisted of the following at December 31, 2019:

Gross patient charges	$ 93,827,495
Less: Contractual allowances and discounts	(68,329,909)
Patient service revenue (net of contractual allowances and discounts)	25,497,586
Less: Provision for bad debts	(2,613,749)
Net patient service revenue (net of provision for bad debt)	$ 22,883,837

(9) Operating Leases

Savoy Medical Center Operations Fund entered into various operating leases for equipment and building leases for hospital clinics commencing from 2015 through 2019 with terms ranging from 24 to 60 months. Future minimum lease payments due under the lease terms are as follows:

Year Ending December 31,	Equipment	Building	Total
2020	$ 184,734	$ 70,200	$ 254,934
2021	38,070	67,200	105,270
2022	27,015	67,200	94,215
2023	-	67,200	67,200
2024	-	65,400	65,400
2025-2027	-	150,000	150,000
Total	$ 249,819	$ 487,200	$ 737,019

Operating lease expense amounted to $334,706 for the year ended December 31, 2019.

(10) Functional Expenses

The Organization provides general health care services to residents within its geographic location. The financial statements report certain categories of expenses that are attributable to the program and supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. For the year ended December 31, 2019, expenses related to providing these services were as follows:

Health care services:	
Salaries and wages	$ 8,234,387
Employee benefits	1,609,668
Professional fees	679,863
Supplies	3,612,521
Utilities	818,859
Contract services	483,018
Insurance	328,081
Management fee	877,088
Other	178,002
Rents and leases	348,521
Repairs and maintenance	517,423
Interest expense	21,517
Intergovernmental transfer - access grants	4,650,020
Depreciation	548,488
Total program expenses	22,907,456
General, administrative, and other:	
Contract services	364,579
Supplies	21,474
Insurance	176,659
Professional fees	2,082
Other	73,285
Repairs and maintenance	7,331
Utilities	31,694
Total management and general expenses	677,104
Total expenses	$ 23,584,560

(11) Intergovernmental Transfer Grants

The Organization entered into a Low Income and Needy Care Collaboration Agreement on July 31, 2013 with other hospitals in the region. The purpose of the agreement is to ensure that low income and needy patients have access to and receive quality hospital services by increasing funding for the Medicaid population and to access funding to which the hospitals are eligible under Medicaid supplemental payments. For the year ended December 31, 2019, the Organization provided intergovernmental transfer grants to other Hospitals in the amount of $4,650,020.

(12) Fair Value Measurements

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, patient accounts receivable, estimated third-party payor settlements, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

(13) Town of Mamou Building Fund

Prior to January 1, 2011, the operations of the Town of Mamou Building Fund were reported in the Savoy Cancer Center, Inc.'s (Center) financial statements. Effective January 1, 2011, the operations of Center were transferred to the Savoy Medical Center, which is operated by the Organization. As a result, the financial position and the changes in net assets and cash flows of the Town of Mamou Building Fund are reported in the financial statements of the Organization.

(14) Special Services Management Agreement

On February 15, 2015, the Organization entered into a Special Services Management Agreement with Evangeline Clinical Services. The purpose of the agreement is to gain managerial and administrative expertise in the delivery and operations of hospitals and to clinically integrate with CHRISTUS Health Central Louisiana (CHRISTUS) network of physicians, clinics and hospitals, in order to improve access, quality, availability and efficiency of care for residents of the community. CHRISTUS will administer the day-to-day operations of the hospital, subject to any required approvals and operational oversight from the Organization. In exchange for the services and cost incurred, the Organization will pay $10,000 per month and an amount equal to each fiscal year's undisbursed operating revenue as defined by the contract. The term of this agreement is for an initial fifteen years and shall automatically continue thereafter for an additional term of five years. In accordance with the terms of the agreement, the Organization paid a management fee in the amount of $877,088 for the year ended December 31, 2019.

(15) Concentration of Credit Risk

The Organization grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2019 is as follows:

Medicare	35.9%
Medicaid	22.4%
Other third-party payors	40.2%
Patients	1.5%
	100.0%

(16) Pension Plan

The Organization has a 401(k) profit sharing plan (a defined contribution plan), established in February, 2010, which covers substantially all employees who are eighteen years of age or older with at least two consecutive months of service. The Plan, as amended, complies with the applicable provisions of the Employee Retirement Income Security Act of 1974. The employer may make matching contributions or profit sharing contributions at their discretion based on board approval. The Organization did not contribute to the Plan for the year ended December 31, 2019.

(17) Risk Management

The Organization is exposed to risks of loss in the areas of general liability, management liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(18) Contingencies

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

Third-party Government Revenues – Cost reimbursements are subject to examination by agencies administering the programs. The Organization is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statues, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

Management believes that the Organization is in compliance with fraud and abuse statues as well as other applicable governmental laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

(19) Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. In subsequent years, providers must demonstrate meaningful use of such technology to qualify for additional Medicaid incentive payments. Hospitals that do not successfully demonstrate meaningful use of EHR technology are subject to payment penalties or downward adjustments to their Medicare payments beginning in federal fiscal year 2017.

The Organization recognizes revenue for the Medicare and Medicaid EHR incentive payments when the Organization is reasonably assured that the EHR meaningful use criteria for the required period of time were met and that the grant revenue will be received. EHR incentive payment revenue totaling $13,671 was received from Medicare for the year ended December 31, 2019. This revenue is included in other revenue in the accompanying statement of activities. Income from incentive payments is subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were calculated. Additionally, the Organization's attestation compliance with the meaningful use criteria is subject to audit by the federal government.

(20) Compensation, Benefits, and Other Payments to Agency Head

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds for the year ended December 31, 2019.

(21) New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements.

(22) Change in Accounting Pronouncement

On January 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers* and all subsequent amendments to the ASU (collectively "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The Organization's revenue is generated substantially from providing inpatient and outpatient healthcare services. Those services predominately contain a single delivery element and revenue is recognized at a single point in time when the services are provided to the patient.

The Organization adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded.

(23) Subsequent Event Review

A. On March 22, 2020, the Governor declared a Public Health emergency in Proclamation Number 25 JBE 2020 in response to the threat posed by COVID-19. Effective March 23, 2020, all individuals within the State of Louisiana are under a general stay-at-home order and are directed to stay home unless performing an essential activity. As a result, economic uncertainties have arisen which may impact the ongoing operations of Savoy Medical Management Group, Inc.; however, the extent and severity of the potential impact in unknown at this time.

B. The Organization's management has evaluated subsequent events through September 15, 2020, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana
Savoy Medical Center Operations Fund

Comparative Statement of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 802,902	$ 380,066
Patient accounts receivable, net	1,752,406	1,676,419
Estimated third-party payor settlements	1,940,597	1,445,201
Other receivables	87,351	92,540
Inventory	655,424	623,883
Prepaid expenses	65,670	77,260
Total current assets	5,304,350	4,295,369
Property, plant and equipment, net	1,345,036	1,522,451
Deposits	1,828	1,828
Total assets	$ 6,651,214	$ 5,819,648
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 1,170,646	$ 819,777
Accrued salaries and payroll taxes	618,654	663,672
Estimated third-party payor settlements	995,229	660,410
Current portion of long-term debt	174,687	139,446
Total current liabilities	2,959,216	2,283,305
Long-term liabilities:		
Long-term debt	320,982	167,997
Total liabilities	3,280,198	2,451,302
Net assets:		
Without donor restrictions-		
Unrestricted and undesignated	3,371,016	3,368,346
Total liabilities and net assets	$ 6,651,214	$ 5,819,648

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana
Savoy Medical Center Operations Fund

Comparative Statement of Activities
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating revenue:		
Net patient service revenue (net of provision for		
bad debts of $2,613,749 2019 and $1,435,786 2018)	$ 22,087,593	$ 20,625,820
Other operating revenues	1,496,967	814,431
Net operating revenue	23,584,560	21,440,251
Operating expenses:		
Salaries and wages	8,234,387	7,943,814
Employee benefits	1,609,668	1,563,505
Professional fees	681,945	546,439
Supplies	3,633,995	3,320,000
Utilities	850,553	903,969
Contract services	847,597	730,342
Insurance	504,740	531,418
Management fee	877,088	120,000
Other	251,287	431,241
Rents and leases	348,521	404,091
Repairs and maintenance	524,754	408,988
Interest expense	21,517	31,912
Intergovernmental transfer - access grants	4,650,020	4,125,000
Depreciation and amortization	548,488	568,374
Total operating expenses	23,584,560	21,629,093
Operating loss	-	(188,842)
Nonoperating revenues (expenses):		
Interest income	2,670	4,687
Change in net assets without donor restrictions	2,670	(184,155)
Net assets, beginning	3,368,346	3,552,501
Net assets, ending	$ 3,371,016	$ 3,368,346

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana
Savoy Medical Center Operations Fund

Schedule of Net Patient Service Revenue
For the Years Ended December 31, 2019 and 2018

	2019	2018
Gross patient charges	$ 93,031,251	$ 92,041,282
Less:		
Contractual allowances	(68,046,034)	(69,638,735)
Discounts	(283,875)	(340,941)
Uncollectible accounts	(2,613,749)	(1,435,786)
Total contractual allowances, discounts and uncollectible accounts	(70,943,658)	(71,415,462)
Net patient service revenue	$ 22,087,593	$ 20,625,820

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana
Savoy Medical Center Operations Fund

Schedule of Other Operating Revenues
For the Years Ended December 31, 2019 and 2018

	2019	2018
Other operating revenues:		
Cafeteria	$ 150,723	$ 143,839
Electronic health records incentive payment	13,671	97,648
Medicaid Quality Outcomes Payments	796,244	-
Medical record transcripts	2,234	1,977
Miscellaneous	21,712	68,103
Rent income	498,680	489,017
Vending machine commissions	13,703	13,847
Total other operating revenues	$ 1,496,967	$ 814,431

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S 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*

Board of Directors
Savoy Medical Management Group, Inc.
Mamou, 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 Savoy Medical Management Group, Inc. (a nonprofit health care entity), a component unit of the Town of Mamou, which comprise the statement of financial position as of December 31, 2019, and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Savoy Medical Management Group, Inc.'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 Savoy Medical Management Group, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Savoy Medical Management Group, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Savoy Medical Management Group, Inc.'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Savoy Medical Management Group, Inc.'s Response to Findings

Savoy Medical Management Group, Inc.'s response to the finding identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. Savoy Medical Management Group, Inc.'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 15, 2020

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

2019-001: Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2012

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

CRITERIA: The Organization should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Organization, there are a small number of available employees.

EFFECT: The Organization has employees that are performing more than one related function.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2019-002: Inadequate Controls Over Reconciliations

Fiscal year finding initially occurred: 2019

CONDITION: The Organization did not have adequate procedures in place to reconcile the inventory and contractual adjustment general ledger accounts to appropriate supporting documentation.

CRITERIA: The Organization should have a control policy according to which the inventory and contractual adjustments accounts are reconciled to supporting schedules and subsidiary ledgers on a monthly basis.

CAUSE: Due to the lack of controls, the general ledger accounts were not properly reconciled to supporting documentation.

EFFECT: The Organization's general ledger accounts for inventory and contractual adjustments did not reflect the balance on the subsidiary ledger or management's calculation, respectively. As a result, journal entries were required to properly state these accounts.

RECOMMENDATION: The Organization should establish policies and procedures to reconcile these general ledger accounts to appropriate supporting documentation on a monthly basis.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will review their procedures to ensure the inventory and contractual adjustments accounts are being reconciled and adjusted to supporting documentation on a monthly basis.

B. Compliance Findings -

There are no findings to report under this section.

Part II. Prior Year Findings

A. Internal Control Findings -

2018-001: Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2012

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2019-001.

B. Compliance Findings -

There are no findings to report under this section.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
MAMOU, LOUISIANA

(A COMPONENT UNIT OF THE
TOWN OF MAMOU, LOUISIANA)

Agreed-Upon Procedures Report

Year Ended December 31, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Savoy Medical Management Group, Inc.
Mamou, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Savoy Medical Management Group, Inc. (Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Organization's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the Organization's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the Organization's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

   c) ***Disbursements***, including processing, reviewing, and approving.

   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

   e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Organization's ethics policy.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

(The following procedures were not performed due to no exceptions on testing in the prior year.)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

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

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the Organization's main operating account. We selected the Organization's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites.

5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. We selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). We obtain supporting documentation for each of the two deposits and:

   a) We observed that receipts are sequentially pre-numbered.

   b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   c) We traced the deposit slip total to the actual deposit per the bank statement.

   d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

   e) We traced the actual deposit per the bank statement to the general ledger.

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected one location that process payments.

9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency had no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

b) At least two employees are involved in processing and approving payments to vendors.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

10. For each location selected under #8 above, we obtained the Organization's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:

    a) We observed that the disbursement matched the related original invoice/billing statement.

    b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

(The following procedures were not performed due to no exceptions on testing in the prior year.)

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

    b) Observe that finance charges and late fees were not assessed on the selected statements.

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

Travel and Expense Reimbursement

(The following procedures were not performed due to no exceptions on testing in the prior year.)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

    a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

    b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(The following procedures were not performed due to no exceptions on testing in the prior year.)

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, <u>excluding the practitioner's contract</u>, and:

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

(The following procedures were not performed due to no exceptions on testing in the prior year.)

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

c) Observe that any leave accrued or taken during the pay period is reflected in the Organization's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Other

(The following procedures were not performed due to no exceptions on testing in the prior year.)

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

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Collections

1. The employees who have access to cash were not covered by a bond or insurance policy for theft.

   Management's response: The Organization will evaluate the cost-benefit of obtaining a bond or insurance policy for theft on the employee responsible for collecting cash.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 15, 2020