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

Financial Report

Years Ended September 30, 1995 and 1994

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 8-21-96

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Independent Auditor's Report

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

We have audited the accompanying 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 year ended September 30, 1995, as listed in the table of contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Hospital Service District No. 1, Parish of Vermilion, State of Louisiana, as of September 30, 1994, were audited by another auditor whose report dated November 3, 1994, expressed an unqualified opinion on these statements.

We conducted our audit 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 audit provides 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 the Hospital Service District No. 1, Parish of Vermilion, State of Louisiana, as of September 30, 1995, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

MEMBER OF
AMERICAN INSTITUTE OF
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

In accordance with Government Auditing Standards, we have also issued a report dated October 20, 1995, on our consideration of the Hospital's internal control structure and a report dated October 20, 1995, on its compliance with laws and regulations.

Darnall, Sikes, Kolder, Frederick & Rainey
A Corporation of Certified Public Accountants

Eunice, Louisiana
October 20, 1995

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

Balance Sheets
 September 30, 1995 and 1994

ASSETS

	<u>1995</u>	<u>1994</u>
CURRENT ASSETS		
Cash on hand and in banks	\$ 242,844	\$ 329,971
Certificates of deposit	141,000	76,309
Assets whose use is limited - required for current liabilities	67,169	62,224
Accounts receivable - patients, net	1,822,876	1,313,449
Accounts receivable - other	77,750	158,571
Inventories	192,656	195,382
Accrued interest receivable	3,998	665
Prepaid expenses	61,161	40,236
Other receivables	-	1,900
	<u>2,609,454</u>	<u>2,178,707</u>
ASSETS WHOSE USE IS LIMITED BY THE BOARD FOR CAPITAL IMPROVEMENTS		
Cash and certificates of deposit	515,240	451,587
Less assets whose use is limited and that are required for current liabilities	<u>(67,169)</u>	<u>(62,224)</u>
	<u>448,071</u>	<u>389,363</u>
PROPERTY, PLANT AND EQUIPMENT		
Depreciable assets	4,081,330	3,978,678
Less accumulated depreciation	<u>(2,226,868)</u>	<u>(2,008,223)</u>
Net depreciable assets	1,854,462	1,970,455
Land	<u>50,703</u>	<u>50,703</u>
	<u>1,905,165</u>	<u>2,021,158</u>
TOTAL ASSETS	\$ 4,962,690	\$ 4,589,228
	=====	=====

LIABILITIES AND FUND BALANCE

	<u>1995</u>	<u>1994</u>
CURRENT LIABILITIES		
Accounts payable	\$ 448,791	\$ 357,064
Current maturities of obligation under capital lease	67,169	62,224
Other payables	7,324	3,003
Accrued wages payable	73,255	68,156
Accrued vacation payable	<u>70,010</u>	<u>70,645</u>
Total current liabilities	<u>666,549</u>	<u>561,092</u>
LONG-TERM DEBT		
Obligation under capital lease	<u>42,045</u>	<u>109,214</u>
FUND BALANCE	<u>4,254,096</u>	<u>3,918,922</u>
TOTAL LIABILITIES AND FUND BALANCE	\$4,962,690 =====	\$4,589,228 =====

See independent auditor's report and notes to financial statements.

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

Statement of Operations
Years Ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
OPERATING REVENUE		
Net patient service revenue	\$6,654,468	\$5,711,165
Other revenue	<u>175,169</u>	<u>178,319</u>
	<u>6,829,637</u>	<u>5,889,484</u>
OPERATING EXPENSES		
Professional	4,870,417	4,239,455
General and administrative	1,521,078	1,546,506
Depreciation	239,104	232,587
Provision for bad debts	<u>285,082</u>	<u>344,794</u>
	<u>6,915,681</u>	<u>6,363,342</u>
LOSS FROM OPERATIONS	(86,044)	(473,858)
NONOPERATING INCOME	<u>421,218</u>	<u>420,697</u>
NET INCOME (LOSS)	\$ 335,174	\$ (53,161)
	=====	=====

See independent auditor's report and 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, 1995 and 1994

	<u>Donated Capital</u>	<u>Plant Fund</u>	<u>Operating Fund</u>	<u>Total</u>
FUND BALANCE, September 30, 1993	\$35,982	\$2,164,816	\$1,771,285	\$3,972,083
Net income (loss)	<u>-</u>	<u>99,862</u>	<u>(153,023)</u>	<u>(53,161)</u>
FUND BALANCE, September 30, 1994	35,982	2,264,678	1,618,262	3,918,922
Net income	<u>-</u>	<u>23,847</u>	<u>311,327</u>	<u>335,174</u>
FUND BALANCE, September 30, 1995	\$35,982 =====	\$2,288,525 =====	\$1,929,589 =====	\$4,254,096 =====

See independent auditor's report and notes to financial statements.

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

Statement of Cash Flows
Years Ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 335,174	\$ (53,161)
Adjustments to reconcile net income (loss) to cash provided by operating activities		
Depreciation	239,104	232,587
Loss on disposal of fixed assets	540	15,240
Change in assets and liabilities		
Accounts receivable - patients	(509,427)	210,099
Accounts receivable - other	80,821	(158,571)
Other receivables	1,900	6,656
Inventories	2,726	7,448
Accrued interest receivable	(3,333)	3,122
Prepaid expenses	(20,925)	(9,747)
Accounts payable	91,727	223,692
Other payables and accrued expenses	<u>8,785</u>	<u>(160,105)</u>
Net cash provided by operating activities	<u>227,092</u>	<u>317,260</u>
Cash flows from investing activities		
Investments in certificates of deposit	(64,691)	(76,309)
Purchase of property and equipment	(123,651)	(251,632)
Transfer from (to) restricted fund	<u>(63,653)</u>	<u>135,536</u>
Net cash used by investing activities	<u>(251,995)</u>	<u>(192,405)</u>
Cash flows from financing activities		
Payments on capital lease obligation	<u>(62,224)</u>	<u>(57,648)</u>
Net cash used by financing activities	<u>(62,224)</u>	<u>(57,648)</u>
Net increase (decrease) in cash and cash equivalents	(87,127)	67,207
CASH AND CASH EQUIVALENTS, beginning of year	<u>329,971</u>	<u>262,764</u>
CASH AND CASH EQUIVALENTS, end of year	\$ 242,844 =====	\$ 329,971 =====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
	<u>1995</u>	<u>1994</u>
Cash paid for interest	\$ 10,473 =====	\$ 15,504 =====

See independent auditor's report and notes to financial statements.

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

Notes to Financial Statements
September 30, 1995 and 1994

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization

Hospital Service District No. 1 is a component unit of the Vermilion Parish Police Jury, the governing body of the parish and the government body with oversight authority, and is exempt from federal and state income taxes.

Method of Accounting

Assets and liabilities, and revenues and expenses are recorded on the accrual basis of accounting.

Accounts Receivable

Accounts receivable are shown net of provision for doubtful accounts of \$161,440 and \$156,990 at September 30, 1995 and 1994, respectively and contractual allowances of \$526,672 and \$240,698 for 1995 and 1994, respectively.

Inventories

Inventories are 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.

Plant and Equipment

Plant and equipment are stated at cost. 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, over the life years recommended by the American Hospital Association.

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

Notes to Financial Statements
September 30, 1995 and 1994

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land

The land for the Hospital site was received by donation and the value used reflects the estimated fair market value after the Hospital building was completed.

Federal and State Income Taxes

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

Cash and Certificates of Deposit

The bank balance of cash and certificates of deposit is covered by federal depository insurance or by collateral held by the banks in the Hospital's name.

Net Patient 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.

NOTE 2 NET PATIENT REVENUES

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.

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

Notes to Financial Statements
September 30, 1995 and 1994

NOTE 2 NET PATIENT REVENUES

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, 1993.

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, 1993.

NOTE 3 ASSETS WHOSE USE IS LIMITED

Assets whose use is limited consists of a checking account and certificate of deposit designated by the Board of Directors to be used for capital asset acquisitions and improvements.

NOTE 4 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, 1995 and 1994 was \$94,404 and \$103,863, respectively.

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

Notes to Financial Statements
September 30, 1995 and 1994

NOTE 5 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.

NOTE 6 EMPLOYEE BENEFIT TRUST FUND

On February 1, 1979, the Hospital implemented 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 the books are kept on an annual basis commencing February 1, and ending January 31, of each year and, accordingly, is not reflected in these financial statements.

NOTE 7 OBLIGATION UNDER CAPITAL LEASE

During 1992, the Hospital entered into a capital lease agreement with General Electric Company for the purchase of a Radiographic and Fluoroscopic Room. 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 7.75%. The capital lease is for a period of 60 months. The Radiographic and Fluoroscopic Room was capitalized at a value of \$226,820, less accumulated depreciation of \$99,234 calculated through September 30, 1995.

During 1993, the Hospital entered into several capital lease agreements with International Business Machines (IBM) for the purchase of a AS400 computer system. The obligations under capital lease have been recorded in the financial statements at the present value of future minimum lease payments discounted at interest rates ranging from 6.13% to 9.49%. The capital leases are for periods ranging from 58 to 60 months. The computer was capitalized at a value of \$77,937, less accumulated depreciation of \$24,123 calculated through September 30, 1995.

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

Notes to Financial Statements
September 30, 1995 and 1994

NOTE 7 OBLIGATION UNDER CAPITAL LEASE (Continued)

Minimum lease payments are due as follows:

	1996	\$ 73,144
	1997	31,996
	1998	<u>12,089</u>
		117,229
Less: amount representing interest		<u>8,015</u>
Present value of future minimum lease payments		109,214
Less: current maturities		<u>67,169</u>
Long-term portion		\$ 42,045 =====

NOTE 8 CONCENTRATION OF CREDIT RISK

At September 30, 1995, the bank balances of cash and cash equivalents totalled \$980,646, which was covered by Federal Depository Insurance of \$349,001 and Federal National Mortgage Association Securities with market values of \$1,000,249 which is pledged by the bank in the name of the Hospital.

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. Management believes that credit losses from individuals that have no insurance and are self-pay patients are insignificant.

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
September 30, 1995 and 1994

NOTE 8 RECLASSIFICATIONS

Certain reclassifications have been made to the 1994 financial statements to conform to the classifications adopted for the 1995 financial statements. There is no effect on the net loss.

ADDITIONAL INFORMATION

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

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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

Our report on our audit of the basic 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 year ended September 30, 1995, appears on page 1. This audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on pages 14 through 21 is presented for purposes of additional analysis, and is not a required part of 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.

The basic 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 year ended September 30, 1994, presented on pages 14 through 21, were audited by another auditor whose report dated November 3, 1994, expressed an unqualified opinion on those financial statements. His report on additional information stated that in his opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended September 30, 1994, taken as a whole.

Darnall, Sikes, Kolder, Frederick & Rainey
A Corporation of Certified Public Accountants

Eunice, Louisiana
October 20, 1995

MEMBER OF
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Summary of Depreciable Assets and Depreciation
 Years Ended September 30, 1995 and 1994

	ASSETS			
	<u>Balance</u> <u>9/30/94</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/95</u>
Building	\$1,538,673	\$ -	\$ -	\$1,538,673
Parking lot	33,119	-	-	33,119
Fixed equipment	1,085,643	89,432	322	1,174,753
Major moveable equipment	1,110,553	32,191	19,135	1,123,609
Minor equipment	<u>210,690</u>	<u>2,028</u>	<u>1,542</u>	<u>211,176</u>
	\$3,978,678	\$123,651	\$ 20,999	\$4,081,330
	=====	=====	=====	=====

DEPRECIATION

<u>Balance</u> <u>9/30/94</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/95</u>	<u>Book Value</u> <u>9/30/95</u>
\$ 816,468	\$ 30,698	\$ -	\$ 847,166	\$ 691,507
22,968	468	-	23,436	9,683
357,877	112,129	-	470,006	704,747
655,765	85,088	19,351	721,502	402,107
<u>155,145</u>	<u>10,721</u>	<u>1,108</u>	<u>164,758</u>	<u>46,418</u>
\$2,008,223	\$239,104	\$ 20,459	\$2,226,868	\$1,854,462
=====	=====	=====	=====	=====

See independent auditor's report on additional information.

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

Schedule of Net Patient Service Revenue
 Years Ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
IN-PATIENT SERVICE REVENUE	\$ 8,557,241	\$6,718,192
OUT-PATIENT SERVICE REVENUE	<u>3,226,400</u>	<u>2,643,731</u>
	<u>11,783,641</u>	<u>9,361,923</u>
 DEDUCTIONS FROM PATIENT SERVICE REVENUE		
Contractual allowances	4,978,467	3,521,082
Discounts	<u>150,706</u>	<u>129,676</u>
	<u>5,129,173</u>	<u>3,650,758</u>
 Net Patient Service Revenue	\$ 6,654,468	\$5,711,165
	=====	=====

See independent auditor's report on additional information.

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

Schedule of In-Patient Service Revenue
Years Ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
ROUTINE SERVICES		
Room and board	\$ 619,450	\$ 720,995
SPECIAL SERVICES		
Ambulance transport	-	1,364
Anesthesiology	83,010	106,217
Blood administration	17,367	11,833
Critical care unit	3,000	5,625
Electrocardiology	48,742	50,993
Emergency room	32,059	40,149
Intravenous therapy	432,973	481,865
Laboratory	389,079	484,567
Medical staff-weekend physician	-	26,630
Medical and surgical	474,664	567,767
Nuclear medicine	47,355	24,971
Operating room	84,877	112,212
Pharmacy	525,805	533,057
Physical therapy	12,718	17,251
Psychiatric	5,257,825	3,027,240
Radiology	76,344	98,454
Recovery room	11,708	15,514
Respiratory therapy	417,364	358,652
Ultrasound	<u>22,901</u>	<u>32,836</u>
	\$8,557,241	\$6,718,192
	=====	=====

See independent auditor's report on additional information.

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

Schedule of Out-Patient Service Revenue
 Years Ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Anesthesiology	\$ 64,582	\$ 76,416
Blood administration	6,440	1,417
Clinic	74,388	70,231
Emergency room	146,002	127,230
Electrocardiology	38,722	33,410
Home health	1,003,876	845,525
Intravenous therapy	27,003	30,933
Laboratory	646,880	636,602
Medical and surgical	178,769	177,857
Medical staff - weekend physician	176,121	78,875
Nuclear medicine	21,348	56,466
Operating room	71,642	86,190
Pharmacy	114,971	115,405
Psychiatric	340,591	-
Radiology	232,107	220,820
Recovery room	7,665	11,839
Respiratory therapy	26,110	25,760
Ultrasound	<u>49,183</u>	<u>48,755</u>
	\$3,226,400	\$2,643,731
	=====	=====

Schedule of Other Operating Income
 Years Ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Cafeteria sales	\$ 29,763	\$ 30,591
Recovery of bad debt	<u>145,406</u>	<u>147,728</u>
	\$ 175,169	\$ 178,319
	=====	=====

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, 1995 and 1994

	1995			1994		
	Salaries	Professional fees, Supplies and Direct Expenses	Total	Salaries	Professional fees, Supplies and Direct Expenses	Total
Anesthesia	\$ 138,803	\$ 6,536	\$ 145,339	\$ 180,082	\$ 8,007	\$ 188,089
Blood bank	-	26,021	26,021	-	12,971	12,971
Clinic	103,716	13,938	117,654	95,339	17,858	113,197
Critical care unit	1,841	1,046	2,887	5,636	1,312	6,948
Electrocardiology	-	6,914	6,914	-	7,487	7,487
Emergency room	164,230	7,512	171,742	167,452	2,996	170,448
Home health	346,931	39,436	386,367	330,153	38,211	368,364
Intravenous therapy	-	11,529	11,529	-	11,879	11,879
Laboratory	190,933	161,601	352,534	172,514	161,382	333,896
Medical and surgical	13,225	104,635	117,860	18,596	125,395	143,991
Medical records	55,576	26,783	82,359	66,734	18,448	85,182
Medical staff	385,215	9,160	394,375	305,575	21,214	326,789
Nuclear medicine	-	38,145	38,145	-	60,038	60,038
Nursing service	515,669	13,073	528,742	607,023	15,054	622,077
Operating room	86,772	24,432	111,204	101,051	26,161	127,212
Pharmacy	60,028	154,786	214,814	57,892	152,149	210,041
Physical therapy	10,842	3,313	14,155	15,148	357	15,505
Psychiatric	-	1,847,061	1,847,061	-	1,122,160	1,122,160
Radiology	100,501	56,165	156,666	101,458	59,856	161,314
Recovery room	25,488	-	25,488	32,142	-	32,142
Respiratory therapy	(1,579)	120,190	118,611	83,046	36,679	119,725
	<u>\$2,198,191</u>	<u>\$2,672,276</u>	<u>\$4,870,467</u>	<u>\$2,339,841</u>	<u>\$1,899,614</u>	<u>\$4,239,455</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, 1995 and 1994

	1995			1994		
	Personal Services	Supplies and Other Expenses	Total	Personal Services	Supplies and Other Expenses	Total
Administrative	\$ 71,094	\$ 13,314	\$ 84,408	\$ 89,685	\$ 10,658	\$ 100,343
Administrative - fiscal	30,665	24,521	55,186	30,931	32,167	63,098
Administrative - other	-	67,047	67,047	-	84,483	84,483
Business office	97,864	16,173	114,037	94,545	22,059	116,604
Credit and collections	-	24,398	24,398	-	22,254	22,254
Data processing	37,744	6,556	44,300	39,323	8,630	47,953
Dietary	101,935	94,923	196,858	102,102	87,952	190,054
Employee benefits	-	245,679	245,679	-	249,129	249,129
Hospital security	-	267	267	-	6,377	6,377
Housekeeping	61,555	16,043	77,598	71,522	9,685	81,207
Insurance	-	136,213	136,213	-	145,381	145,381
Laundry	-	23,633	23,633	-	22,570	22,570
Linen	-	4,024	4,024	-	1,572	1,572
Personnel	-	2,673	2,673	-	2,773	2,773
Plant operations	100,085	213,634	313,719	88,400	196,651	285,051
Printing and duplicating	-	20,188	20,188	-	20,064	20,064
Supplies, processing and distribution	44,245	2,742	46,987	37,535	4,094	41,629
Telephone and communications	-	63,863	63,863	-	65,964	65,964
	<u>\$545,187</u>	<u>\$975,891</u>	<u>\$1,521,078</u>	<u>\$554,043</u>	<u>\$992,463</u>	<u>\$1,546,506</u>
	=====	=====	=====	=====	=====	=====

See independent auditor's report on additional information.

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

Schedule of Nonoperating Income
 Years Ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Grant income	\$ 86,555	\$113,967
Interest	33,174	23,053
Loss on disposal of assets	-	(14,503)
Millage income	287,122	287,810
Miscellaneous	7,880	3,712
Rent	552	477
Sale of medical records	1,564	1,848
Vending machines	<u>4,371</u>	<u>4,333</u>
	\$421,218	\$420,697
	=====	=====

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, 1995

<u>Name of Commissioner</u>	<u>Meetings Attended</u>	<u>Compensation</u>
Tom Baudoin	26	\$1,300
Gloria Chevalier	25	\$1,250
David Tate	20	\$1,000
Harold Mouton	26	\$1,300
Edison Abshire	26	\$1,300
Susan Bourque	24	\$1,200
Ivan Bourque	26	\$1,300

See independent auditor's report on additional information.

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Independent Auditor's Report on Internal Control Structure Based on an Audit of Basic 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 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 year ended September 30, 1995, and have issued our report thereon dated October 20, 1995.

We have conducted our audit in accordance with generally accepted auditing standards, 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.

The management of the Hospital is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Hospital, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in

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operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Eunice, Louisiana
October 20, 1995

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Independent Auditor's Report on Compliance Based on an Audit of Basic 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 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 year ended September 30, 1995, and have issued our report thereon dated October 20, 1995.

We conducted our audit 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.

Compliance with laws, regulations, contracts, and grants applicable to the Hospital is the responsibility of management and the Board. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that are required to be reported under Governmental Auditing Standards:

Finding:

The Hospital Service District No. 1, Parish of Vermilion, State of Louisiana, by failing to complete and deliver to the Louisiana Legislative Auditor in a timely manner an audited financial statement for the fiscal year ended September 30, 1995, was found to be in violation of Louisiana Revised Statute 24:513(A)(5)(a). This statute provides that the Legislative Auditor may, at his discretion, accept audits prepared by licensed certified public accountants provided that, among other requirements, such audits are completed

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within six months of the close of the entity's fiscal year. The failure to complete the audit was caused in part by third party payors failure to accumulate and provide information required to prepare the hospital's cost report for the year ended September 30, 1995. This in turn delayed submission of acceptable data required for inclusion within the financial statements.

Recommendation:

Hospital personnel should contact third party payors, as soon after the entity's year end as possible, requesting information required for preparation of the cost report thereby resulting in the timely submission of an annual audit report.

Response:

No response is deemed necessary.

This report is intended for the information of management and the Board of Commissioners. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Eunice, Louisiana
October 20, 1995

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Independent Auditor's Report on Schedule of Federal Financial Assistance

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

We have audited the 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 year ended September 30, 1995, and have issued our report thereon dated October 20, 1995. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Hospital, taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Darnall, Sikes, Kolder, Frederick & Rainey
A Corporation of Certified Public Accountants

Eunice, Louisiana
October 20, 1995

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

Schedule of Federal Financial Assistance
 Year Ended September 30, 1995

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Cash at October 1, 1994</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Cash at September 30, 1995</u>
Passed through the Project Officer Health Care Financing Administration Office of Research & Demonstration: Rural Health Care Transition Grant Program	93.779	N/A	\$ -	\$11,555	\$11,555	\$ -
Total federal financial assistance			\$ -	\$11,555	\$11,555	\$ -