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**EAST LYON HOSPITAL SERVICE DISTRICT**

**FINANCIAL STATEMENTS**

For the Years Ended March 31, 1963 (Unaudited) and 1962 (Audited)

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

Release Date 03 31 1967

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**NEUMAN, RICHARDSON & CO., L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

**ACCOUNTANT'S REPORT**

Board of Commissioners  
East Union Hospital Service District  
Farmersville, Louisiana

We have compiled the general-purpose financial statements of East Union Hospital Service District, component unit of Union Parish Police Jury, as of and for the year ended March 31, 1997, in accordance with the records on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying general-purpose financial statements for the year ended March 31, 1997, and, accordingly, do not express an opinion or any other form of assurance on them.

The general-purpose financial statements for the year ended March 31, 1996, were audited by us, and we expressed an unqualified opinion on them in our report dated April 19, 1996, but we have not performed any auditing procedures since that date.

*Neuman, Richardson & Co., L.L.P.*  
Neuman, Richardson & Co., L.L.P.  
May 14, 1997

**EAST UNION HOSPITAL SERVICE DISTRICT  
BALANCE SHEETS**

March 31, 1997 (Unaudited) and 1996 (Audited)

ASSETS	1997 (Unaudited)	1996 (Audited)
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 20,285	\$ 21,309
Short-term investments	45,000	40,000
Receivables	1,875	-
Assets limited to use, required to pay current liabilities	86,500	82,000
Total Current Assets	<u>153,660</u>	<u>143,309</u>
<b>Assets Whose Use is Limited:</b>		
Sinking fund for bond principal and interest payments	115,200	157,782
Long-term assets limited to use, required for current liabilities	( 88,500 )	( 82,000 )
Noncurrent assets whose use is limited	28,676	74,602
<b>Property, Plant and Equipment:</b>		
Land	65,553	65,553
Land improvements	4,901	4,901
Buildings	2,673,509	2,673,293
Equipment	552,316	552,316
	<u>3,296,269</u>	<u>3,295,953</u>
Accumulated depreciation	( 2,102,639 )	( 2,208,784 )
Net Property, Plant and Equipment	993,630	1,087,169
<b>Other Assets - Motor deposits</b>	210	210
	<u>\$ 1,168,291</u>	<u>\$ 1,248,292</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 528	\$ 518
Interest payable	1,538	2,879
Current portion of long-term debt	83,000	83,000
Total Current Liabilities	<u>85,066</u>	<u>86,397</u>
<b>Long-term Debt:</b>		
Bonds payable, net of current portion	-	85,000
<b>Fund Balances:</b>		
Unrestricted	966,130	925,500
Temporarily restricted for debt service	115,200	157,782
Total Fund Balance	<u>1,081,330</u>	<u>1,083,282</u>
	<u>\$ 1,168,291</u>	<u>\$ 1,248,292</u>

See accompanying notes and accountant's report.

**EAST UNION HOSPITAL SERVICE DISTRICT**  
**STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE**  
**Year Ended March 31, 1997 (Unaudited) and 1996 (Audited)**

	1997 (Unaudited)	1996 (Audited)
<b>Revenues:</b>		
Ad valorem taxes	\$ 45,599	\$ 82,225
Rental income	12,459	9,800
Interest income	6,256	8,831
<b>Total Revenues</b>	<u>64,314</u>	<u>100,856</u>
<b>Operating Expenses:</b>		
Accounting	4,004	4,904
Publications	130	134
Tax commissions	4,785	3,923
Fiscal agent fees	284	204
Maintenance and repairs	4,237	-
Depreciation	44,271	39,912
Interest	3,210	9,585
<b>Total Operating Expenses</b>	<u>63,842</u>	<u>83,742</u>
<b>Excess of Revenues Over Expenses</b>	<u>454</u>	<u>17,114</u>
FUND BALANCE - beginning of year	1,081,882	1,863,873
FUND BALANCE - end of year	<u>\$ 1,081,536</u>	<u>\$ 1,880,987</u>

See accompanying notes and accountant's report.

**EAST UNION HOSPITAL SERVICE DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
 Years Ended March 31, 1997 (Unaudited) and 1996 (Audited)

	1997 (Unaudited)	1996 (Audited)
<i>From Operating Activities:</i>		
Interest received	\$ 6,680	\$ 3,711
Rental receipts received	16,535	9,909
Cash paid in accounting, publications and fees	( 5,475 )	( 5,716 )
Cash paid in interest expense	( 1,250 )	( 10,005 )
	<u>1,890</u>	<u>1,899</u>
<i>From Non-capital Financing Activities:</i>		
Tax proceeds received	45,590	82,823
Tax commissions paid	( 4,796 )	( 8,022 )
	<u>40,794</u>	<u>74,801</u>
<i>From Capital and Related Financing Activities:</i>		
Principal payments on bonds	( 80,000 )	( 75,000 )
<i>From Investing Activities:</i>		
Maturities of investments	126,016	314,887
Purchase of investments	( 180,724 )	( 213,479 )
	<u>45,292</u>	<u>1,407</u>
Net increase in cash and cash equivalents	( 1,014 )	2,206
<i>Cash and Cash Equivalents:</i>		
Beginning of year	<u>31,300</u>	<u>29,093</u>
End of year	<u>\$ 30,285</u>	<u>\$ 31,299</u>

**RECONCILIATION OF EXCESS OF REVENUES OVER  
 EXPENSES TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

Excess of revenues over expenses	\$ 454	\$ 17,200
<i>Adjustments:</i>		
Depreciation	44,271	59,912
Net tax proceeds	( 48,794 )	( 25,000 )
Decrease (increase) in interest receivable	294	( 620 )
Decrease (increase) in taxes receivable	-0-	598
Decrease (increase) in rent receivable	( 1,875 )	-0-
Increase (decrease) in accounts and interest payable	( 1,450 )	( 1,340 )
Total Adjustments	<u>296</u>	<u>( 15,251 )</u>
Cash From Operating Activities	<u>\$ 1,000</u>	<u>\$ 1,938</u>

See accompanying notes and accountants' report.

**EAST UNION HOSPITAL SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 1997 (Unaudited) and 1996 (Audited)

**NOTE 1 - ORGANIZATION AND OPERATIONS**

**Organization**

East Union Hospital Service District (District) was created by an ordinance of the Union Parish Police Jury on June 8, 1971. The District is a political subdivision of the Union Parish Police Jury whose jurors are elected officials. The District's commissioners are appointed by the Union Parish Police Jury.

**Operations**

On November 22, 1983, the District leased the facility known as Union General Hospital in Farmerville, Louisiana as well as all related movable property to a newly-formed nonprofit corporation named "Union General Hospital, Inc." Union General Hospital, Inc. (Hospital) is a Louisiana nonprofit corporation which has received exemption from income taxes as an organization described under section 501(c)(3) of the Internal Revenue Code.

The lease began December 1, 1983, with a "primary term" of three (3) years. Thereafter, unless the District or Hospital gives the other notice to terminate at least twelve months prior to the end of the term or any renewal term, the lease is renewed for five (5) year "renewal terms," under the same terms and conditions governing the "primary term." The Hospital has agreed to maintain at its expense certain insurance, capital additions, and make necessary and proper repairs in exchange for rent paid to the District.

Since December 1, 1983, when the District discontinued operating the Hospital, its operations consist of administration of the leased facilities, rental of adjoining physicians offices, collection and administration of tax receipts, and payment of debt service on the public improvement bonds.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared on the accrual basis and in accordance with guidelines recommended by the Committee on Health Care Institutions and Subcommittee on Health Care Matters of the American Institute of Certified Public Accountants. The accrual basis of accounting recognizes revenues when earned rather than when received. Expenses are recognized when incurred rather than when paid.

**Property, Plant and Equipment**

Property, plant and equipment is recorded at the District's cost. Since the inception of the lease, additional items of property and equipment purchased by the Hospital are reflected in the Hospital's financial statements. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives used in computing depreciation follow the lives recommended by the American Hospital Association which is recognized by the Medicare and Medicaid intermediaries. Lives used in computing depreciation generally range from 20 to 50 years on buildings and 3 to 15 years on equipment.

**EAST UNION HOSPITAL SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 April 30, 1997 (Unaudited) and 1996 (Audited)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Property Tax Revenues**

The District levies real-estate taxes on all real property on a calendar year basis, at a rate enacted by the Board of Commissioners as recommended by the local tax assessor. Property taxes are collected through the local sheriff and remitted, net of collection fees, to the District. The sheriff's office is responsible for collection, including establishing fees, levy and due dates of the taxes.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of deposits in checking accounts and certificates of deposit. All deposits are at various financial institutions and are within the FDIC insured limit. For the purpose of the statement of cash flows, all cash that is not limited to use having original maturities less than 90 days, is treated as cash and cash equivalents.

**NOTE 3 - ASSETS WHOSE USE IS LIMITED**

Assets whose use is limited include sinking fund cash on hand for the payment of public improvement bonds. A portion of these deposits to be expended on current liabilities at the balance sheet date is classified as current assets while the remaining portion of these funds are shown as non-current assets. The composition of assets whose use is limited and required for current liabilities at March 31, 1997 and 1996 is as follows:

	1997 (Unaudited)	1996 (Audited)
Interest payable on bonds	\$ 1,530	\$ 2,970
Limited to pay current portion of General obligation bonds payable	<u>83,080</u>	<u>80,000</u>
	<u>\$ 84,610</u>	<u>\$ 82,970</u>

**NOTE 4 - BONDS PAYABLE**

On March 6, 1972, the Board of Commissioners authorized the issuance of \$ 1,180,000 of public improvement bonds secured by a special tax imposed and collected annually on all property subject to taxation within the territorial limits of the District. The bonds are dated June 1, 1972, and are in the denomination of \$ 5,000 each. The remaining bonds bear interest at 5.4% per annum and are payable semi-annually on June 1, and December 1, of each year until fully paid on June 1, 1997. Remaining principal and interest requirements on the bonds are as follows:

Fiscal Year	Principal	Interest	Total
1996	\$ 83,080	\$ 2,295	\$ 85,375
1999 and thereafter	-	-	-



**EAST UNION HOSPITAL SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 1997 (Unaudited) and 1996 (Audited)**

**NOTE 3 - OFF BALANCE SHEET RISKS AND CONCENTRATIONS OF CREDIT**

Concentration of credit:

The District leases the hospital facilities in Farmerville, Louisiana. The Hospital grants credit on its services to its patients, substantially all of whom are local residents of the Parish. Generally, the Hospital accepts assignments of patients' benefits payable under either public or private insurance programs or policies in lieu of collateral to secure its patient accounts receivable. At March 31, 1996, approximately 78% of patient accounts receivable was related to beneficiaries of the Medicare and Medicaid programs. Future changes (if any) occurring within the local economy or the Medicare and Medicaid reimbursement methods can significantly affect the ability of the Hospital to operate the leased facilities.

Volume of services:

The Hospital is dependent upon local physicians practicing in the immediate service area for its volume of patients. Any decrease in the number of physicians which currently serve the Hospital can significantly affect the Hospital ability to operate the leased facilities.

HEB-Durton Obligation:

As a result of the District receiving a federal HEB-Durton program grant of \$ 600,000, it is required to provide a reasonable volume of uncompensated services to patients who are unable to pay for their medical care. As of December 31, 1993, the Hospital granted assurance of community service and benefits as well as the provision of a reasonable volume of uncompensated services pursuant to the HEB-Durton Act. The District is contingently liable to provide the required uncompensated and community services should these obligations not be met by the Hospital.

**NOTE 4 - BOARD MEMBERS**

Board members of the District and their compensation for 1996 and 1995 are as follows:

<b>Member</b>	<b>Compensation</b>
Wanda Hubanks	None
Arne B. Andrews	None
Duke Fields	None
Polly Taylor	None
John McDougall	None
George Miller, Jr.	None
Yvonne Antley	None



**NEUMAN, RICHARDSON & CO., L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

**Board of Commissioners  
East Union Hospital Service District  
Tunnsville, Louisiana**

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of East Union Hospital Service District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about East Union Hospital Service District's compliance with certain laws and regulations during the year ended March 31, 1997 included in the accompanying Louisiana Assessor's Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made by the District that qualified for these procedures.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1104-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

The District does not employ any employees therefore this procedure was not applicable.

3. Obtain from management a listing of all employees paid during the period under examination.

The District does not employ any employees therefore this procedure was not applicable.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The District does not employ any employees therefore this procedure was not applicable.

### **Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.

The District uses the assistance of the Police Jury to determine the effective tax rate to levy for the payment of debt and operations. No formal budget is prepared by the District as the only significant cash expenditures consist of debt service on the outstanding bonds.

6. Trace the budget adoption and amendments to the minute book.

No formal budget is prepared by the District as the only significant cash expenditures consist of debt services on the outstanding bonds.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

No formal budget is prepared by the District as the only significant cash expenditures consist of debt services on the outstanding bonds. This procedure is therefore not applicable.

### **Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and:

- a. trace payments to supporting documentation for each of the six selected disbursements and find that payment was for the proper amount and made to the correct payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

- c. determine whether payments received approval from proper authorities.

The inspection of documents supporting each of the six selected disbursements indicated approvals from the board or represented debt service payments previously authorized by the board.

### **Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meeting law).

The District notifies the local radio station and posts notice of the meeting on the board room door. Although management has asserted that such documents were properly posted and advertised, we could find no evidence supporting such assertion other than on one occasion we noticed the notice posted on the board room door.

### **Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We reviewed all deposits recorded in the general ledger for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### **Advances and Bonuses**

12. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

The District does not employ any employees therefore this procedure was not applicable.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of East Union Hospital Service District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and take responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Neuman, Richardson & Co., L.L.P.*

Neuman, Richardson & Co., L.L.P.

May 14, 2007