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HOSPITAL SERVICE DISTRICT NO. 1

Parish of Vermilion
State of Louisiana
Kaplan, Louisiana

Financial Report

Years Ended September 30, 1999 and 1998

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 4/2/00

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**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

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Independent Auditor's Report

Board of Commissioners
 Hospital Service District No. 1
 Parish of Vermilion, State of Louisiana
 Kaplan, Louisiana

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We have audited the accompanying general purpose financial statements of the Hospital Service District No. 1, Parish of Vermilion, State of Louisiana, a component unit of the Vermilion Parish Police Jury, as of and for the years ended September 30, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

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

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

Member of:
 American Institute of
 Certified Public Accountants
 Society of Louisiana
 Certified Public Accountants

In accordance with Government Auditing Standards, we have also issued a report dated January 3, 2000, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, grants and contracts.

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants

Eunice, Louisiana
January 3, 2000

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Balance Sheets
September 30, 1999 and 1998

ASSETS

	<u>1999</u>	<u>1998</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 295,123	\$ 337,655
Certificates of deposit	143,250	143,250
Accounts receivable - patients, net	1,675,274	1,740,779
Estimated third party payor settlements	619,910	417,187
Inventory	170,973	160,461
Accrued interest receivable	698	3,316
Prepaid expenses	<u>47,512</u>	<u>35,493</u>
Total current assets	<u>2,952,740</u>	<u>2,838,141</u>
ASSETS WHOSE USE IS LIMITED BY THE BOARD FOR CAPITAL IMPROVEMENTS		
Cash and cash equivalents	507,824	481,942
Certificates of deposit	<u>6,430</u>	<u>161,088</u>
	<u>514,254</u>	<u>643,030</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	70,203	70,203
Depreciable assets	<u>4,514,514</u>	<u>4,419,316</u>
	4,584,717	4,489,519
Less accumulated depreciation	<u>(3,086,384)</u>	<u>(2,867,264)</u>
	<u>1,498,333</u>	<u>1,622,255</u>
TOTAL ASSETS	<u>\$ 4,965,327</u>	<u>\$ 5,103,426</u>

LIABILITIES AND FUND BALANCE

	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES		
Accounts payable	\$ 647,679	\$ 792,638
Current maturity of bond payable	140,000	130,000
Current maturity of obligation under capital lease	15,085	13,354
Accrued wages payable	21,539	15,951
Accrued vacation payable	60,202	53,401
Other payables	19,752	3,866
Estimated third-party payor settlements	<u>411,841</u>	<u>307,306</u>
Total current liabilities	<u>1,316,098</u>	<u>1,316,516</u>
LONG-TERM DEBT		
Bond payable	295,000	435,000
Obligation under capital lease	<u>21,644</u>	<u>36,718</u>
	<u>316,644</u>	<u>471,718</u>
FUND BALANCE	<u>3,332,585</u>	<u>3,315,192</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,965,327</u>	<u>\$ 5,103,426</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Statements of Operations
Years Ended September 30, 1999 and 1998

	1999	1998
OPERATING REVENUE		
Net patient service revenue	\$ 6,205,728	\$ 6,353,534
Other revenue	<u>244,841</u>	<u>350,141</u>
	<u>6,450,569</u>	<u>6,703,675</u>
OPERATING EXPENSES		
Professional	4,361,099	4,480,752
General and administrative	1,701,023	1,523,015
Depreciation	239,529	246,797
Provision for bad debts	493,277	515,744
Loss on disposal of assets	<u>723</u>	<u>4,519</u>
	<u>6,795,651</u>	<u>6,770,827</u>
LOSS FROM OPERATIONS	(345,082)	(67,152)
NONOPERATING INCOME	<u>360,975</u>	<u>378,304</u>
NET INCOME	<u>\$ 15,893</u>	<u>\$ 311,152</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Statement of Changes in Fund Balance
Years Ended September 30, 1999 and 1998

	Donated Capital	Operating Fund	Total
FUND BALANCE, September 30, 1997	\$ 67,982	\$2,936,058	\$3,004,040
Net income	-	311,152	311,152
FUND BALANCE, September 30, 1998	67,982	3,247,210	3,315,192
Additional capital	1,500	-	1,500
Net income	-	15,893	15,893
FUND BALANCE, September 30, 1999	<u>\$ 69,482</u>	<u>\$3,263,103</u>	<u>\$3,332,585</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Statements of Cash Flows
Years Ended September 30, 1999 and 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 15,893	\$ 311,152
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	239,529	246,797
Loss on sale of equipment	723	-
Change in assets and liabilities:		
Accounts receivable - patients	65,505	(141,061)
Investments	-	(87,631)
Estimated third party payor settlements	(98,188)	(633,766)
Other receivables	-	42,267
Inventories	(10,512)	12,364
Accrued interest receivable	2,618	36
Prepaid expenses	(12,019)	32,057
Accounts payable	(144,959)	79,049
Other payables and accrued expenses	<u>28,275</u>	<u>(171,790)</u>
Net cash provided (used) by operating activities	<u>86,865</u>	<u>(310,526)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from certificates of deposit	-	30,118
Purchase of property and equipment	(114,830)	(33,403)
Net transfer (to) from restricted funds	<u>128,776</u>	<u>(185,050)</u>
Net cash provided (used) by investing activities	<u>13,946</u>	<u>(188,335)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bond issuance	-	565,000
Payments on bond payable	(130,000)	
Payments on capital lease obligation	<u>(13,343)</u>	<u>(24,511)</u>
Net cash provided (used) by financing activities	<u>(143,343)</u>	<u>540,489</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(42,532)	41,628
CASH AND CASH EQUIVALENTS, beginning of year	<u>337,655</u>	<u>296,027</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 295,123</u>	<u>\$ 337,655</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
	1999	1998
Cash paid for interest	<u>\$ 29,014</u>	<u>\$ 44,997</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization

The Hospital Service District No. 1 (referred to as the "Hospital") is a component unit of the Vermilion Parish Police Jury, the governing body of the parish and the government body with oversight authority.

Nature of Business

The Hospital provides a variety of healthcare services including: 1) inpatient services such as acute, psychiatric and skilled nursing; 2) outpatient services such as diagnostic and therapeutic ancillaries, emergency room and physician specialty clinics; and 3) other services such as home health.

Method of Accounting

The Hospital utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual method. The Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the Louisiana Governmental Audit Guide, and the Audit and Accounting Guide – Health Care Organizations, published by the American Institute of Certified Public Accountants, and standards established by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Accounts Receivable

Accounts receivable are shown net of provision for doubtful accounts of \$266,631 and \$268,297 at September 30, 1999 and 1998, respectively and contractual allowances of \$1,402,124 and \$1,427,137 for 1999 and 1998, respectively.

Inventory

Inventory is stated at the lower of cost or market, with cost determined by the first-in, first-out, (FIFO) method.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Hospital considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Purchased fixed assets are stated at cost and donated fixed assets are stated at fair market value at the time of donation. Depreciation is computed on the double declining balance method for assets purchased prior to January 1, 1972, and on the straight-line method for assets purchased after January 1, 1972. The estimated useful lives, as recommended by the American Hospital Association, are as follows:

Buildings and improvements	15-50 years
Equipment	5-20 years

Equipment under the capital lease obligation is amortized using the straight-line method over the life of the asset. Such amortization is included in depreciation expense.

Income Taxes

The Hospital has been ruled exempt from federal and state income taxes, therefore, no provision for income taxes is necessary.

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, including estimated retroactive adjustments, under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Use of Estimates

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

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 Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB).

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Hospital's policy allows full-time employees to carry forward annual leave beyond the fiscal year end. Full-time employees earn a maximum of 10 to 20 days of annual leave per year based upon the employee's length of service. Accordingly, annual leave has been accrued as a liability in the financial statements at the current pay rate of the employee in effect as of the balance sheet date.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state laws, the Hospital may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Hospital may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 1999, the Hospital has cash and interest-bearing deposits, including certificates of deposit, (book balances) totaling \$952,626.

These deposits are stated at cost, which approximates market. Under state laws, the deposits (or the resulting bank balances) must be secured by federal deposit insurance 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 1999, are as follows:

Bank balances	<u>\$1,065,808</u>
At September 30, 1999, the deposits are secured as follows:	
Federal deposit insurance	\$ 320,167
Pledged securities (category 3)	<u>2,011,238</u>
Total	<u>\$2,331,405</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Hospital's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Hospital that the fiscal agent has failed to pay deposited funds upon demand.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 3 CERTIFICATES OF DEPOSIT

The Hospital held the following certificates of deposit at September 30, 1999:

	Amount	Interest Rate	Maturity
<u>Current Assets:</u>			
Vermilion Bank & Trust Co.	\$ 71,625	4.25%	1/20/00
Kaplan State Bank	<u>71,625</u>	4.30%	1/22/00
	<u>\$143,250</u>		
<u>Assets whose use is limited:</u>			
Vermilion Bank & Trust Co.	<u>6,430</u>	4.10%	5/4/00

NOTE 4 ASSETS WHOSE USE IS LIMITED

Assets whose use is limited consists of funds designated by the Board of Directors to be used for capital asset acquisitions and improvements.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended September 30, 1999:

	Cost	Accumulated Depreciation	Book Value
Land	\$ 70,203	\$ -	\$ 70,203
Buildings and improvements	1,750,292	1,009,190	741,102
Equipment	2,693,647	2,053,501	640,146
Equipment under capital lease obligations	<u>70,575</u>	<u>23,693</u>	<u>46,882</u>
	<u>\$4,584,717</u>	<u>\$ 3,086,384</u>	<u>\$1,498,333</u>

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 6 NET PATIENT SERVICE REVENUE

The Hospital 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:

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 Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 1995.

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 September 30, 1995.

Commercial

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

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 6 NET PATIENT SERVICE REVENUE (CONTINUED)

The Hospital receives a substantial portion of its revenues from the Medicare and Medicaid programs at discounted rates. During the year ended September 30, 1999, the following revenues were obtained from these programs:

Medicare and Medicaid gross patient charges	\$7,516,412
Contractual adjustments	<u>3,393,244</u>
Net Medicare and Medicaid patient service revenue	<u>\$4,123,168</u>
Percent of Medicare and Medicaid net service revenue to total net patient service revenue	<u>66%</u>

NOTE 7 PENSION PLAN

The Hospital has a compulsory defined contribution pension plan covering all full time employees. Employee and employer each contributed four and one half percent of annual pay. Total pension expense for the Hospital for the years ended September 30, 1999 and 1998 was \$84,354 and \$89,716, respectively.

NOTE 8 CONTINGENT LIABILITIES

Various malpractice suits are pending against the Hospital. These suits have been turned over to the Hospital's insurance carrier. The Hospital is fully insured should any loss be incurred, therefore, no liability is shown in these financial statements.

In the normal course of business, there could be various outstanding contingent liabilities such as, but not limited to, the following:

- Lawsuits alleging negligence in care
- Environmental pollution
- Violation of regulatory body's rules and regulations
- Violation of federal and/or state laws

No accrual for potential contingent liabilities, such as, but not limited to, those described above, are reflected in the accompanying financial statements. No such liabilities have been asserted, and, therefore, no estimate of loss, if any, is determinable.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 8 CONTINGENT LIABILITIES (CONTINUED)

Third Party Cost-Based Revenues - Cost reimbursements are subject to examination by agencies administering the Medicare and Medicaid programs. The Medicare program has discontinued its cost-based reimbursement system for inpatient services. Currently, the Hospital receives a fixed fee for each patient as determined by the government using the patient's diagnosis. The Hospital 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 statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be readily determined.

NOTE 9 EMPLOYEE BENEFIT TRUST FUND

The Hospital has a self-insurance program for employee health benefits. The plan is self-funded from the Hospital and employee contributions and benefit payments are made, pursuant to the plan provisions, from the portion of these contributions which have been placed in the Benefit Trust Account. The self-insurance program is underwritten.

The Benefit Trust Account is an irrevocable trust, and can be used only to pay claims and employee benefit insurance premiums. The Fund is accounted for as a separate entity and, accordingly, is not reflected in these financial statements.

At September 30, 1999, the plan's benefit obligations totaled \$64,028 and the balance in the Benefit Trust Account was \$49,206. The deficiency of \$14,822 is included in other payables at September 30, 1999.

NOTE 10 BOND PAYABLE

	1999	1998
Series 1997 Certificate of Indebtedness, due March 1, 2002, bearing interest at 5% per annum, secured by a pledge and dedication of property tax	<u>\$435,000</u>	<u>\$565,000</u>

Scheduled principal repayments on long-term debt over the next three years are as follows:

2000	\$140,000
2001	145,000
2002	<u>150,000</u>
	<u>\$435,000</u>

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 11 OBLIGATION UNDER CAPITAL LEASE

The Hospital entered into a sixty month capital lease agreement with Bankers Leasing Association, Inc. for the purchase of an Opera Chemistry System. The obligation under capital lease has been recorded in the financial statements at the present value of the future minimum lease payments discounted at an interest rate of 11.75%.

Minimum lease payments are due as follows:

	2000		\$ 18,753
	2001		18,753
	2002		<u>4,688</u>
			42,194
Less: amount representing interest			<u>5,465</u>
Present value of future minimum lease payments			36,729
Less: current maturities			<u>15,085</u>
Long-term portion			<u><u>\$ 21,644</u></u>

NOTE 12 OPERATING LEASE

The Hospital leases specialized equipment under a noncancelable operating lease with a five year term ending December, 2002. The lease contains a minimum monthly usage provision. However, the monthly rental payments may exceed the minimum if the number of procedures utilizing the equipment exceeds a predetermined number as defined in the lease agreement. The following is a schedule of annual future minimum lease payments as of September 30, 1999:

	2000		\$ 77,700
	2001		77,700
	2002		77,700
	2003		<u>19,425</u>
			<u><u>\$ 252,525</u></u>

Rent expense under this lease totaled \$105,652 for the year ended September 30, 1999.

NOTE 13 CONCENTRATION OF CREDIT RISK

The Hospital, located in Kaplan, Louisiana, grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements in which payment collection is significantly certain.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Notes to Financial Statements

NOTE 14 MANAGEMENT AGREEMENT

The Hospital entered an agreement with Brim Healthcare, Inc. to provide management services to the Hospital. The initial term of the agreement is for five years commencing on October 1, 1998 and terminating on September 30, 2003.

ADDITIONAL INFORMATION



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

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

Board of Commissioners
Hospital Service District No. 1
Parish of Vermilion, State of Louisiana
Kaplan, Louisiana

Other Locations:

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Our report on our audits of the general purpose financial statements of the Hospital Service District No. 1, Parish of Vermilion, State of Louisiana, a component unit of the Vermilion Parish Police Jury, for the years ended September 30, 1999 and 1998, appears on page 1. These audits were made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying information on pages 18 through 25 is presented for purposes of additional analysis, and is not a required part of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants

Eunice, Louisiana
January 3, 2000

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedules of Net Patient Service Revenue
Years Ended September 30, 1999 and 1998

	1999	1998
IN-PATIENT SERVICE REVENUE	\$ 5,953,339	\$ 7,064,485
OUT-PATIENT SERVICE REVENUE	<u>4,235,635</u>	<u>3,617,939</u>
	<u>10,188,974</u>	<u>10,682,424</u>
DEDUCTIONS FROM PATIENT SERVICE REVENUE		
Contractual allowances	3,575,913	4,035,839
Discounts	<u>407,333</u>	<u>293,051</u>
	<u>3,983,246</u>	<u>4,328,890</u>
Net Patient Service Revenue	<u>\$ 6,205,728</u>	<u>\$ 6,353,534</u>

See independent auditor's report on additional information.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedules of In-Patient Service Revenue
Years Ended September 30, 1999 and 1998

	1999	1998
ROUTINE SERVICES		
Room and board	\$ 630,920	\$ 561,605
SPECIAL SERVICES		
Anesthesiology	60,464	56,054
Blood administration	10,391	10,083
Critical care unit	750	7,125
Electrocardiology	31,759	36,790
Emergency room	72,741	58,003
Intravenous therapy	348,245	416,292
Laboratory	318,716	356,591
Medical and surgical	470,139	506,080
Nuclear medicine	92,497	94,841
Operating room	106,982	114,773
Pharmacy	627,030	654,648
Physical therapy	2,989	3,760
Psychiatric	2,685,581	3,714,138
Radiology	95,848	81,280
Recovery room	15,005	16,402
Respiratory therapy	319,703	312,772
Ultrasound	63,579	63,248
	\$ 5,953,339	\$ 7,064,485

See independent auditor's report on additional information.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedules of Out-Patient Service Revenue
Years Ended September 30, 1999 and 1998

	1999	1998
Anesthesiology	\$ 59,623	\$ 47,542
Blood administration	1,623	3,150
Clinic	285,405	255,428
Emergency room	426,781	304,262
Electrocardiology	50,260	43,478
Home health	850,463	844,237
Intravenous therapy	59,407	53,034
Laboratory	868,160	754,184
Medical and surgical	293,428	234,669
Medical staff - weekend physician	257,570	228,860
Nuclear medicine	188,784	80,958
Operating room	102,880	91,330
Pharmacy	211,182	204,685
Radiology	405,586	310,289
Recovery room	16,846	12,880
Respiratory therapy	41,080	36,401
Ultrasound	116,557	112,552
	\$ 4,235,635	\$ 3,617,939

See independent auditor's report on additional information.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedules of Other Revenue
Years Ended September 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cafeteria sales	\$ 44,276	\$ 42,033
Recovery of bad debt	108,014	117,072
Options income	-	33,119
Bed lease income	-	28,096
Rural coalition income	<u>92,551</u>	<u>129,821</u>
	<u>\$ 244,841</u>	<u>\$ 350,141</u>

See independent auditor's report on additional information.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedules of Professional Expenses
Years Ended September 30, 1999 and 1998

	1999			1998		
	Salaries	Professional fees, Supplies and Direct Expenses	Total	Salaries	Professional fees, Supplies and Direct Expenses	Total
Anesthesia	\$ 93,094	5,842	\$ 98,936	\$ 97,646	\$ 5,612	\$ 103,258
Blood bank	-	15,791	15,791	-	14,789	14,789
Clinic	39,524	19,464	58,988	45,751	14,252	60,003
Critical care unit	-	-	-	-	792	792
Electrocardiology	-	27,234	27,234	-	4,687	4,687
Emergency room	199,598	8,097	207,695	262,014	7,529	269,543
Home health	273,601	70,653	344,254	282,213	53,978	336,191
Intravenous therapy	-	11,408	11,408	-	7,188	7,188
Laboratory	153,727	224,951	378,678	158,432	197,689	356,121
Medical and surgical	19,108	106,138	125,246	16,525	127,647	144,172
Medical records	65,935	20,059	85,994	58,667	15,925	74,592
Medical office complex	267	-	267	2,065	-	2,065
Medical staff	507,089	2,433	509,522	502,756	1,419	504,175
Nuclear medicine	504	162,508	163,012	3,841	153,713	157,554
Nursing service	409,288	16,720	426,008	486,371	15,400	501,771
Operating room	89,547	20,354	109,901	89,445	19,311	108,756
Pharmacy	46,171	168,199	214,370	50,321	187,092	237,413
Physical therapy	3,666	-	3,666	3,510	-	3,510
Primary care clinic	44,672	163,802	208,474	33,570	212,221	245,791
Psychiatric	100	1,082,213	1,082,313	-	1,038,539	1,038,539
Radiology	105,293	73,551	178,844	100,926	93,058	193,984
Recovery room	11,048	8	11,056	12,723	-	12,723
Respiratory therapy	403	98,799	99,202	5,332	97,803	103,135
Speech therapy	-	240	240	-	-	-
	<u>\$ 2,062,635</u>	<u>\$ 2,298,464</u>	<u>\$ 4,361,099</u>	<u>\$ 2,212,108</u>	<u>\$ 2,268,644</u>	<u>\$ 4,480,752</u>

See independent auditor's report on additional information.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedules of General and Administrative Expenses
Years Ended September 30, 1999 and 1998

	1999			1998		
	Salaries	Professional fees, Supplies and Direct Expenses	Total	Salaries	Professional fees, Supplies and Direct Expenses	Total
Administrative	\$ 53,973	\$ 234,720	\$ 288,693	\$ 74,274	\$ 13,951	\$ 88,225
Administrative - fiscal	31,205	36,702	67,907	31,541	34,333	65,874
Administrative - other	-	71,719	71,719	-	106,687	106,687
Business office	107,420	18,331	125,751	93,782	15,828	109,610
Credit and collections	-	8,973	8,973	-	10,815	10,815
Data processing	38,201	8,501	46,702	36,605	5,481	42,086
Dietary	90,083	83,675	173,758	106,883	89,601	196,484
Employee benefits	-	293,565	293,565	-	243,685	243,685
Housekeeping	70,923	21,984	92,907	69,296	20,597	89,893
Insurance	-	103,477	103,477	-	126,537	126,537
Laundry	-	22,653	22,653	-	23,273	23,273
Linen	-	2,102	2,102	-	2,274	2,274
Personnel	-	540	540	-	817	817
Plant operations	64,739	197,229	261,968	69,297	213,100	282,397
Printing and duplicating	-	27,966	27,966	-	28,450	28,450
Supplies, processing and distribution	35,950	5,091	41,041	34,547	2,812	37,359
Telephone and communications	-	71,301	71,301	-	68,549	68,549
	<u>\$ 492,494</u>	<u>\$ 1,208,529</u>	<u>\$ 1,701,023</u>	<u>\$ 516,225</u>	<u>\$ 1,006,790</u>	<u>\$ 1,523,015</u>

See independent auditor's report on additional information.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedules of Nonoperating Income
Years Ended September 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Interest	\$ 30,054	\$ 35,224
Millage income	298,998	308,571
Miscellaneous	3,487	7,609
Rent	23,052	20,302
Sale of medical records	2,473	2,392
Vending machines	<u>2,911</u>	<u>4,206</u>
	<u>\$ 360,975</u>	<u>\$ 378,304</u>

See independent auditor's report on additional information.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedule of Commissioners, Meetings Attended and Compensation
Year Ended September 30, 1999

<u>Name of Commissioner</u>	<u>Meetings Attended</u>	<u>Compensation</u>
Edison Abshire	6	\$300
Ronald Menard	13	\$650
Ivan Bourque	13	\$650
Tom Baudoin	13	\$650
Clarence Francis	13	\$650
Lori Winch	11	\$550
Deldean David	10	\$500
Winnie Broussard	7	\$300

INTERNAL CONTROL AND COMPLIANCE



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

**Independent Auditor's Report on Compliance
and on Internal Control over Financial
Reporting Based on an Audit of General Purpose Financial
Statements Performed in Accordance
with Government Auditing Standards**

The Board of Commissioners
Hospital Service District No. 1
Parish of Vermilion, State of Louisiana
Kaplan, Louisiana

We have audited the general purpose financial statements of Hospital Service District No. 1, Parish of Vermilion, State of Louisiana, a component unit of the Vermilion Parish Police Jury, as of and for the year ended September 30, 1999, and have issued our report thereon dated January 3, 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 Hospital's general purpose 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 no instances of noncompliance that is required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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

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Clayton E. Darnall, CPA
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Paula D. Bihm, CPA
Stephanie M. Higginbotham, CPA

Jennifer S. Ziegler, CPA
Chris A. Miller, CPA
John P. Armato, CPA

Kathleen T. Darnall, CPA
Stephen R. Dischler, MBA, CPA
Alan M. Taylor, CPA
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misstatements in amounts that would be material in relation to the general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of commissioners, management and others within the organization and is not intended to and should not be used by anyone other than these specified parties.

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants

Eunice, Louisiana
January 3, 2000

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedule of Prior Year Findings
Year Ended September 30, 1999

Finding: 98-1 Violation of Louisiana Audit Law

Status: This finding is resolved.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Schedule of Findings and Questioned Costs
Year Ended September 30, 1999

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Hospital's financial statements as of and for the year ended September 30, 1999.

Reportable Conditions -- Financial Reporting

There were no reportable conditions in internal control noted during the audit of the financial statements.

Material Noncompliance -- Financial reporting

There were no instances of noncompliance noted during the audit.

FEDERAL AWARDS

This section is not applicable.

Management Letter

This section is not applicable.

Part II Findings Relating to an Audit in Accordance with Government Auditing Standards

This section is not applicable.

Part III Findings and Questioned Costs Relating to Federal Programs

This section is not applicable.

HOSPITAL SERVICE DISTRICT NO. 1
Parish of Vermilion
State of Louisiana

Management Corrective Action Plan
Year Ended September 30, 1999

This section is not applicable.