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BEAUREGARD PARISH HOSPITAL
SERVICE DISTRICT NO. 1
FINANCIAL REPORT
JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-19-00

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BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.
P.O. Drawer 307
Crowley, Louisiana
70527-0307
phone: (318) 783-0650
fax: (318) 783-7238

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Beauregard Parish Hospital Service
District No. 1
Merryville, Louisiana

Lafayette, LA
(318) 988-4930

Opelousas, LA
(318) 942-5217

Abbeville, LA
(318) 898-1497

New Iberia, LA
(318) 364-4554

Church Point, LA
(318) 684-2855

Eunice, LA
(318) 457-0071

We have audited the accompanying balance sheets of Beauregard Parish Hospital Service District No. 1 as of June 30, 1999 and 1998, and the related statements of revenue and expenses, changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beauregard Parish Hospital Service District No. 1 as of June 30, 1999 and 1998, and the results of its operations, and cash flows for the years then ended in conformity with generally accepted accounting principles.

Lawrence A. Cramer, CPA*

Eugene C. Gilder, CPA*

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To the Board of Commissioners
Beauregard Parish Hospital Service District No. 1

In accordance with Government Auditing Standards, we have also issued a report dated December 15, 1999, on our consideration of Beauregard Parish Hospital Service District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

As discussed in Note 6, the Hospital District could have difficulty in meeting the required cash flows to maintain operations; therefore, there is an uncertainty if the Hospital will be able to continue as a going concern. The financial statements do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary if the Beauregard Parish Hospital District No. 1 is not able to meet its debts as they come due.

Dunsmuir, Poth, Lewis & Cunniff, LLP

Crowley, Louisiana
December 15, 1999

BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

BALANCE SHEETS
June 30, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 33,473	\$ 51,221
Accounts receivable	52,827	55,212
Intermediary receivable (Medicare) on cost reports	<u>27,097</u>	<u>63,049</u>
Total current assets	<u>\$ 113,397</u>	<u>\$ 169,482</u>
RESTRICTED ASSETS		
Cash and cash equivalents:		
Bond reserve fund	\$ 33,667	\$ 23,120
Depreciation and contingency fund	<u>25,300</u>	<u>13,875</u>
	<u>\$ 58,967</u>	<u>\$ 36,995</u>
FIXED ASSETS		
Property, plant, and equipment, at cost, less accumulated depreciation of \$2,715,361 or 1999 and \$2,611,892 for 1998	<u>\$ 948,934</u>	<u>\$1,052,403</u>
OTHER ASSETS	<u>\$ 9,177</u>	<u>\$ 10,202</u>
	<u><u>\$1,130,475</u></u>	<u><u>\$1,269,082</u></u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$ 91,127	\$ 122,708
Accrued interest payable	43,236	42,331
Note payable - current portion	170,403	163,338
Intermediary payable (Medicaid) on cost reports	<u>46,834</u>	<u>46,834</u>
Total current liabilities	\$ 351,600	\$ 375,211
LONG-TERM LIABILITIES		
Note payable - long-term portion	<u>1,751,188</u>	<u>1,921,591</u>
Total liabilities	\$2,102,788	\$2,296,802
FUND BALANCE (deficit)	<u>(972,313)</u>	<u>(1,027,720)</u>
Total liabilities and fund balance	<u><u>\$1,130,475</u></u>	<u><u>\$1,269,082</u></u>

See Notes to Financial Statements.

BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

STATEMENTS OF REVENUES AND EXPENSES
 Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Leases and rentals	\$263,097	\$279,891
Other revenue	<u>1,805</u>	<u>5,547</u>
Total operating revenues	<u>\$264,902</u>	<u>\$285,438</u>
Operating expenses:		
Salaries	\$ 11,996	\$ 4,419
Professional fees	4,486	17,624
Repairs and maintenance	5,690	4,371
Board fees	2,700	2,850
Depreciation	103,469	104,471
Interest	99,914	108,514
All other	<u>4,030</u>	<u>4,917</u>
Total operating expenses	<u>\$232,285</u>	<u>\$247,166</u>
Excess of operating revenue over operating expenses	<u>\$ 32,617</u>	<u>\$ 38,272</u>
Nonoperating income (expenses):		
Write-offs of old payables	\$ 16,580	\$196,511
Recovery of old patient accounts	3,765	6,727
Proceeds from disposals of assets	-	3,243
Interest income	<u>2,445</u>	<u>1,454</u>
Total nonoperating income (expenses)	<u>\$ 22,790</u>	<u>\$207,935</u>
Excess of revenues over expenses	<u>\$ 55,407</u>	<u>\$246,207</u>

See Notes to Financial Statements.

BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

STATEMENTS OF CHANGES IN FUND BALANCE
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<u>Unrestricted Fund</u>		
Fund balance (deficit), beginning	\$(1,027,720)	\$(1,273,927)
Additions:		
Excess of revenues over expenses	<u>55,407</u>	<u>246,207</u>
Fund balance (deficit), ending	<u>\$ (972,313)</u>	<u>\$(1,027,720)</u>

See Notes to Financial Statements.

BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 55,407	\$ 246,207
Adjustments to reconcile excess revenue over expenses to cash provided by operating activities:		
Depreciation	103,469	104,471
Amortization of loan cost	1,025	1,025
(Increase) decrease in assets:		
Accounts receivable	2,385	(16,567)
Intermediary accounts receivable	35,952	10,608
Increase (decrease) in liabilities:		
Accounts payable	(31,581)	(278,566)
Accrued interest	905	(81,602)
Current obligations under notes payable	7,065	(117,426)
Intermediary accounts payable	<u>-</u>	<u>34,444</u>
Net cash provided (used) by operating activities	<u>\$ 174,627</u>	<u>\$ (97,406)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	\$(170,403)	\$(156,854)
Delinquent principal and interest converted to new note	<u>-</u>	<u>212,745</u>
Net cash provided (used) by financing activities	<u>\$(170,403)</u>	<u>\$ 55,891</u>
Net increase (decrease) in cash and cash equivalents	\$ 4,224	\$ (41,515)
Cash and cash equivalents, beginning of year	<u>88,216</u>	<u>129,731</u>
Cash and cash equivalents, end of year	<u>\$ 92,440</u>	<u>\$ 88,216</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 99,914</u>	<u>\$ 189,814</u>

See Notes to Financial Statements.

BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The following is a summary of the Service District's significant accounting policies:

Organization:

Beauregard Parish Hospital Service District No. 1, is a political subdivision of the State created by an ordinance adopted by the Beauregard Parish Police Jury. The Hospital Service District is governed by a Board of Commissioners appointed by the Beauregard Parish Police Jury and the Town of Merryville, Louisiana. Since May 1, 1997, the Hospital District maintains a long-term care nursing facility, and leased other excess space to another hospital.

Operation and management:

Effective May 1, 1997, the District entered into a Special Services Agreement to operate the long-term nursing facility with Southwest Louisiana Hospital Association, Inc., d/b/a Lake Charles Memorial Hospital (hereafter referred to as "LCMH"). A new Cooperative Endeavor Agreement was entered into on September 1, 1997 which provides the following:

- a. Hospital assigns to LCMH the rights to receive the income from the medical services provided at the facility after May 1, 1997.
- b. Hospital shall be solely responsible for payments of all debts, judgments, and other liabilities prior to May 1, 1997, and LCMH shall be solely responsible for all debts and liabilities which are invoiced, ordered, accrued, or occurred after May 1, 1997, except for the debt on the \$2,240,000 Hospital Revenue Bonds.
- c. LCMH shall pay all utility, janitorial, repairs and maintenance expenses, including roof and air conditioning equipment.
- d. LCMH shall provide clerical assistance as necessary for the Hospital District.
- e. LCMH shall pay Hospital District \$5,000 each month for the Agreement.
- f. The Hospital shall retain all revenue from leases in effect prior to May 1, 1997, including the charges for dietary services even though LCMH will furnish the labor and food for such services.
- g. The Agreement terminates in five years, unless earlier, if Hospital fails to make the required payment on Hospital Revenue Bonds, or if any action is taken by the bondholders as provided in the Bond Resolution of November 9, 1978 for the Hospital Revenue Bonds.

NOTES TO FINANCIAL STATEMENTS

Property, plant and equipment:

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives as explained further in Note 2.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Hospital Service District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Depreciation and amortization:

Property, plant and equipment are recorded at cost, or in the case of gifts, at fair market value at the date of contribution. Depreciation is provided for in the amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis. Depreciation expense for the years ended June 30, 1999 and 1998 is \$103,469 and \$104,471, respectively.

Deferred bond issue cost (in other assets) is amortized on the straight-line method over the lives of the related bond issues. Amortization for years ended June 30, 1999 and 1998 is \$1,025 for each year.

Note 2. Depreciation of Property and Equipment

A summary of depreciable assets and their estimated useful life for depreciation purposes are as follows:

	<u>1999</u>	<u>1998</u>
Land	\$ 2,359	\$ 2,359
Buildings	2,884,908	2,884,908
Equipment	760,038	760,038
Furniture	<u>16,990</u>	<u>16,990</u>
	\$3,664,295	\$3,664,295
Less accumulated depreciation	<u>(2,715,361)</u>	<u>(2,611,892)</u>
	<u>\$ 948,934</u>	<u>\$1,052,403</u>

Note 3. Cash and Time Deposits

Under state law, the Hospital's deposits must be secured by federal deposit insurance or the pledge of securities owned by the financial institution. At June 30, 1999, the Hospital's bank balances were \$114,025, all of which were covered by federal deposit insurance.

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt

A summary of long-term debt at June 30, follows:

	<u>1999</u>	<u>1998</u>
\$2,240,000 of Hospital Revenue Bonds, dated December 28, 1978, bearing 5% interest, payable in monthly installments of \$12,215, to Rural Economical Development Community, collateralized by Hospital revenues	\$1,046,838	\$1,139,818
\$979,587 of notes payable to Rural Economical Development Community, dated December 28, 1997, bearing 5% interest, payable in monthly installments of \$9,669, collateralized by Hospital revenues	<u>874,753</u>	<u>945,111</u>
	\$1,921,591	\$2,084,929
Less current installments of long-term debt	<u>170,403</u>	<u>163,338</u>
Long-term debt excluding current installments	<u>\$1,751,188</u>	<u>\$1,921,591</u>

The following special funds were created from the issuance of 1978 revenue Bonds. Such funds are required to be maintained as long as any of the bonds or interest thereon are outstanding and unpaid. The funds are described as follows:

- a. Nursing Center Revenue Bond and Interest Sinking Fund - to pay the principal and interest on the bonds as the principal matures and interest comes due and to receive monthly deposits equal to 1/12th of the next principal and interest payments on the bonds. The Hospital now has an agreement with Rural Economical Development Community to pay them directly in lieu of the bond and interest sinking fund.
- b. Bond Reserve Fund - to receive monthly deposits of \$1,094.20 on or before the 20th of each month to pay for the principal or interest on the bonds at any time there are not sufficient funds available in the sinking funds. Payments into this fund continue until the balance is equal to \$151,250. At June 30, 1999, this fund had a cash balance of \$25,300.

NOTES TO FINANCIAL STATEMENTS

c. Hospital Depreciation and Contingencies Fund - to receive monthly deposits of \$1,094 on or before the 20th of each month. This fund is to pay the principal or interest on the bonds at any time there are not sufficient funds available in the sinking fund and to provide for extensions, additions, improvements, and replacements to the Hospital facilities. At June 30, 1999, this fund had a cash balance of \$33,667.

Scheduled principal repayments on long-term debt for the life of the notes are as follows:

	<u>1999</u>	<u>1998</u>
1999	\$ -	\$ 163,338
2000	170,403	170,403
2001	179,120	179,120
2002	188,285	188,285
2003	197,918	197,918
Thereafter	<u>1,185,865</u>	<u>1,185,865</u>
	<u>\$1,921,591</u>	<u>\$2,084,929</u>

Note 5. Lease Income and Receivables

As of November 23, 1994, the Hospital entered into a lease agreement with Sabine Valley Hospital, L.L.C. (SVH) to lease the "premises," consisting of a one-story building of approximately 9,620 square feet, including the OR suite but not to include the areas used for X-Ray and laboratory. On December 14, 1998, a new lease agreement was entered with Rehabilitation Hospital of Merryville, L.L.C. (RHM), survivor of the operations of SVH in Merryville, Louisiana. The term of lease shall end on December 13, 2001, with an option to extend the term one additional five-year period provided certain conditions are met. Monthly rent is based on \$1,000 per occupied bed with a minimum monthly guarantee of \$10,000. Lease income and net revenue for ancillary services from SVH and RHM were \$183,397 and \$189,891, respectively, for the years ended June 30, 1999 and 1998.

Included in other receivables is \$17,319 due from RHM.

In connection with the various leases (see Note 1) and payments for services from LCMH, \$79,700 and \$90,000 was received during the years ended June 30, 1999 and 1998, respectively.

Note 6. Contingencies

As shown in the accompanying financial statements, the Hospital has a deficit fund balance of \$972,313 and \$1,027,720 for the years 1999 and 1998, respectively. With the continuous reduction in the reimbursement for health care services provided by the two leases (RHM and LCMH); and based on the current lease arrangements, the future cash flows may be insufficient for the future cash requirements of the District.

NOTES TO FINANCIAL STATEMENTS

Because there have been no claims from patients that received hospital services prior to November 1995, accounts with credit balances were written off to other income. Records are being maintained to verify any such future claims if presented; however, none are anticipated.



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P.O. Drawer 307
Crowley, Louisiana
70527-0307
phone: (318) 783-0650
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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Commissioners
Beauregard Parish Hospital Service
District No. 1
Merryville, Louisiana

Lafayette, LA
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Opelousas, LA
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Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis of the basic financial statements rather than to present the financial position, results of operations, and cash flows of the District. The supplementary information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Crowley, Louisiana
December 15, 1999

Lawrence A. Gumer, CPA*
Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
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BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

SCHEDULES OF PAYMENTS TO BOARD OF DIRECTORS
 Years Ended June 30, 1999 and 1998

	<u>1999</u>		<u>1998</u>	
	<u>Meetings Attended</u>	<u>Total Board Fees</u>	<u>Meetings Attended</u>	<u>Total Board Fees</u>
Modestine Knighton	12	\$ 600	13	\$ 650
Greg Schiro	5	250	-	-
Lonzo Hooper	11	550	1	50
Bill Edmonson	12	600	3	150
Harold Jeans	9	450	1	50
Hardy Myers	4	200	2	100
Earl Babin	4	200	2	100
Dorothy Kellogg	-	-	10	500
Rosie Allen	-	-	12	600
Joe Harvey	-	-	3	159
Bob Phelps	-	-	7	350
		<u>\$ 2,850</u>		<u>\$ 2,700</u>



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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(318) 457-0071

To the Board of Commissioners
Beauregard Parish Hospital Service District No. 1
Merryville, Louisiana

We have audited the financial statements of the Beauregard Parish Hospital Service District No. 1 as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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Compliance

As part of obtaining reasonable assurance about whether the Beauregard Parish Hospital Service District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 did not disclose any instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Beauregard Parish Hospital Service District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

* A Professional Accounting Corporation.

To the Board of Commissioners
Beauregard Parish Hospital Service District No. 1

We found no matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Beauregard Parish Hospital Service District No. 1's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted other matters involving concerns that the Hospital District may not be able to meet the future cash flow requirements, which we have reported to management in a separate letter dated December 15, 1999.

This report is intended for the information of management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "Donald R. Lewis, CPA". The signature is written in black ink and is positioned to the right of the main body of text.

Crowley, Louisiana
December 15, 1999

BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

We have audited the financial statements of Beauregard Parish Hospital Service District no. 1 as of and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated December 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 1999 and 1998 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes x No Reportable Conditions ___ Yes x No

Compliance

Compliance Material to Financial Statements ___ Yes x No

b. Federal Awards

The District does not have any federal awards.

Section II Financial Statement Findings

There were no findings related to the financial statements.

BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 1999

I. Internal Control and Compliance Material to the Financial Statements

1998-1 Accounts Receivable - Credit Balances

We recommended that all significant credit balances in old patient accounts be researched to determine the origin of the overpayment.

During the years ended June 30, 1998 and 1999, no person or company made any claims on the old patient accounts receivable. Records are being maintained to possibly identify any possible obligations on prior years' collections.

II Internal Control and Compliance Material to Federal Awards

Not applicable.

III Management Letter



BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.
P.O. Drawer 807
Crowley, Louisiana
70527-0307
phone: (318) 783-0650
fax: (318) 783-7238

December 31, 1999

To the Board of Commissioners
Beaugard Parish Hospital Service District No. 1
Merryville, Louisiana

Lafayette, LA
(318) 988-4930
Opelousas, LA
(318) 942-5217
Abbeville, LA
(318) 898-1497
New Iberia, LA
(318) 364-4554
Church Point, LA
(318) 684-2855
Eunice, LA
(318) 457-0071

MANAGEMENT LETTER

We have audited the financial statements of Beaugard Parish Hospital Service District No. 1 as of and for the years ended June 30, 1999 and 1998 and have issued our report thereon dated December 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As a part of our examination, we have issued our report on the financial statements, dated December 15, 1999, and our report on internal control and compliance with laws, regulations and contracts, dated December 15, 1999.

During the course of our examination, we became aware of the following matter which represent concerns about the District's ability to meet future cash flow requirements.

1999-1 Potential Rentals as Compared to Future Cash Requirements:

Under the current lease arrangements with the two tenants, the projected monthly income are as follows based on the averages for the last several months:

A. Space to Rehabilitation Hospital of Merryville, L.L.C.:	
Hospital area (January to June, 1999 was \$77,507)	\$12,920
Value of meals (January to June, 1999 was \$19,890)	3,315
Clinic	200
B. Special Services Agreement with Lake Charles Memorial Hospital:	
Nursing Center area	<u>5,000</u>
	<u>\$21,435</u>

Lawrence A. Cramer, CPA*
Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoune II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
Michael P. Crochet, CPA*
George J. Trappey III, CPA*
Daniel E. Gilder, CPA*
Gregory B. Milton, CPA*
S. Scott Soifeau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*

Retired:
Sidney L. Broussard, CPA 1980
Leon K. Poche, CPA 1984
James H. Breux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberly, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996

Members of American Institute of
Certified Public Accountants
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Public Accountants

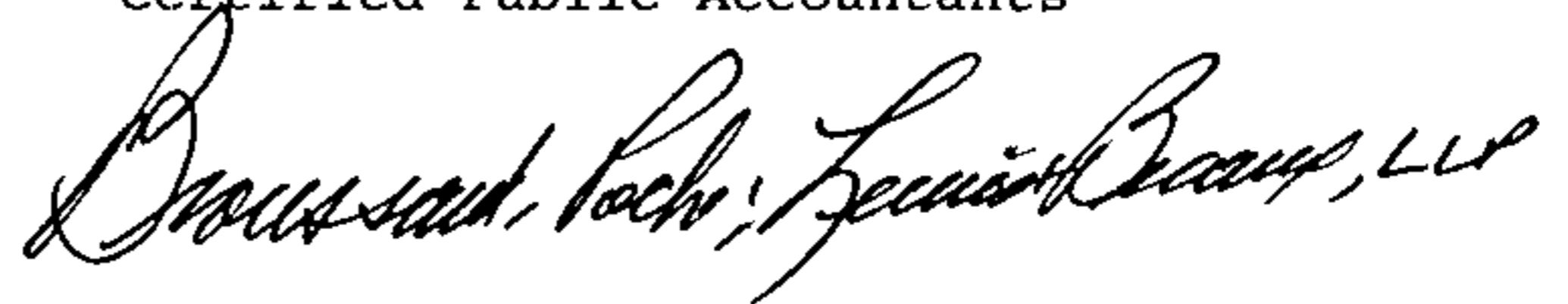
To the Board of Commissioners
Beaugard Parish Hospital Service District
Page 2
December 31, 1999

The current monthly cash requirements are estimated as follows:

Rural Economical Development Community debts payment	\$21,884
Bond Reserve Fund	1,094
Bond Depreciation and Contingency Fund	1,094
Salaries and Board Member fees	1,300
Repairs and maintenance	500
All other	<u>1,000</u>
	<u>\$26,872</u>

Recommendation: As reflected above, there is approximately \$5,500 monthly cash flow shortage. We recommend that the Hospital District study and evaluate possible other means of generating additional revenue to meet the future cash flow requirements.

BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.
Certified Public Accountants



BEAUREGARD PARISH HOSPITAL SERVICE DISTRICT NO. 1

P. O. Drawer "C"
Merryville, Louisiana 70653

MANAGEMENT CORRECTIVE ACTION PLAN

For the Year Ended June 30, 1999

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

Not applicable

Section II: Internal Control and Compliance Material to Federal Awards

Not applicable

Section III: Management Letter

1999-1 Potential Rentals As Compared to Future Cash Requirements

Recommendation: That management study and evaluate possible other means of generating additional revenue to meet the future cash flow requirements.

Response: The Board will study other possible means of generating additional revenue to meet the future cash flow requirements; or consider ways of reducing the future debt requirements.

Responsible Party: Ms. Modestine Knighton, Chairman of Board of Commissioners