

**SAVOY MEDICAL MANAGEMENT GROUP, INC.**  
MAMOU, LOUISIANA

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

**Financial Report**

**Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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, 2023, 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.

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, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Savoy Medical Management Group, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### **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 comparative statements and schedules 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 June 14, 2024, 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  
June 14, 2024

## **FINANCIAL STATEMENTS**

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Statement of Financial Position  
December 31, 2023

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,089,906	\$ 6,050	\$ 6,095,956
Patient accounts receivable, net	2,785,560	-	2,785,560
Estimated third-party payor settlements	221,349	-	221,349
Other receivables	271,112	-	271,112
Inventory	852,916	-	852,916
Prepaid expenses	250,877	-	250,877
Total current assets	10,471,720	6,050	10,477,770
Property, plant and equipment, net	3,275,716	2,581,940	5,857,656
Operating right-of-use asset, net	494,549	-	494,549
Deposits	1,978	-	1,978
Total assets	\$ 14,243,963	\$ 2,587,990	\$ 16,831,953
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable	\$ 285,890	\$ -	\$ 285,890
Accrued expenses	4,400,649	-	4,400,649
Accrued salaries and payroll taxes	704,069	-	704,069
Estimated third-party payor settlements	92,720	-	92,720
Due to other governmental agencies	550,881	-	550,881
Current portion of long-term debt	326,668	-	326,668
Total current liabilities	6,360,877	-	6,360,877
Long-term liabilities:			
Long-term debt	608,403	-	608,403
Total liabilities	6,969,280	-	6,969,280
Net assets:			
Without donor restrictions-			
Unrestricted and undesignated	7,274,683	2,587,990	9,862,673
Total liabilities and net assets	\$ 14,243,963	\$ 2,587,990	\$ 16,831,953

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, 2023

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Operating revenue:			
Net patient service revenue (net of provision for credit losses of \$852,310)	\$ 30,728,832	\$ -	\$ 30,728,832
Other operating revenues	13,603,359	-	13,603,359
Net operating revenue	44,332,191	-	44,332,191
Operating expenses:			
Salaries and wages	9,511,785	-	9,511,785
Employee benefits	1,510,299	-	1,510,299
Professional fees	378,656	-	378,656
Dues and subscriptions	41,273	-	41,273
Supplies	8,106,906	-	8,106,906
Utilities	980,911	-	980,911
Contract services	4,221,830	-	4,221,830
Insurance	427,144	-	427,144
Licenses and fees	173,504	-	173,504
Management fee	3,752,484	-	3,752,484
Other	685,763	-	685,763
Rents and leases	270,472	-	270,472
Repairs and maintenance	553,291	-	553,291
Travel and entertainment	51,396	-	51,396
Interest expense	29,218	-	29,218
Intergovernmental transfer - access grants	12,205,506	-	12,205,506
Depreciation	819,565	123,427	942,992
Total operating expenses	43,720,003	123,427	43,843,430
Operating income (loss)	612,188	(123,427)	488,761
Nonoperating revenues (expenses):			
Grant income	17,750	-	17,750
Interest income	21,342	5	21,347
Total nonoperating revenues (expenses)	39,092	5	39,097
Change in net assets without donor restrictions	651,280	(123,422)	527,858
Net assets, beginning	6,623,403	2,711,412	9,334,815
Net assets, ending	\$ 7,274,683	\$ 2,587,990	\$ 9,862,673

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, 2023

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Cash flows from operating activities:			
Operating income (loss)	\$ 612,188	\$ (123,427)	\$ 488,761
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	819,565	123,427	942,992
Provision for bad debts	852,310	-	852,310
Increase in accounts receivable	(866,571)	-	(866,571)
Decrease in third party payer receivables	(641,408)	-	(641,408)
Increase in other receivables	35,620	-	35,620
Decrease in inventory	66,987	-	66,987
Increase in prepaid expenses	(77,723)	-	(77,723)
Decrease in accounts payable/accrued expenses	1,372,154	-	1,372,154
Increase in accrued salaries and payroll taxes	(136,368)	-	(136,368)
Net cash provided by operating activities	2,036,754	-	2,036,754
Cash flows from investing activities:			
Interest earned on interest-bearing deposits	21,342	5	21,347
Purchase of property and equipment	(444,420)	-	(444,420)
Net cash provided (used) by investing activities	(423,078)	5	(423,073)
Cash flows from financing activities:			
Grant received	17,750	-	17,750
Principal paid on capital leases	(167,766)	-	(167,766)
Net cash used by financing activities	(150,016)	-	(150,016)
Net increase in cash and cash equivalents	1,463,660	5	1,463,665
Cash and cash equivalents, beginning of year	4,626,246	6,045	4,632,291
Cash and cash equivalents, end of year	\$ 6,089,906	\$ 6,050	\$ 6,095,956
Supplemental disclosures:			
Interest paid	\$ 29,218	\$ -	\$ 29,218

The accompanying notes are an integral part of this statement.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements

(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 and Allowance for Credit Losses

Patient accounts receivable are stated at net realizable value. The Organization maintains allowance for credit losses resulting from a payer's inability to make payments on accounts. In accordance with ASC 326-20-30-2, the Organization determined that similar risk characteristics existed for patient receivables with similar days outstanding; therefore, the allowance for credit losses was calculated based on pools of aging ranges. This methodology is consistent with the Organization's previous estimated loss calculation. The Organization estimates the allowance for credit losses by aging pool based on historical net collections considering historical and current business and economic conditions, trends in healthcare coverage, and other collections indicators.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

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 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 charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for credit losses. 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, 2023, 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 2020.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

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, 2023, the accrued compensated absences amounted to \$305,591, 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 \$43,701 for the year ended December 31, 2023.

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 \$9,373,977 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenses consisting of \$6,095,956 in cash, \$2,785,560 of patient accounts receivable, \$221,349 of estimated third-party payor settlements, and \$271,112 of other receivables.

(3) Cash and interest-bearing deposits

As of December 31, 2023, the Organization had cash and interest-bearing deposits in the amount of \$6,095,956. 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, 2023 are secured as follows:

Bank balances	<u>\$ 6,200,361</u>
Federal deposit insurance	2,790,138
Pledged securities	<u>3,410,223</u>
Total	<u>\$ 6,200,361</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

Deposits in the amount of \$3,410,223 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, 2023 consisted of the following:

Medicare	\$ 1,369,092
Medicaid	1,116,449
Other third-party payors	1,423,877
Patients	<u>2,371,944</u>
Total patient accounts receivable	6,281,362
Less: allowance for uncollectible accounts	<u>(3,495,802)</u>
Patient accounts receivable, net	<u>\$ 2,785,560</u>

(5) Estimated Third-Party Settlements

The estimated third-party payors settlements receivable consisted of the following at December 31, 2023:

Estimated third-party payor settlements:

Receivable-

Cost Report Year:	Medicare	Medicaid	Total
2023	<u>\$ 6,393</u>	<u>\$ 214,956</u>	<u>\$ 221,349</u>

Payable-

Cost Report Year:	Medicare	Medicaid	Total
2022	\$ -	\$ 34,085	\$ 34,085
2021	-	58,635	58,635
	<u>\$ -</u>	<u>\$ 92,720</u>	<u>\$ 92,720</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(6) Property, Plant and Equipment

Property, plant and equipment consisted of the following at December 31, 2023:

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Total
Land	\$ 17,904	\$ 430,000	\$ 447,904
Buildings and improvements	2,250,170	18,722,013	20,972,183
Equipment	8,620,194	2,471,663	11,091,857
Furniture	425,585	27,061	452,646
Total property, plant and equipment	11,313,853	21,650,737	32,964,590
Less: Accumulated depreciation	(8,038,137)	(19,068,797)	(27,106,934)
Net property, plant and equipment	\$ 3,275,716	\$ 2,581,940	\$ 5,857,656

Depreciation expense charged to operations amounted to \$819,565 and \$123,427 for Savoy Medical Center's Operations Fund and Town of Mamou Building Fund, respectively, for the year ended December 31, 2023.

(7) Changes in Long-Term Debt

The following is a summary of changes for the year ended December 31, 2023:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Savoy Medical Center					
Operations Fund:					
Financing leases	\$ 608,288	\$ -	\$ (167,766)	\$ 440,522	\$ 148,136
Lease liabilities	677,843	-	(183,294)	494,549	178,532
Total long-term debt	\$1,286,131	\$ -	\$ (351,060)	\$ 935,071	\$ 326,668

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

Long-term debt at December 31, 2023 is comprised of the following individual issues:

Savoy Medical Center Operations Fund:

Financing Leases—

\$360,403 financing lease payable, 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 \$33,033.	\$ 36,693
\$330,531 financing lease payable, dated March 3, 2022, due in monthly installments of \$6,467 through March 1, 2027, interest at 6.734%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$238,299.	226,776
\$107,862 financing lease payable, dated December 10, 2022, due in monthly installments of \$1,892 through November 10, 2027, interest at 10.13%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$84,492.	87,154
\$113,570 financing lease payable, dated November 10, 2022, due in monthly installments of \$1,892 through October 10, 2027, interest at 9.81%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$87,070.	<u>89,899</u>
Total financing leases	<u>\$ 440,522</u>

Scheduled maturities of long-term debt as of December 31, 2023 are as follows:

Year Ending December 31,	Principal	Interest
2024	\$ 148,136	\$ 16,403
2025	113,202	10,972
2026	118,875	5,299
2027	<u>60,309</u>	<u>603</u>
Total	<u>\$ 440,522</u>	<u>\$ 33,277</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

Operating Leases –

The Organization is obligated under various real property and equipment leases for varying terms expiring February 1, 2024 through June 1, 2027.

The following is a maturity analysis of the annual undiscounted cash flows (payments) of the operating lease liability as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Principal</u>
2024	\$ 185,486
2025	166,256
2026	125,674
2027	<u>30,000</u>
Total operating lease liability - payments	<u>\$ 507,416</u>

The following is a reconciliation of the total operating lease liability – payments on the schedule above to the operating lease liability on the accompanying statement of net position:

Operating lease liability - payments		\$ 507,416
Operating lease liability - current	\$ 178,532	
Operating lease liability - noncurrent	<u>316,017</u>	<u>494,549</u>
Present value adjustment		<u>\$ 12,867</u>

Lease cost of \$193,286 is included in the statement of activities for the year ended December 31, 2023. The weighted average of the remaining lease term is 3.83 years and the weighted average discount rate used was 1.70%.

(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, 2023:

Gross patient charges	\$ 145,135,952
Less: Contractual allowances and discounts	<u>(113,554,810)</u>
Patient service revenue (net of contractual allowances and discounts)	31,581,142
Less: Provision for credit losses	<u>852,310</u>
Net patient service revenue (net of provision for credit losses)	<u>\$ 30,728,832</u>



SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(9) 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, 2023, expenses related to providing these services were as follows:

Health care services:	
Salaries and wages	\$ 9,511,785
Employee benefits	1,510,299
Professional fees	370,561
Dues and subscriptions	41,273
Supplies	8,018,310
Utilities	945,284
Contract services	2,718,380
Insurance	277,644
Licenses and fees	160,392
Management fee	3,752,484
Other	528,222
Rents and leases	270,472
Repairs and maintenance	551,445
Travel and entertainment	51,396
Interest expense	29,218
Intergovernmental transfer - access grants	12,205,506
Depreciation	<u>819,565</u>
Total program expenses	<u>41,762,236</u>
General, administrative, and other:	
Contract services	1,503,450
Supplies	88,596
Insurance	149,500
Licenses and fees	13,112
Professional fees	8,095
Other	157,541
Repairs and maintenance	1,846
Utilities	<u>35,627</u>
Total management and general expenses	<u>1,957,767</u>
Total expenses	<u>\$ 43,720,003</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(10) 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, 2023, the Organization provided intergovernmental transfer grants to other Hospitals in the amount of \$12,205,506.

(11) 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.

(12) 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.

(13) 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's management fee amounted to \$3,752,484 for the year ended December 31, 2023. Of this amount, the undisbursed operating revenue portion is \$3,632,484 and this is included in accrued expenses on the statement of net position.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(14) 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, 2023 is as follows:

Medicare	34.9%
Medicaid	28.5%
Other third-party payors	36.3%
Patients	<u>0.3%</u>
	<u>100.0%</u>

(15) 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, 2023.

(16) 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.

(17) 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.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(18) Cares Act Subsidies

In response to the economic fallout of the COVID-19 pandemic in the United States, the 116<sup>th</sup> U.S. Congress passed an economic stimulus bill that was signed into law by the President on March 27, 2020. The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized \$2.2 trillion to combat COVID-19 and its economic effects, including providing loan programs for small businesses, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. As a result of the CARES Act, the Organization received funding from the following program:

*Provider Relief Funds* – The Organization received approximately \$4,284,903 in Provider Relief Funds during the fiscal year ending December 31, 2020. This payment was 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. During the fiscal year ending December 31, 2022, the Organization submitted their final report to HHS, reporting the remaining allocation of eligible expenses. The Organization’s management has set aside a reserve in the amount of \$550,881 in the event that certain expenses are challenged during any future grantor audits. The reserve amount is reflected in the statement of financial position.

(19) 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, 2023.

(20) Accounting Changes

On January 1, 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13 *Financial Instruments - Credit Losses (Topic 326)* using the modified retrospective approach. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. The standard changes the method of recognizing credit losses from the incurred loss method to the current expected loss method. The standards require that the estimate of credit losses on trade receivables be based not only on historical experience but also on current conditions and reasonable forecasts of future events.

(21) Subsequent Event Review

The Organization’s management has evaluated subsequent events through June 14, 2024, 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,089,906	\$ 4,626,246
Patient accounts receivable, net	2,785,560	2,771,299
Estimated third-party payor settlements	221,349	678,720
Other receivables	271,112	306,732
Inventory	852,916	919,903
Prepaid expenses	<u>250,877</u>	<u>173,154</u>
Total current assets	10,471,720	9,476,054
Property, plant and equipment, net	3,275,716	3,650,861
Operating right-of-use asset, net	494,549	677,843
Deposits	<u>1,978</u>	<u>1,978</u>
Total assets	<u>\$ 14,243,963</u>	<u>\$ 13,806,736</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 285,890	\$ 611,372
Accrued expenses	4,400,649	2,703,013
Accrued salaries and payroll taxes	704,069	840,437
Estimated third-party payor settlements	92,720	1,191,499
Due to other governmental agency	550,881	550,881
Current portion of long-term debt	<u>326,668</u>	<u>355,536</u>
Total current liabilities	6,360,877	6,252,738
Long-term liabilities:		
Long-term debt	<u>608,403</u>	<u>930,595</u>
Total liabilities	6,969,280	7,183,333
Net assets:		
Without donor restrictions-		
Unrestricted and undesignated	<u>7,274,683</u>	<u>6,623,403</u>
Total liabilities and net assets	<u>\$ 14,243,963</u>	<u>\$ 13,806,736</u>

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

Comparative Statement of Activities  
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating revenue:		
Net patient service revenue (net of provision for credit losses of \$852,310 at 2023 and \$1,706,593 at 2022)	\$ 30,728,832	\$ 26,226,784
Other operating revenues	<u>13,603,359</u>	<u>7,104,161</u>
Net operating revenue	<u>44,332,191</u>	<u>33,330,945</u>
 Operating expenses:		
Salaries and wages	9,511,785	10,078,606
Employee benefits	1,510,299	1,735,143
Professional fees	378,656	314,319
Dues and subscriptions	41,273	31,799
Supplies	8,106,906	6,812,195
Utilities	980,911	1,109,097
Contract services	4,221,830	1,498,029
Insurance	427,144	483,852
Licenses and fees	173,504	123,468
Management fee	3,752,484	2,743,446
Other	685,763	522,694
Rents and leases	270,472	259,699
Repairs and maintenance	553,291	608,211
Travel and entertainment	51,396	49,773
Interest expense	29,218	55,849
Intergovernmental transfer - access grants	12,205,506	5,960,240
Depreciation and amortization	<u>819,565</u>	<u>690,678</u>
Total operating expenses	<u>43,720,003</u>	<u>33,077,098</u>
 Operating income	<u>612,188</u>	<u>253,847</u>
 Nonoperating revenues (expenses):		
Grant income	17,750	1,528,439
Interest income	<u>21,342</u>	<u>16,967</u>
Total nonoperating revenues (expenses)	<u>39,092</u>	<u>1,545,406</u>
 Change in net assets without donor restrictions	651,280	1,799,253
 Net assets, beginning	<u>6,623,403</u>	<u>4,824,150</u>
 Net assets, ending	<u>\$ 7,274,683</u>	<u>\$ 6,623,403</u>

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

Schedule of Net Patient Service Revenue  
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Gross patient charges	<u>\$ 145,135,952</u>	<u>\$ 126,911,267</u>
Less:		
Contractual allowances	(111,821,920)	(96,421,372)
Discounts	(1,732,890)	(2,556,518)
Provision for credit losses	<u>(852,310)</u>	<u>(1,706,593)</u>
Total contractual allowances, discounts and credit losses	<u>(114,407,120)</u>	<u>(100,684,483)</u>
Net patient service revenue	<u>\$ 30,728,832</u>	<u>\$ 26,226,784</u>



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

Schedule of Other Operating Revenues  
For the Years Ended December 31, 2023 and 2022

	2023	2022
Other operating revenues:		
Cafeteria	\$ 156,930	\$ 134,982
Medicaid Supplemental Payments	9,372,434	4,319,096
Medicaid Quality Outcomes Payments	3,181,709	2,089,733
Medical record transcripts	412	979
Miscellaneous	392,501	72,782
Rent income	486,695	477,978
Vending machine commissions	12,678	8,611
Total other operating revenues	\$ 13,603,359	\$ 7,104,161

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

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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, 2023, 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 June 14, 2024.

### Report on 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) as a basis for designing 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 identified 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 2023-001 and 2023-002 that we consider to be material weaknesses.

## **Report on 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**

*Government Auditing Standards* requires the auditor to perform limited procedures on Savoy Medical Management Group, Inc.'s response to the finding identified in our audit and 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 the responses.

## **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  
June 14, 2024

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 -**

**2023-001: Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: 2012

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

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

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 continue to monitor established mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will continue to monitor mitigating controls over functions that are not completely segregated.

**2023-002: Wire Fraud**

Fiscal year finding initially occurred: 2023

CRITERIA: The Organization should have an effective control policy in place to ensure changes to vendor payment information are properly validated prior to modification.

CONDITION: The Organization's vendor was subject to a business email compromise resulting in a fraudulent modification to the payment instructions. The Organization wired cash in the amount of \$226,330 to an unknown scammer posing as their vendor. On September 21, 2023, the Organization determined that the payment for the August 2023 invoice was not received by their vendor and a breach had occurred. The Organization immediately reported the issue to their bank to attempt to recover the funds. A report was filed with the local authorities, Louisiana State Police, and the Federal Bureau of Investigations (FBI). Additionally, the District Attorney and the Louisiana Legislative Auditor's office were notified in accordance with Louisiana Revised Statute 24:523. The Organization did not have procedures in place to confirm the wire instructions sent through email were valid and the wire fraud was not covered by insurance. On September 29, the Organization received notification that \$81,819 of the funds were recovered.

CAUSE: The Organization did not have procedures in place to verify modification of payment instructions for wires.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)

EFFECT: The Organization had unrecovered funds in the amount of \$144,511.

RECOMMENDATION: The Organization should review their policies and procedures relative to modifications to payment instructions for wire payments. Procedures should be established to require confirmation of payment instructions other than by email correspondence.

MANAGEMENT'S CORRECTION ACTION PLAN: Management revised the procedure for modifying vendor information to ensure changes are confirmed with the appropriate vendor representative.

**B. Compliance Findings -**

There were no findings reported under this section.

Part II Prior Year Findings

**A. Internal Control Findings -**

**2022-001: Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: 2012

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

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 continue to monitor established mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will continue to monitor mitigating controls over functions that are not completely segregated.

**B. Compliance Findings -**

There were no findings reported under this section.

**Savoy Medical Management Group, Inc.**  
Mamou, Louisiana

**Agreed-Upon Procedures Report**

Year Ended December 31, 2023

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Savoy Medical Management Group, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Savoy Medical Management Group, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### Written Policies and Procedures

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



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

### ***Board or Finance Committee***

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- 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) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
  - c) Obtain the prior year audit report and observe the unassigned fund balance in the General Fund. If the General Fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the General Fund.
  - d) Observe the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

### ***Bank Reconciliations***

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3. Obtain a listing of the entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected accounts, and observe that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included 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 (excluding electronic fund transfers)***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing was complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - e) Only employees/ officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation includes evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9, as applicable.
- 11. Using the entity's main operating account and the month selected in "Bank Reconciliations" procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:
  - a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy.

- b) Approved by the required number of authorized signers per the entity's policy.

***Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

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- 12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- 13. 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, we randomly selected 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, describe the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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- 15. 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, we observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1g).
  - d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

## ***Contracts***

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16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

## ***Payroll and Personnel***

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17. 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.
18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #17 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).
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. 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 and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee/officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

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21. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

### ***Debt Service***

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23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspected debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

### ***Fraud Notice***

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25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing was complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
26. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

### ***Information Technology Disaster Recovery/Business Continuity***

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27. We performed the following procedures, **verbally discussed the results with management, and reported “We performed the procedure and discussed the results with management.”**
  - a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

***We performed the procedure and discussed the results with management.***

- b) Obtain and inspect the entity's most recent documentation that it has tested/verify that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19 and observe evidence that the selected terminated employees have been removed or disabled from the network.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S.42:126725. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

### ***Prevention of Sexual Harassment***

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30. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

31. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

32. Obtain the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

**Exceptions:**

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

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

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

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 14, 2024