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**St. Helena Parish Hospital  
Service District No. 1  
A Component Unit of the  
St. Helena Parish Police Jury  
Greensburg, Louisiana  
October 31, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 MAY 03 2000

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March 29, 2000

**Independent Auditor's Report**

The Board of Commissioners  
St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana

Commissioners:

We have audited the accompanying general-purpose financial statements of

**St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana**

a component unit of the St. Helena Parish Police Jury, Greensburg, Louisiana, as of and for the years ended October 31, 1999 and 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of St. Helena Parish Hospital Service District No. 1's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audits 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. 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.

The general purpose financial statements include certain assets to which the District does not have title and corresponding expenses which affect these financial statements. If such items had been recorded in accordance with generally accepted accounting principles, property and plant would be reduced by \$990,006 and \$1,071,164, fund balance by \$990,006 and \$1,071,164, and, depreciation expense by \$81,158, for 1999 and 1998, respectively.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the general purpose financial statements referred to in the table of contents do not present fairly, in conformity with generally accepted accounting principles, the financial position of St. Helena Parish Hospital Service District No. 1, Greensburg, Louisiana as of October 31, 1999 and 1998, or the results of its operations or its cash flows for the years then ended.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2000 on our consideration of St. Helena Parish Hospital Service District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly,  
*Hawthorn, Waymouth & Carrall, L.L.P.*

**St. Helena Parish Hospital Service District No. 1**  
**Balance Sheets**  
**October 31, 1999 and October 31, 1998**

A s s e t s	<u>1999</u>	<u>1998</u>
<b>Current Assets</b>		
Cash and cash equivalents		
Unrestricted	\$190,957	\$296,477
Restricted	463,502	418,382
Certificates of deposit		2,899
Assets limited as to use	18,311	17,400
Patient accounts receivable (net of estimated uncollectibles of \$185,915 for 1999 and \$233,603 for 1998)	41,054	70,221
Estimated third-party settlements	722,582	732,895
Accounts receivable - other	376,903	370,215
Supplies	170,504	153,697
Prepaid expenses	<u>16,222</u>	<u>50,771</u>
<u>Total current assets</u>	<u>2,000,035</u>	<u>2,112,957</u>
<b>Assets Limited As to Use</b>		
Under indenture agreement	53,181	58,623
Less amount required to meet current obligations	<u>(18,311)</u>	<u>(17,400)</u>
<u>Noncurrent assets limited as to use</u>	<u>34,870</u>	<u>41,223</u>
<b>Property, Plant and Equipment</b>		
Land		
Hospital	166,565	183,965
Morgan Hills	36,000	36,000
Buildings		
Hospital	1,935,824	1,935,824
Morgan Hills	767,077	767,077
Clinic	89,562	89,562
Nursing Home	1,098,370	1,098,370
Home Health	68,074	68,074
Equipment	<u>966,739</u>	<u>928,319</u>
	5,128,211	5,107,191
Less depreciation to date	<u>(2,570,666)</u>	<u>(2,341,625)</u>
<u>Total property, plant and equipment</u>	<u>2,557,545</u>	<u>2,765,566</u>
<u>Total assets</u>	<u>4,592,450</u>	<u>4,919,746</u>

The accompanying notes are an integral part of these statements.

**Liabilities and Fund Balance**

	<u>1999</u>	<u>1998</u>
<b>Current Liabilities</b>		
Mortgage and notes payable	\$245,651	\$32,473
Bonds payable	85,364	80,435
Capital leases	4,080	
Accounts payable	579,265	434,744
Accrued liabilities	<u>355,877</u>	<u>235,542</u>
<u>Total current liabilities</u>	<u>1,270,237</u>	<u>783,194</u>
<b>Long-Term Debt</b>		
Mortgage and notes payable	741,406	748,609
Bonds payable	866,440	951,006
Capital leases	<u>14,405</u>	
<u>Total liabilities</u>	<u>1,622,251</u>	<u>1,699,615</u>
<u>Total liabilities</u>	<u>2,892,488</u>	<u>2,482,809</u>
<b>Fund Balance</b>		
Unrestricted	627,345	1,401,335
Restricted	597,327	542,912
Contributed capital	<u>475,290</u>	<u>492,690</u>
<u>Total fund balance</u>	<u>1,699,962</u>	<u>2,436,937</u>
	<hr/>	<hr/>
<u>Total liabilities and fund balance</u>	<u>4,592,450</u>	<u>4,919,746</u>

**St. Helena Parish Hospital Service District No. 1**  
**Statements of Revenue and Expenses**  
**Years Ended October 31, 1999 and October 31, 1998**

	<u>1999</u>	<u>1998</u>
<b>Revenue</b>		
Net patient service revenue	\$5,281,602	\$6,161,413
Other operating revenue	<u>399,032</u>	<u>435,654</u>
<u>Total revenue</u>	<u>5,680,634</u>	<u>6,597,067</u>
<b>Expenses</b>		
Salaries	3,163,192	3,098,561
Outside services	1,185,253	1,315,529
Supplies and other	663,969	686,262
General and administrative	1,085,304	1,147,113
Provision for bad debts	209,823	197,101
Interest	49,698	53,033
Depreciation and amortization	<u>229,044</u>	<u>251,888</u>
<u>Total expenses</u>	<u>6,586,283</u>	<u>6,749,487</u>
<u>Operating income (loss)</u>	<u>(905,649)</u>	<u>(152,420)</u>
<b>Other Revenue</b>		
Interest	23,722	30,230
State Grant - rural health		71,270
Federal Grant - substance abuse	34,574	39,405
Other	<u>10,607</u>	<u>56,867</u>
	<u>68,903</u>	<u>197,772</u>
<u>Excess of Revenue Over (Under) Expenses</u>	<u>(836,746)</u>	<u>45,352</u>

The accompanying notes are an integral part of these statements.



**St. Helena Parish Hospital Service District No. 1**  
**Statements of Fund Balance**  
**Years Ended October 31, 1999 and October 31, 1998**

	<u>1999</u>		<u>1998</u>	
	<u>Unrestricted</u> <u>Fund</u> <u>Balance</u>	<u>Restricted</u> <u>Fund</u> <u>Balance</u>	<u>Unrestricted</u> <u>Fund</u> <u>Balance</u>	<u>Restricted</u> <u>Fund</u> <u>Balance</u>
<b>Balance, beginning of year</b>	\$1,401,335	\$542,912	\$1,297,121	\$485,427
<b>Additions</b>				
Revenue over (under) expenses	(836,746)		45,352	
Transfer from restricted funds	62,756		58,862	
Ad valorem taxes collected		157,184		159,854
Taxes accrued				460
Accrued interest		570		510
	<u>627,345</u>	<u>700,666</u>	<u>1,401,335</u>	<u>646,251</u>
<b>Deductions</b>				
Bond principal		62,756		58,862
Interest expenses		40,583		44,477
		<u>103,339</u>		<u>103,339</u>
<b>Balance, end of year</b>	<u>627,345</u>	<u>597,327</u>	<u>1,401,335</u>	<u>542,912</u>

The accompanying notes are an integral part of these statements.



**St. Helena Parish Hospital Service District No. 1**  
**Statements of Cash Flows**  
**Years Ended October 31, 1999 and October 31, 1998**

	<u>1999</u>	<u>1998</u>
<b>Operating and Gains Activities</b>		
Revenue over (under) expenses	(\$836,746)	\$45,352
Adjustments to reconcile revenue over (under) expenses to net cash provided by operating activities		
Depreciation and amortization	229,044	251,888
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	32,792	185,308
(Increase) decrease in inventory	(16,807)	5,719
(Increase) decrease in prepaid expenses	34,549	29,201
Increase (decrease) in accounts payable	144,521	(124,426)
Increase (decrease) in accrued liabilities	120,335	3,614
Increase (decrease) in deferred revenue	<u>                    </u>	<u>(178,960)</u>
<u>Net cash provided by (used in) operating activities</u>	<u>(292,312)</u>	<u>217,696</u>
<b>Investing Activities</b>		
Purchases of property, plant and equipment	(17,262)	(53,176)
Change in restricted cash	(45,120)	(63,754)
Net decrease in certificates of deposit	2,899	29,859
Change in assets limited as to use	5,442	211,893
Proceeds received on sale of property, plant and equipment	<u>                    </u>	<u>10,797</u>
<u>Net cash provided by (used in) investing activities</u>	<u>(54,041)</u>	<u>135,619</u>
<b>Financing Activities</b>		
Proceeds on notes	259,627	60,000
Principal payment on notes	(33,154)	(261,376)
Principal payment on bonds	(100,135)	(74,858)
Principal payment on capital leases	(2,676)	(9,773)
Transferred from restricted fund	62,756	58,862
Net change in temporarily restricted assets	<u>54,415</u>	<u>57,485</u>
<u>Net cash provided by (used in) financing activities</u>	<u>240,833</u>	<u>(169,660)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(105,520)	183,655
<b>Cash and Cash Equivalents, beginning of year</b>	<u>296,477</u>	<u>112,822</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>190,957</u>	<u>296,477</u>

The accompanying notes are an integral part of these statements.

**St. Helena Parish Hospital Service District No. 1**  
**Statements of Cash Flows**  
**Years Ended October 31, 1999 and October 31, 1998**

**Supplemental Schedule of Noncash Investing and Financing Activities**

	<u>1999</u>	<u>1998</u>
Donation of land from contributed capital	<u>(\$17,400)</u>	<u>--</u>
Equipment leased	<u>\$21,160</u>	<u>--</u>

**Supplemental Disclosure of Cash Flow Information**

	<u>1999</u>	<u>1998</u>
Cash paid during the year for interest	<u>\$57,123</u>	<u>\$53,033</u>

The accompanying notes are an integral part of these statements.

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 1-Summary of Significant Accounting Policies**

A. Report Issued Under Separate Cover

The St. Helena Parish Hospital Service District No. 1's component unit financial statements are an integral part of the St. Helena Parish Police Jury's comprehensive annual financial report. This report has been issued under separate cover for the St. Helena Parish Hospital Service District No. 1, and should not be used for any other purpose.

B. Financial Reporting Entity

On December 29, 1962, the St. Helena Parish Police Jury passed a resolution creating the St. Helena Parish Hospital Service District No. 1 (hereinafter sometimes called the "District") under the authority of Article 6, Section 19, of the 1974 Louisiana Constitution and Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, as amended. The District is composed of all the territory situated within the Parish of St. Helena, Louisiana.

The governing authority of the District consists of a board of six (6) commissioners, all of whom are qualified electors of the Parish of St. Helena, Louisiana. The Commissioners serve without pay, per diem, or reimbursement of expense, except actual cash out-of-pocket expenses incurred in the performance of their duties.

The public purpose of the District is to secure, provide for, and protect the public health and welfare by the treatment of human ailments through the acquisition and construction of projects as authorized by Chapter 10 of Title 46 of the 1974 Louisiana Constitution, and the financing and refinancing of indebtedness to acquire, construct, renovate, improve hospitals, clinics, laboratories, a nursing home, and any other facility, building or structure which may be of use and benefit in the teaching, training or practice of medical science and treatment of human ailments, or for such other facilities as the District shall find useful in the study of, or research in, or treatment of illness or infirmities, all as is more fully set out in said Chapter 10 of Title 46 of the 1974 Louisiana Constitution.

C. Basis of Presentation

The accounts of the District are organized on the basis of a fund which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenses. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund is classified as follows.

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 1-Summary of Significant Accounting Policies (Continued)**

C. Basis of Presentation (Continued)

Proprietary Fund

Enterprise Funds are used to account for operations; (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Budgetary Accounting

The District's adopted budget meets the requirements of the Louisiana Local Government Budget Act as provided by Louisiana Revised Statutes 13:1301-1315.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

G. Deposits

The October 31, 1999 and October 31, 1998 carrying amounts of the District's deposits were \$699,413 and \$776,381, respectively, which include cash and certificates of deposit of which \$200,000 was covered by Federal Depository insurance for each year. The remaining October 31, 1999 and October 31, 1998 bank balances, which are considered Category 1 for generally accepted governmental accounting principles, were collateralized by securities held in a joint custodial account in the District's name.



**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 1-Summary of Significant Accounting Policies (Continued)**

H. Accounts Receivable

Accounts receivable from patients, insurance companies and third-party reimbursement contractual agencies are recorded at established charge rates. Certain third-party insured accounts (Medicare and Medicaid) are based on cost reimbursement agreements which generally result in the District collecting less than the established charge rates with the difference recorded as "contractual adjustments." Final determination of settlement is subject to review by appropriate authorities. Adequate allowances are provided for doubtful accounts and contractual adjustments. Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and recorded as recoveries of bad debts if subsequently collected. Net operating revenue includes only those amounts established by management to be collectible.

I. Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

J. Assets Whose Use Is Limited

Assets limited as to use under terms of the bond indentures are classified as assets whose use is limited.

K. Inventories of Supplies

Supplies are valued at the lower of cost (first-in, first-out) or net realizable value.

L. Property, Plant and Equipment

Property, plant and equipment is stated at cost, except for assets donated to the District. Donated assets are recorded at the appraised value at the date of donation.

Depreciation is recorded on a straight-line basis over the useful lives of the assets. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Maintenance, repairs, replacements and improvements of minor amounts are expensed. Major replacements and improvements are capitalized.

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 1-Summary of Significant Accounting Policies (Continued)**

M. Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. There was no interest capitalized during the years ended October 31, 1999 and 1998.

N. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

O. Vacation Pay

Accumulated unpaid vacation is accrued when incurred. Employees earn and vest in vacation leave according to years of service as follows:

<u>Years of Service</u>	<u>Full-Time Employees</u>
Over 5 years	2.08 days per month
Less than 5 years	1.66 days per month

P. Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115.

Q. Property Taxes

The Sheriff of St. Helena Parish, as provided by state law, is the official tax collector of property taxes levied by the parish and parish special districts.

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 1-Summary of Significant Accounting Policies (Continued)**

Q. Property Taxes (Continued)

The 1998 and 1997 property tax calendars were as follows:

	<u>1998</u>	<u>1997</u>
Millage rates adopted	September 18, 1998	September 18, 1997
Tax bills mailed	December 8, 1998	December 8, 1997
Due date	December 31, 1998	December 31, 1997
Certified delinquent notice	March 31, 1999	March 31, 1998

Property taxes are recognized as revenue in the calendar year for which they are due. State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. After notice is given to the delinquent taxpayers, the sheriff is required by the constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

R. Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

S. Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Note 2-Net Patient Service Revenue**

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



**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 2-Net Patient Service Revenue (Continued)**

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through October 31, 1998.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through October 31, 1998.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

**Note 3-Assets Whose Use Is Limited**

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets whose use is limited at October 31, 1999 and 1998, is set forth in the following table.

	<u>1999</u>	<u>1998</u>
Under indenture agreement		
Cash	<u>\$53,181</u>	<u>\$58,623</u>

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 4-Mortgage and Notes Payable**

Mortgage and notes payable consist of the following:

	<u>1999</u>	<u>1998</u>
Note payable to Bank of Greensburg in monthly installments of \$1,920 at 8% interest. Note is secured by a lease agreement.		\$10,602
Note payable to Bank of Greensburg due on demand with interest at 8%. Note is secured by ad valorem taxes.	\$21,047	
Note payable to Bank of Greensburg due on demand with interest at 8%. Note is secured by ad valorem taxes.	200,030	
Note payable to Bank of Greensburg in monthly installments of \$580 at 8%. Note is secured by property.		2,789
Mortgage payable to Farmers Home Administration for Morgan Hills Apartments in the amount of \$776,348 at an interest rate ranging from 1% to 8.75% for 50 years with a monthly payment of \$1,646. Note is secured by the Morgan Hills apartments.	<u>765,980</u>	<u>767,691</u>
	<u>987,057</u>	<u>781,082</u>
Less current maturities	<u>245,651</u>	<u>32,473</u>
Long-term portion	<u>741,406</u>	<u>748,609</u>

Maturities of long-term debt for the next five years ending October 31, are as follows:

2000	\$245,651
2001	25,936
2002	27,375
2003	28,897
2004	30,513

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 5-Bonds Payable**

Bonds payable consist of the following:

	<u>1999</u>	<u>1998</u>
Hospital Revenue Bonds of \$467,000 requiring annual installments of \$3,115 (principal and interest) for 20 years at an annualized rate of 5.125%. Bonds are secured by the land and building of the hospital and by a pledge of all operating revenue.	\$381,407	\$398,287

As required by the bond agreement, the District was required to establish three separate accounts: Sinking Fund, Reserve Fund and Contingency Fund. The Sinking Fund is required to have an amount sufficient to pay promptly and fully the principal and interest on the bonds. The Reserve Fund must have an amount paid to it equal to 10% of the amount paid to the Sinking Fund each month. The amount shall continue until the Reserve Fund has accumulated a sum equal to the combined principal and interest falling due in any year on the bonds. The Contingency Fund shall have deposited \$170 per month to cover depreciation, additions, improvements and replacements necessary to properly operate the District. These amounts have been classified as assets whose use is limited. The hospital did not make all of its monthly deposits as required, which is a breach of the bond agreement. A waiver of that requirement was obtained for the period ended October 31, 1999. However, the hospital must replenish the Fund for the months' deposits that were not made.

General Obligation Hospital Public Improvement Bonds of \$1,150,000. Payments are to be made in annual installments of \$103,339 (principal and interest) for 20 years at an annualized rate of 6.375%. Bonds are secured by the full faith and credit of the District which obligates itself to levy and collect ad valorem taxes sufficient to pay principal and interest. All ad valorem taxes related to the bond issue are deposited into separate accounts. Payment of the bond issue is made from this account.

	<u>570,397</u>	<u>633,154</u>
	951,804	1,031,441
Less current maturity of bonds payable	<u>(85,364)</u>	<u>(80,435)</u>
Long-term portion of bonds payable	<u>866,440</u>	<u>951,006</u>

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 5-Bonds Payable (Continued)**

Bond maturities for each of the next five years ending October 31, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$85,364	\$55,355	\$140,719
2001	90,601	50,118	140,719
2002	96,398	44,321	140,719
2003	103,419	37,300	140,719
2004	108,317	32,402	140,719

**Note 6-Restricted Fund Balance**

A portion of the Districts ad valorem taxes received are restricted to pay the debt on the General Obligation Hospital Public Improvement Bonds.

**Note 7-Capital Leases - Equipment**

The District leased a bone densitometer, with a net book value of \$18,080 under a capital lease which expires in 2005. Assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset and the assets are depreciated over their estimated useful lives. Depreciation of assets under capital leases is included in depreciation expense. Future minimum lease payments under the capital lease were as follows:

	<u>1999</u>	<u>1998</u>
Current portion of obligations under capital leases	\$4,080	-
Long-term portion of obligations under capital leases	<u>14,405</u>	<u>-</u>
<u>Total obligations</u>	<u>18,485</u>	<u>-</u>

**Note 8-Capital Lease-Land**

The District has leased the land on which the nursing home is located from the St. Helena Parish Police Jury. The lease is for the 20 year period which coincides with the payment schedule on the related bonds. The lease does not require any payments to the Police Jury.



**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1999**

**Note 9-Management Contract**

The District entered into a Cooperative Endeavor Management Agreement with Rural Hospital Services effective April 1, 1998. The agreement was for the management and related support for St. Helena Hospital. This contract was terminated after October, 31, 1998.

**Note 10-Land and Building**

The title to the District's land and building on which the Hospital is located is in the name of St. Helena Parish Police Jury. The effects are described in the auditor's report.

**Note 11-Medical Malpractice Claims**

The District has medical malpractice insurance up to \$100,000 through the Louisiana Hospital Association Trust Fund and an additional \$500,000 through the Patients Compensation Fund. As of the balance sheet date, the District has no malpractice claims exceeding its coverage.

**Note 12-Concentration of Credit Risk**

The District is located in Greensburg, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Revenue from patients and third-party payors were as follows:

	<u>1999</u>	<u>1998</u>
Medicare and Medicaid	78%	84%
Commercial and Blue Cross	14%	13%
Private pay	<u>8%</u>	<u>3%</u>
	<u>100%</u>	<u>100%</u>

**Note 13-Subsequent Event**

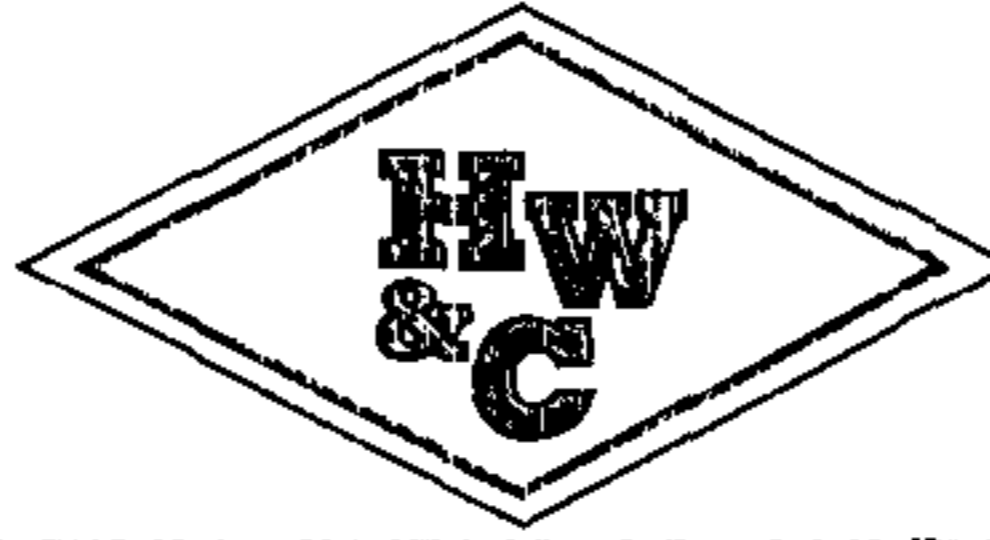
On January 17, 2000, the District sold its home health license, furniture, fixtures and equipment with a book value of approximately \$16,600, for \$40,000. Revenues and expenses of the home health to be disposed of consisted of the following at October 31, 1999.

Revenues	<u>\$1,026,946</u>
Expenses	<u>\$1,077,430</u>

## **Supplementary Information**

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.  
LOUIS G. McKNIGHT, III, C.P.A.  
ANTHONY J. CRISTINA, III, C.P.A.  
CHARLES B. FEVEY, JR., C.P.A.  
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CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD.  
BATON ROUGE, LOUISIANA 70809  
(225) 923-3000 • FAX (225) 923-3008

March 29, 2000

**Independent Auditor's Report  
on Supplementary Information**

The Board of Commissioners  
St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana

Commissioners:

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole of St. Helena Parish Hospital Service District No. 1, a component unit of St. Helena Parish Police Jury, as of and for the years ended October 31, 1999 and 1998, which are presented in the preceding section of this report. The supplementary information presented hereinafter is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the audit procedures applied in the audit of the general purpose financial statements and, in our opinion, because of the matters discussed in the auditor's report, is not in conformity with generally accepted accounting principles.

Yours truly,

*Hawthorn, Waymouth & Carroll, L.L.P.*



**St. Helena Parish Hospital Service District No. 1**  
**Revenue**  
**Years Ended October 31, 1999 and October 31, 1998**

	<u>1999</u>	<u>1998</u>
<b>Patient Service Revenue</b>		
Patient rooms - Hospital	\$230,967	\$285,909
Patient rooms - Nursing Home	1,529,119	1,486,819
Monitor room	36,323	43,172
Operating and emergency room	180,089	159,189
Medical and surgical supplies	345,309	439,344
Pharmacy	241,218	280,395
X-ray	248,492	243,313
EKG	50,711	70,048
Ultrasound	19,717	30,617
S.H.P. scan	14,899	20,625
Laboratory	556,142	521,728
Therapy	276,247	307,164
Doctor fees	114,390	104,843
Home Health	1,026,946	1,155,337
Dietary	36,579	30,739
Geriatric unit	916,431	1,337,222
Uncompensated care	363,397	303,975
Clinic		25,315
Ophthalmology	5,710	8,825
Swing bed	6,320	516
Reimbursement of prior year cost reports		<u>540,815</u>
	<u>6,199,006</u>	<u>7,395,910</u>
Less deduction from revenue	<u>(917,404)</u>	<u>(1,234,497)</u>
<u>Net patient service revenue</u>	<u>5,281,602</u>	<u>6,161,413</u>
 <b>Other Operating Revenue</b>		
Taxes	\$284,098	\$295,038
Miscellaneous	<u>114,934</u>	<u>140,616</u>
	<u>399,032</u>	<u>435,654</u>

**St Helena Parish Hospital Service District No. 1**  
**Operating Expenses**  
**Years Ended October 31, 1999 and October 31, 1998**

	<u>1999</u>	<u>1998</u>
<b>Supplies and Other</b>		
Food cost	\$161,899	\$161,381
Pharmacy	86,630	75,612
Medical supplies	399,595	427,364
Medical waste services	<u>15,845</u>	<u>21,905</u>
<u>Total</u>	<u>663,969</u>	<u>686,262</u>
<b>General and Administrative</b>		
Bank charges	\$502	\$209
Collection expense	4,902	6,535
Dues and subscriptions	28,316	48,465
Education	17,466	21,250
Gas	22,511	23,909
Group insurance	15,075	21,000
Insurance	152,798	166,653
Lease expense	40,140	26,333
Maintenance contracts	22,375	18,390
Office supplies	3,933	10,353
Payroll taxes	270,748	254,653
Legal and professional	79,391	100,655
Postage	10,119	8,896
Repairs and maintenance	44,744	81,590
Rental charges	28,797	31,497
Sewerage	2,795	2,265
Telephone	71,478	62,747
Travel	81,909	84,374
Utilities	102,508	104,056
Water	5,271	5,323
Advertising	6,091	9,448
Uniforms	6,522	2,157
Other	<u>66,913</u>	<u>56,355</u>
<u>Total</u>	<u>1,085,304</u>	<u>1,147,113</u>

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March 29, 2000

**Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards**

Board of Commissioners  
St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana

Commissioners:

We have audited the financial statements of St. Helena Parish Hospital Service District No. 1 as of and for the year ended October 31, 1999, and have issued our report thereon dated March 29, 2000. 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.

Compliance

As part of obtaining reasonable assurance about whether the St. Helena 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 disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings as items 99-1 and 99-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Helena 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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain 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 St. Helena 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.* Reportable conditions are described in the accompanying schedule of findings as items 99-3 and 99-4.

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. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Commissioners, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Yours truly,  
*Hawthorn, Weymouth & Carroll, P.C.A.*

**St. Helena Parish Hospital Service District No. 1**  
**Schedule of Findings**  
**October 31, 1999**

Findings - Financial Statement Audit

99-1 Payroll Taxes

During our audit we noted that the hospital did not make timely payments for payroll taxes as required by the Internal Revenue Service Code. Failure to make timely deposits resulted in interest and penalties being assessed. We recommend that timely payroll tax deposits be made as required by the Internal Revenue Service Code.

Management's Response

Due to severe cash flow problems, we failed to make timely payroll tax deposits. We are in the process of bringing these deposits current.

99-2 Noncompliance with Bond Agreement

As required by a bond agreement, the Hospital must make monthly deposits into a Contingency Fund. During our audit it was noted that the Hospital did not make two of its monthly deposits as required by the agreement.

We recommend the Hospital follow the bond agreement as required and replenish the funds to their proper amounts.

Management's Response

With so many changes in administration in 1999, we inadvertently failed to make all necessary deposits required by our Bond Agreement. We subsequently received a waiver from the USDA Rural Development and are in the process of replenishing the funds to their proper amounts.



**St. Helena Parish Hospital Service District No. 1**  
**Schedule of Findings**  
**October 31, 1999**

Findings - Financial Statement Audit (Continued)

99-3 Bank Reconciliations

During our audit we noted that the hospital did not prepare timely adjustments to the General Ledger pertaining to bank reconciliations. We recommend that the hospital prepare these timely adjustments to the General Ledger in order to obtain accurate financial statements.

Management's Response

The bank reconciliations are done timely, however, during fiscal year ended October 31, 1999, because of our preparing for Critical Access Designation, we fell behind on preparing monthly financial statements on a timely basis. We are now making current adjustments and delivering current financial statements on a monthly basis.

99-4 Accounts Receivable

Accounts receivable subsidiary ledgers are not being reconciled to the general ledger. We recommend that timely reconciliations between the subsidiary ledger and the general ledger be prepared. This finding is a repeat of prior year finding 98-3.

Management's Response

We were not making timely reconciliations of our accounts receivables based on the same reason as noted above in 99-3; however, the differences at year end were mainly attributable to our home health agency which we subsequently sold and, therefore, should not have a reoccurrence of this problem.