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**LOWER CAMERON HOSPITAL SERVICE DISTRICT
SOUTH CAMERON MEMORIAL HOSPITAL
ANNUAL FINANCIAL REPORT
OCTOBER 31, 1996 AND 1995**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the qualified or requalified 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 12/13/97

McNeill, Hoffman and Harrison

Chartered Public Accountants, P.A.C.

1100 Maple Street

Shreveport, Louisiana, 71201

2018 September 27, 2018

Shreveport, Louisiana

McNeill, Hoffman and Harrison

Two (2018) Pages

Board of Trustees
Lower Cameron Hospital Service District
South Cameron Memorial Hospital
Cameron, Louisiana

In planning and performing our audit of the component unit financial statements of South Cameron Memorial Hospital for the years ended October 31, 1994 and 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. However, we noted certain matters involving the internal control structures and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect South Cameron Memorial Hospital's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

A deficiency in the design in control structure exists due to the lack of appropriate review of systems output. The computer reports on general ledger should be reviewed monthly for accuracy. We noted that the reports were not reviewed until after year end.

In addition to printing the financial statements and reports timely, they should also be presented to the Hospital Administrator for review along with budget comparisons and other data. The board should also require the presentation of financial reports periodically throughout the year.

Bank reconciliations should be prepared timely and reviewed by another employee of the Hospital. We noted several bank accounts had not been reconciled monthly throughout the year and needed to be reconciled after year end. Adding another person to review and initial the prepared bank reconciliations would add additional internal control and would encourage the more timely reconciliations of the accounts.

The deficiencies noted above are repeated from the prior management letter. We noted no significant improvement.

McNeill

Member of the Firm of McNeill, Hoffman and Harrison

Member of the Firm of Chartered Public Accountants, P.A.C.

We also noted payment of certain payables without an invoice to support the amount expended. The Hospital should ascertain that they have an invoice that agrees with the amount requested before payment is released. The invoice should then be cancelled and filed in the appropriate vendor file to guard against duplicate payments.

Additionally, we noted failures in the operation of the control structure evidenced by a failure to perform reconciliations timely and by instances of failures to sign items of inventory out of Central Supply for use by another governmental district.

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 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses as described above. However, we believe none of the reportable conditions described above is believed to be a material weakness.

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

W. S. Sullivan and W. J. Moore, CPA's

June 30, 1997

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lower Caneiros Hospital Service District
South Caneiros Memorial Hospital
Caneiros, Louisiana

We have audited the component unit financial statements of South Caneiros Memorial Hospital as of October 31, 1994 and 1995 and the years ended. These financial statements are the responsibility of the board. Our responsibility is to express an opinion on the component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards: **Government Auditing Standards**, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-130, **Standards of State and Local Governments**. Those standards and OMB Circular A-130 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of South Caneiros Memorial Hospital as of October 31, 1994 and 1995 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information, listed as "supplementary data" in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of South Caneiros Memorial Hospital.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to such component and financial statements taken as a whole.

W. B. ...

June 10, 1967

SOUTH CAROLINA MEMORIAL HOSPITAL
COMPARATIVE BALANCE SHEET
OCTOBER 31, 1956 AND 1955

Exhibit A

ASSETS

	<u>1956</u>	<u>1955</u>
Current Assets:		
Cash (Note 10)	\$ 136,667	\$ 303,396
Investments in Certificates of Deposits (Note 10)	---	2,259,000
Accounts Receivable (Note 11)	2,485,915	2,123,433
Due from Other Governments	588,044	379,097
Due from Other Funds (Note 10)	62,528	81,350
Miscellaneous Receivable	---	1,870
Inventory, at Cost (Note 10)	157,391	259,632
Prepaid Expenses	35,000	---
Total Current Assets	3,471,618	5,349,718
Restricted Assets: (Note 10)		
Cash	154,853	146,859
certificate of Deposit	---	104,159
Total Restricted Assets	154,853	251,018
Other Assets: (Note 11)		
Land & Improvements	30,826	30,826
Buildings	2,209,549	2,130,487
Machinery & Equipment	2,274,462	2,163,610
Accumulated Depreciation	(2,074,006)	(1,873,142)
Goodwill	1,700	1,750
Total Other Assets	2,432,531	2,513,731
Total Assets	\$ 6,058,902	\$ 8,114,467

"See accompanying auditors' report and notes to financial statements."

SOFTS CARBON MEMORIAL HOSPITAL
 COMPARATIVE BALANCE SHEET
 OCTOBER 31, 1994 AND 1993

Exhibit A

LIABILITIES AND FUND EQUITY

	1994	1993
Current Liabilities:		
Cash Overdraft (Note 3D)	\$ 432,934	\$ 240,857
Accounts Payable	1,418,228	385,838
Due to Other Funds (Note 1G)	62,500	81,200
Due to MedCap (Note 1E)	240,977	---
Capital Leases Payables (Note 8):		
First United Leasing	6,951	11,293
Lender	---	1,150
Robert Stephens	---	10,117
James Morrough	12,219	11,003
HTS-Link Division	100,075	125,405
Bankers Leasing Association	5,004	---
Bonds Payable (Note 12)	183,973	93,460
Compensated Absence Payable (Note 5)	79,879	78,603
Accrued Liabilities	126,876	83,900
Interest Payable	---	2,777
Total Current Liabilities	3,890,840	1,088,386
Long Term Liabilities:		
Capital Leases Payables (Note 8):		
First United Leasing	---	6,961
James Morrough	---	7,407
HTS-Link Division	---	58,202
Bankers Leasing Association	22,004	---
Bonds Payable (Note 12)	399,509	503,335
Total Long Term Liabilities	421,513	576,745
Total Liabilities	4,312,353	1,664,531
Fund Equity:		
Contributed Capital	426,464	426,464
Retained Earnings:		
Unreserved, Undesignated	2,129,653	6,104,829
Total Fund Equity	2,556,117	6,530,893
Total Liabilities & Fund Equity	\$ 6,868,470	\$ 8,194,424

"See accompanying auditors' report and notes to financial statements."

SOUTH CAROLINA MEMORIAL HOSPITAL
COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS

Exhibit B

For the Years Ended October 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Net Patient Service Revenues (Note 11)	\$ 6,860,621	\$ 10,681,320
Other Operating Revenues:		
Ambulance Administration Fees	150,800	150,098
Meals On Wheels	122,279	121,392
	<hr/>	<hr/>
Total Other Operating Revenues	273,079	271,490
	<hr/>	<hr/>
Total Operating Revenues	7,133,700	10,952,810
Operating Expenses:		
Nursing and Physician Services	1,857,889	1,987,694
Other Professional Services	3,279,104	1,851,381
General Services	915,566	989,655
Administrative and Fiscal Services	1,819,389	1,949,984
Chemical Dependency Unit	157,510	1,297,823
Home Health	350,832	323,451
Calcasieu Oaks Facility	3,021,347	780,553
Holly Hill House Facility	381,232	-
Rural Health Clinics	342,031	251,738
Amortization of Goodwill	50	47
Depreciation (Note 8B)	261,863	265,481
	<hr/>	<hr/>
Total Operating Expenses	11,380,362	9,329,628
Other Operating Expenses:		
Ambulance Tax Credit	250,384	145,339
Ambulance Administration Fees	150,000	150,000
Meals on Wheels	138,365	140,788
	<hr/>	<hr/>
Total Other Operating Expenses	538,749	436,127
	<hr/>	<hr/>
Operating Income (Loss)	\$ (4,786,332)	\$ 1,186,811

"see accompanying auditors' report and notes to financial statements."

SOUTH CAMERON MEMORIAL HOSPITAL
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS

Exhibit B

For the Years Ended October 31, 1996 and 1995

	1996	1995
Non-operating Revenues (Expenses):		
All Valorem Taxes (Note 2)	\$ 317,516	\$ 252,183
State Revenue Sharing	2,837	2,813
Federal and State Grants	415,950	575,817
Miscellaneous	30,187	29,976
Interest Income	16,518	68,228
Interest Expense	(62,762)	(56,653)
Gain on Sale of Assets	500	---
	<hr/>	<hr/>
Total Non-Operating Revenues	720,726	871,924
	<hr/>	<hr/>
Net Income Before Extraordinary Gain	(4,860,586)	2,058,795
	<hr/>	<hr/>
Extraordinary Gain (Note 13)	---	6,008
	<hr/>	<hr/>
Net Income	(4,860,586)	2,064,803
	<hr/>	<hr/>
Retained Earnings - November 1 As Originally Reported	6,104,826	4,039,833
Prior Period Adjustment (Note 14)	76,533	---
Retained Earnings - November 1 As Restated	6,181,359	---
	<hr/>	<hr/>
Retained Earnings - October 31	\$ 2,320,773	\$ 6,104,628
	<hr/>	<hr/>

"See accompanying auditors' report and notes to financial statements."

SOUTH CAMERON MEMORIAL HOSPITAL
COMPARATIVE STATEMENT OF CASH FLOW

Exhibit C

For the Years Ended October 31, 1956 and 1955

	1956	1955
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 14,786,222.18	1,186,871
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	261,812	205,448
Prior Period Adjustment	75,533	---
Change in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable, Net of Allowance	(372,451)	(468,892)
Decrease (Increase) in Due from Other Governments	(249,453)	(128,092)
Decrease (Increase) in Due from 1954	---	4,167
Decrease (Increase) in Misc. Receivable	1,510	(1,978)
Decrease (Increase) in Inventories	93,241	(37,381)
Decrease (Increase) in Prepaid Expenses	(31,600)	7,715
(Decrease) Increase in Accounts Payable	1,072,370	316,766
(Decrease) Increase in Compensated Absences Payable	3,376	15,169
(Decrease) Increase in Interest Payable	12,737	(1,023)
(Decrease) Increase in Misc. Payable	---	(1,324)
(Decrease) Increase in Accrued Liabilities	42,826	10,608
Total Adjustments	897,068	(380,929)
Net Cash Provided by (used for) Operating Activities	(3,889,164)	805,942
Cash Flows from Noncapital Financing Activities:		
Ad Valorem Taxes	381,576	252,143
Intergovernmental Revenue	488,587	578,230
Interest Income	18,578	68,228
Miscellaneous	35,197	29,976
Payments for Noncapital Financing	---	(35,378)
Interest Paid for Noncapital Financing	---	(802)
Gain on Sale of Assets	509	---
Net Cash Provided by (used for) Noncapital Financing Activities	\$ 924,847	\$ 822,397

"See accompanying auditors' report and notes to financial statements."

SOUTH CAROLINA MEMORIAL HOSPITAL
COMPARATIVE STATEMENT OF CASH FLOW
For the Years Ended October 31, 1996 and 1995

Exhibit C

	1996	1995
Cash Flows from Capital And Related Financing Activities:		
Capital Expenditures	\$ (180,714)A	(609,300)
Interest Paid on Capital Financing Activities	(62,782)	(55,853)
Principal Payments for Capital Expenditures	(115,922)	(145,068)
Proceeds from Capital Financing	31,988	318,229
Proceeds from Accounts Receivable Financing	140,581	---
Principal Payments on Bonds	(57,480)	(91,333)
Increase in Restricted Cash	17,884	(7,853)
Retirement of Restricted Certificate of Deposit	184,559	(184,159)
	<hr/>	<hr/>
Net Cash Provided by (used for) Capital and Related Financing Activities	491,924	(783,382)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash & Cash Equivalents	(2,608,812)	914,957
Cash and cash equivalents, Net of Cash Overdrafts:		
A) Beginning of Year	2,312,545	1,397,588
B) End of Year	\$ (204,267)B	2,312,545

Non-Cash Financing Activity:

During the years ended October 31, 1996 and 1995, the Hospital entered into non-cash financing activities for equipment leases. The total amounts financed were \$20,900 and \$310,220, respectively.

Additionally, the Hospital incurred a \$6,800 extraordinary gain on the forgiveness of a note payable in the year ended October 31, 1995.

"See accompanying auditors' report and notes to financial statements."

SOUTH CAMERON MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1996 and 1995

Organization and Background

The South Cameron Memorial Hospital (legal name: Lower Cameron Hospital Service District) was established by the Cameron Parish Police Jury with the appointment of a five-man Board of Commissioners on July 15, 1959. It is operated as a nonprofit corporation and, for reporting purposes, is a component unit of the Cameron Parish Police Jury. Construction was financed through a bond issue (since retired) by the district, U. S. (Mill-Barton) funding and local contributions. The hospital still receives community support in the form of local contributions and a maintenance and operation property tax as well as various state and federal funding. The Hospital provides a full range of health care services.

In 1988, the Hospital Service District entered into an agreement (joint service agreement) with the Lower Cameron Hospital Ambulance Service District, whereby the Hospital would provide monthly accounting services, including the collecting and disbursing of funds as well as the billing for the ambulance patients. The Ambulance Service District pays \$12,500 per month for these services. They are also stewarded of the Hospital. These two districts are combined in this report.

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the South Cameron Memorial Hospital conform to generally accepted accounting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 28:217 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Reporting Entity Criteria

The District is a "component" of the Cameron Parish Police Jury entity. The criteria and their application to the Hospital Service District are set out briefly below:

Responsibility to Elected Officials. The lowest level of legislative authority selected governing the District is the Cameron Parish Police Jury who, in turn, appoint the District's governing Board. This criterion indicates, therefore, a "component" status for the District vis-a-vis the Police Jury.

SOUTH CAMERON MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1996 and 1995

Exercise of Oversight Responsibility. The Board of Trustees has been given broad authority for the operation of the District by the Police Jury. While the Police Jury continues to monitor and support the Board, the "linkage" or relationship is not "authoritative".

That is, the Board makes financial and managerial decisions in virtual autonomy from the Police Jury. There is no day-to-day reporting or control link between the Police Jury and the Board. This criterion does not indicate "component" status for the Board.

Scope of Public Service. The Hospital Service District is established primarily for the benefit of the residents of Cameron Parish. This criterion indicates a "component" relationship for the District. The Hospital Service District operates a hospital doing business as South Cameron Memorial Hospital and two rural clinics doing business as Cameron Rural Health Clinic and Grand Lake/Sweet Lake Rural Health Clinic. An additional facility, Calcasieu Oaks, was opened in Calcasieu Parish during the audit period. Its operation includes a Medicare certified distinct part psychiatric unit which provides geriatric psychiatric care and other mental health care services.

Because of the broad oversight authority consistently granted by the Police Jury to the Board of Trustees over the years and the unique function of the Hospital whose responsibilities, purposes and organization are vastly different from existing Police Jury activities, separate reporting is considered appropriate. The accompanying financial statements present information only on the South Cameron Memorial Hospital and Ambulance Service Districts and do not present information on the Cameron Parish Police Jury and the general government services provided by that body.

The following is a summary of certain significant accounting policies:

A. Fund Accounting

The accounts of the South Cameron Memorial Hospital, a political subdivision, are maintained as a proprietary (enterprise) fund. Resources are allocated to and accounted for as an enterprise fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The other funds and account groups normally found in governmental entities are not utilized by the South Cameron Memorial Hospital because of its single, special purpose which dictates its operation as a proprietary fund per the following:

SOUTH CAROLINA MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1998 and 1999

Proprietary Fund -

Enterprise Fund

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

B. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All proprietary funds are accounted for on a "cost of services" or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all depreciable fixed assets used by proprietary funds is charged as an expense against their operations. In compliance with Medicare regulations, depreciation is provided over the estimated useful lives using the straight-line method after 1971. Prior to 1972, accelerated depreciation methods were used. The estimated useful lives are as follows:

Buildings and Improvements.....	8 - 50 Years
Equipment.....	3 - 20 Years

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

SOUTH CAMERON MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1996 and 1995

C. **Basis of Accounting (Cont.)**

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

D. **Cash and Cash Equivalents**

As reflected in Exhibit A, the South Cameron Memorial Hospital has cash (net of cash overdraft of \$552,232) totaling \$136,667 at October 31, 1996, including \$1,167 in petty cash. As of October 31, 1995, the Hospital had cash (net of cash overdraft of \$240,851) totaling \$2,292,545 at October 31, 1995 including \$1,128 in petty cash.

Deposits in excess of federally insured amounts are required by statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S. or any Louisiana parish, municipality or school district. Deposits with financial institutions should be evaluated for risk and classified in one of the three following categories:

Category 1 - (which represents the lowest level of risk) includes deposits that are collateralized with securities held by the Hospital or its agent in the Hospital's name.

Category 2 - includes collateralized deposits held by the pledging financial institution's trust department or agent in the Hospital's name.

Category 3 - includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Hospital's name.

SOUTH CAMERON MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
October 31, 1996 and 1995

The Hospital's deposits are categorized below in accordance with Governmental Accounting Standards Board (GASB) Statement No. 3 to give an indication of the level of risk assumed at year end.

	Credit		
Bank	Bank Balance	Bank Balance	Risk Category
Hibernia Bank	\$108,000	\$108,000	(1)
Hibernia Bank	54,853	54,853	(3)
Cameron State Bank	273,362	273,362	(1)
	\$436,215	\$436,215	

The Hospital's cash balance at Hibernia includes amounts above the FDIC limit of \$100,000. However, it is invested in the U.S. Treasury fund and is collateralized with securities held by the pledging financial institution but not in the Hospital's name.

For purposes of the statement of cash flows, the South Cameron Memorial Hospital considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

K. Restricted Assets

The Hospital maintains a cash account which is restricted to payment of bond principal and interest. As of October 31, 1996 and 1995, the balance was \$154,853 and \$146,959, respectively.

The Hospital had established a certificate of deposit in the amount of \$124,150, for the grant proceeds received for the acquisition and "start up" costs of a mobile unit during the year ended October 31, 1995. These proceeds were withdrawn and utilized during 1996.

L. Inventories

Inventory of supplies in the proprietary fund is valued at cost (first-in, first-out).

SOUTH CAMERON MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1998 and 1999

Blue Cross. Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment.

Revenue Recognition Policies. Generally accepted accounting principles require that the revenue and related receivables for health care services be recorded on the accrual basis at the Hospital's full established rates.

The provision for contractual adjustments (the difference between the established rates and the third party payments) and discounts (the difference between established rates and the amount collectible) are recognized on the accrual basis and deducted from gross service revenue to determine net service revenue. Contractual adjustments, discounts, and an allowance for uncollectible accounts are recorded in the period during which the services are provided in order to report the related receivable at net realizable value.

The Hospital receives additional prospective payments ("disproportionate share payments") in return for serving a disproportionate share of low income patients. These payments are in addition to the reimbursements discussed above. It is management's broad opinion that the inpatient Medicare/Medicaid accounts receivable, which represents a substantial portion of the account balance, is collected by two means: (1) primarily through the traditional third party payment schedule and (2) secondarily through the DCF payments.

Accordingly, it is management's opinion that the current inpatient receivables are collectible. The Hospital has established an allowance for doubtful accounts for the outpatient receivable amounts, specific accounts that are deemed to have a high probability of being uncollectible (even though collection procedures are still being followed), and an historically calculated allowance for other receivable accounts. These receivables are recognized as bad debts through the establishment of an allowance account. The above allowance accounts, with the exception of the separately identified accounts to be adjusted, are determined using an historical percentage.

The allowance accounts set up at the end of the year were \$883,143 and \$758,743 for October 31, 1998 and 1999 respectively.

**SOUTH CAMERON MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1996 and 1995**

Concentration of Credit Risk. The majority of the accounts receivable is for patients who are covered by the above third party payors; therefore management does not believe that there is a significant exposure for loss. The majority of patients served reside in the surrounding community.

Pledged Accounts Receivable. The Hospital entered into an agreement dated June 1, 1996, with Medcap Credit Co., L.P. and Medical Capital, L.L.C. for the sale of healthcare receivables. The amount of contingent liability as of October 31, 1996 was \$748,593.

2. Ad Valorem Taxes

The following is a schedule of the 1996 property tax calendar that is applicable to the Hospital:

- 1) Levy date: October, 1996
- 2) Billing date: November, 1996
- 3) Collection dates: December, 1996 to May, 1997
- 4) Tax dates: On Receipt
- 5) Delinquent date: December 31, 1996
- 6) Lien date: March, 1997

These taxes, less certain uncollectibles, collection costs and adjustments, plus minor amounts of prior year taxes are reported in both the fiscal year ended October 31, 1996 and 1995.

3. Retirement Commitments

Full-time employees are members of the Parochial Employees' Retirement System of Louisiana, a multiple-employer defined contribution plan. Contributions to the system are made by both employees and by the Hospital as a percentage of salaries. The payroll for the hospital for the fiscal year ended October 31, 1996 and 1995, was \$3,970,981 and \$3,327,251, respectively. Covered employees are required to contribute 2% of payroll over \$300 which totaled \$25,253 and \$28,790 for 1996 and 1995, respectively. The Hospital contributed \$11,312 and \$17,534 in 1996 and 1995, respectively, on behalf of the employees. Future deficits in the system will be financed by the state, as the Hospital has no further liability to the system. Data concerning the actuarial status of the system are not available at this time. However, historical trend information for this plan is included in the separately issued report for the Parochial Employees' Retirement System, which indicates the system's progress in accumulating sufficient assets to pay benefits when due.

DUFFY CANNON MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1996 and 1995

3. Retirement Commitments

The hospital participates in a 401(k) plan with Northern Life Insurance Company for the benefit of its employees. The hospital contributes 4% of eligible gross salaries. Contributions for the fiscal year ended October 31, 1996 and 1995 were \$102,277 and \$94,196, respectively.

4. Changes in Property, Plant and Equipment

A summary of changes in proprietary fixed type property, plant and equipment at October 31, 1996 are as follows:

	October 31, 1995	Additions	October 31, 1996
Land and Land Improvements	\$ 30,826	—	\$ 30,826
Buildg. and Impts:			
Buildings	1,218,784	—	1,218,784
Additions	212,665	424	213,089
Improvements	184,892	65,356	250,248
Equipment:			
Air Cond, Heating	58,027	1,010	59,037
Radio Telet and Antenna System	21,635	—	21,635
Ambulances and Ambulance Equipment	212,691	—	212,691
Other Equipment	1,865,603	112,824	1,978,427
Total	4,326,133	180,314	4,506,447
Accumulated Depreciation	(1,813,142)	(261,864)	(2,075,006)
Net	2,512,991	(81,550)	2,431,441
Construction In Progress	—	—	—
Goodwill	1,788	(50)	1,738
Net Property, Plant, Equip., & Other Assets	\$ 2,514,779	\$ (81,500)	2,433,279

SOOTH CAMERON MEMORIAL HOSPITAL,
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1996 and 1995

5. Accumulated Vacation Entitlements

Employees accrue ten (10) vacation days per year after completing one year of service. After 10 years of service, vacation days are accumulated at the rate of fifteen (15) days per year. Employees may accumulate no more than 30 days of vacation except that some employees, whose service began before these policies were implemented, are permitted to retain their previously accumulated totals.

There are no sick leave provisions. There are provisions for cash settlement of unused vacation. The total amount of accumulated vacation accrued at October 31, 1996 and 1995 was \$79,879 and \$76,483, respectively.

6. Due From Other Organizations

The Cameron Parish Ambulance Service District No. 3 owes the Hospital Service District \$588,045 and \$339,882 for October 31, 1996 and 1995 respectively for the payment of payroll and related benefits as well as operating expenses of the Ambulance District.

7. Hospital Insurance

The Hospital has contracted with the Louisiana Hospital Association Employee Benefit Trust to provide comprehensive health care services in return for monthly premiums. The Association will cover the Hospital employees for medical coverage up to \$7,588. In addition, the Hospital has obtained excess stop-loss insurance from Congress Life Insurance (passed through Hospital Services of Louisiana, Inc.) This excess insurance will reimburse directly to the Hospital the amount of claims paid over \$7,500.

The Hospital views the stop-loss insurance premiums as operating expenses, which are normal, recurring business transactions incurred to provide protection from excessive loss. In turn, they view stop-loss insurance recoveries as a reduction of the health care cost expenses. The Employee Benefit Trust has a deficit cash balance of \$3,779 in cash at October 31, 1995. This amount is not presented on the balance sheet.

SOUTH CAMERON MEMORIAL HOSPITAL
 NOTES TO THE FINANCIAL STATEMENTS
 OCTOBER 31, 1996 and 1995

B. Capital Lease Agreements

The South Cameron Memorial Hospital has entered into four separate lease agreements, which are all properly classified as capital leases and distinguished as such in the Hospital's asset and liabilities sections of its balance sheet. Relevant data for each lease is presented below:

Lessor	Leased Asset	Asset Cost	Accumulated Depreciation as of 10/31/96	Terms of Lease
Bankers' Leasing Assoc.	Lab Equip.	\$31,980	\$ 2,345	\$682.00 - 5 Yrs. monthly until 2/2001 at 8.75%
First United Leasing	Heart Monitor	\$16,185	\$ 8,134	\$1,016.05 - 3 Yrs. monthly until 4/97 at 7.05% with 10% purchase option
James McCreagh	Physician Office	\$33,388	\$ 3,870	\$1,080 - 30 Months until 7/97 at 8% with \$1 buyout purchase option
ITS-Link Division	Telemed. Equipment	\$276,320	\$73,884	\$11,416 -24 Months until 6/97 at 8.75%

SOUTH CAROLINA MEMORIAL HOSPITAL
 NOTE TO THE FINANCIAL STATEMENTS
 OCTOBER 31, 1996

The following is a schedule by years of future minimum lease payments required, together with their present value as of October 31, 1996:

Year Ending October 31,	LEASED ASSETS			
	Heart Monitor	Physician's Office	Telemedicine Equipment	Lab Equipment
1997	\$7,115	\$12,000	\$104,544	\$7,300
1998	—	3,000	—	7,300
1999	—			7,300
2000				7,300
2001				2,569
Total Minimum Lease Payments	7,115	15,000	104,544	32,300
Less Amounts Representing Interest	164	1,781	4,409	5,390
Present Value of Minimum Lease Payments	\$6,951	\$13,219	\$100,135	\$27,910

9. OPERATING LEASES

The Hospital Service District entered into a five year lease for the Calceon Soko facilities on November 1, 1995. The monthly rental was \$28,000 until December 31, 1995 and \$31,000 from then on. Upon completion of the initial five-year term, the lease shall automatically renew for an additional five-year term unless cancelled by either party at least 90 days prior to the expiration of the current term.

future minimum rental payments as of October 31, 1996 and 1995 are \$124,800 and zero, respectively.

The Hospital Service District has several operating leases for a term of one year or less for various equipment items.

Net expenditures for the years ended October 31, 1996 and 1995 were \$18,788 and \$63,300, respectively.

NORTH CAROLINA MEMORIAL HOSPITAL
 NOTES TO THE FINANCIAL STATEMENTS
 OCTOBER 31, 1996

10. Malpractice/General Claims

No claims have been asserted against the Hospital as of October 31, 1996.

Claims may be asserted arising from past services provided. Management believes that these claims, if asserted, would be settled within the limits of insurance coverage.

11. Other Required Disclosures

Segment Information

Segment information that is not presented on the face of the component unit financial statements are as follows for October 31,

	1995	1996
a.) Net Working Capital	\$ 4,261,388	\$ 4,261,388
b.) Property, Plant, and Equipment		
Additions (See note 4)	183,114	809,338
c.) Interest Costs (100% expense)	65,000	56,653

Interfund Activities

Ambulance Service District No. 1 had a liability of \$62,500 in administrative fees which were due to the Hospital Service District as of October 31, 1996. This amount will be paid in the next fiscal year.

12. Post Employment Benefits

The Hospital does not provide post-employment health care benefits for retired employees.

13. General Long-Term Debt

A summary of general long-term debt is as follows:

Description	Balance at 11/01/95	Retired	Balance at 10/31/96
Revenue Bonds: \$750,000 originally issued with interest at 6.5%, due 02-01-01	\$ 600,985	\$ 97,450	\$503,535

SOUTH CAROLINA MEMORIAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 1998

13. General Long-Term Debt

Following is a summary of bond principal maturities and interest requirements:

Year Ending October 31,	Revenue Bonds
1997	\$ 133,845
1998	133,845
1999	133,845
2000	133,845
2001	68,540

Total	579,120
Less Interest	75,593

Net	\$ 503,527

14. Related Party Transactions

The Hospital has engaged the board members for pharmacy and physician services during the year ended October 31, 1998 and 1995. Payments to the board members during the year were as follows:

	1998	1995
Dr. Richard Sanders	\$209,149	\$123,812
James Colligan	\$ 12,000	\$ 19,000
Mike Delaney	\$ 12,000	\$ 19,000

The hospital is of the opinion that the size of the community necessitates the engagement of some of the professional staff of the Board. Additionally, the related party transactions were consummated on terms equivalent to those that prevail in arm's length transactions.

James Colligan tendered his resignation to the Board of Trustees during the fiscal year ended October 31, 1998, and therefore, future payments to him for professional services will not be considered related party transactions.

15. Prior Period Adjustment

An adjustment of \$16,533 was made to correct the amount recorded as receivable from Ambulance Service District No. 2 for payment of expenses.

SOUTH CAROLINA MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1994

14. Going Concern

The Hospital's 1996 disproportionate share payment was substantially reduced from the prior years causing the Hospital to cancel their certificates of deposit and defer payment of trade accounts payable.

Management believes that recent legislative action will re-instate the disproportionate share payment for 1996 to an amount comparable to the amounts received in prior years.

Additionally, management has taken action to reduce operating expenses of the Hospital.

Management believes that the actions taken by the legislature along with reductions in operating expenses will enable the Hospital to continue to serve the community.

McBrien and Hancock
Certified Public Accountants, P.C.

2001 McBrien, C.P.A.
2002 C. Hancock, C.P.A.

2001 September 15
Subject: Financial Statements
McBrien (2001) 100-1-1
Hancock (2002) 100-1-1

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON
AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENTAL ACCOUNTING STANDARDS**

Board of Trustees
Lower Cameron Hospital Service District
South Cameron Memorial Hospital
Cameron, Louisiana

We have audited the component unit financial statements of South Cameron Memorial Hospital as of and for the years ended October 31, 1996 and 1995, and have issued our report thereon dated June 30, 1997.

We have 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 component unit financial statements are free of material misstatement.

The management of South Cameron Memorial Hospital is responsible for establishing and maintaining internal control structure. In fulfilling that 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, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that the 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 component unit financial statements of South Cameron Memorial Hospital for the years ended October 31, 1996 and 1995, 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 operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

A deficiency in the design in control structure exists due to the lack of appropriate review of systems output. The computer reports on general ledger should be reviewed monthly for accuracy. We noted that the reports were not reviewed until after year end.

Additionally, we noted failures in the operation of the control structure evidenced by a failure to perform reconciliations timely and payment of certain payables without an invoice to support the amount expended.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses as described above. However, we believe none of the reportable conditions described above are material weaknesses.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of South Cameron Memorial Hospital in a separate letter dated June 30, 1997. This report is intended for the information of the management, the Board of Trustees and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

W. A. Macklin, Sr. or W. A. Macklin, Jr.
June 30, 1997

Dr. Ruffin and Partners
Certified Public Accountants, P.C.

June 27, 1997

Memphis, Tennessee, 38103

Dear Mr. Chairman:

Thank you for your letter of June 17, 1997.

Very truly yours,

Dr. Ruffin and Partners

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Trustees
Lower Cameron Hospital Service District
South Cameron Memorial Hospital
Cameron, Louisiana

We have audited the component unit financial statements of South Cameron Memorial Hospital as of and for the years ended October 31, 1994 and 1995, and have issued our report thereon dated May 16, 1997. We have also audited the compliance of South Cameron Memorial Hospital with requirements applicable to major federal financial assistance programs and have issued our report thereon dated June 30, 1997.

We have conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement, and about whether the South Cameron Memorial Hospital complied with laws and regulations, noncompliance with which would be major to a major federal financial assistance program.

In planning and performing our audit for the year ended October 31, 1994 and 1995, we considered the internal control structure of South Cameron Memorial Hospital in order to determine our auditing procedures for the purpose of expressing our opinions on the component unit financial statements of South Cameron Memorial Hospital, and on the compliance of South Cameron Memorial Hospital with requirements applicable to major programs and to report on the internal control structure in accordance with OMB A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control policies and procedures relevant to our audit of the component unit financial statements in a separate report dated June 30, 1997.

The management of South Cameron Memorial Hospital is responsible for establishing and maintaining internal control structure. In fulfilling that 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, that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

General Requirements

- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

Specific Requirements

- Types of Services Allowed or Not Allowed
- Eligibility
- Matching, Level of Effort, or Benchmarking
- Reporting
- Cost Allocation

For all of the internal control categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended October 31, 1996 and 1995, South Cameron Memorial Hospital expended 100% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by GAO Circular A-328, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of South Cameron Memorial Hospital's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses as established by the American Institute of Certified Public Accountants. A material weakness is a 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 noncompliance with laws and regulations that would be material to a federal financial assistance program 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 operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of South Cameron Memorial Hospital in a separate letter dated June 30, 1997.

This report is intended for the information of the management, the Board of Trustees and the legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

June 30, 1997

The McGuffey and Company
Certified Public Accountants, P.C.

1000 Poydras Street

New Orleans, Louisiana 70112

1000 Poydras Street

New Orleans, Louisiana 70112

Telephone (504) 581-1111

Telex (504) 581-1111

**Independent Auditors' Report on Compliance With Laws and
Regulations Based On An Audit of Financial Statements Performed
in Accordance With Governmental Auditing Standards Issued
By the GAO**

Board of Trustees
Lower Cameron Hospital Service District
South Cameron Memorial Hospital
Cameron Parish, Louisiana

We have audited the component unit financial statements of South Cameron Memorial Hospital as of and for the years ended October 31, 1994 and 1995, and have issued our report thereon dated June 30, 1997.

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 component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the South Cameron Memorial Hospital, is the responsibility of the South Cameron Memorial Hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the laws, regulations, contracts, and grants. However, the objective of our audit of the component unit 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 herein under Government Auditing Standards for which ultimate resolution cannot currently be determined. Accordingly, no provision for any liability that may result has been recognized in the South Cameron Memorial Hospital's 1994 financial statements.

The South Cameron Memorial Hospital has not complied with laws and regulations of the State of Louisiana with regard to timely submission of the audit report for the fiscal year ended October 31, 1994. Several corrections to the accounting records were needed which necessitated obtaining additional confirmations from outside sources as well as expanding the scope of our audit, therefore delaying the issuance of the audit report.

We also noted possible violations with laws and regulations with regard to ethics concerning contractual arrangements and nepotism. The Hospital has entered a contractual agreement with a company for lab services and the services of the chief executive officers of the Hospital. Additionally, the Hospital has entered into a management contract in which a family member of the chief executive officer performs services for the Hospital District. Management of the Hospital has advised us that the district attorney consulted with the ethics board in the drafting of both contracts. However, no documentation was maintained to support the approval of the ethics board on these matters. The Hospital has since requested an opinion from the Ethics Board and is awaiting their response.

We considered these instances of noncompliance in forming our opinion on whether South Cameron Memorial Hospital's 1998 component unit financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated June 30, 1997, on those component unit financial statements.

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

Wanda Howard Murray, CPA

June 30, 1997

The Miller and Manwaring
Certified Public Accountants, P.C.

1500 Northshore Drive
Baton Rouge, Louisiana 70802

and
Auditor, State of Louisiana
Telephone (504) 383-1100
Telex (504) 383-1100

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Trustees
Lower Cameron Hospital Service District
South Cameron Memorial Hospital
Cameron, Louisiana

We have audited the component unit financial statements of South Cameron Memorial Hospital as of and for the years ended October 31, 1996 and 1995 and have issued our report thereon dated June 30, 1997.

We have applied procedures to test South Cameron Memorial Hospital's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended October 31, 1996:

- General Requirements
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the result of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that South Cameron Memorial Hospital had not complied, in all material respects, with these requirements.

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

The Miller and Manwaring

June 30, 1997

McMillen and McMillen
Certified Public Accountants, P.C.

McMillen and McMillen, CPAs
McMillen and McMillen, CPAs

1000 Magazine Street
Sulphur, Louisiana 70685
Sulphur 40927-1000
New Orleans 70112-1000

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO NONFEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Trustees
Lower Cameron Hospital Service District
South Cameron Memorial Hospital
Cameron, Louisiana

We have audited the component unit financial statements of South Cameron Memorial Hospital as of and for the years ended October 31, 1986 and 1985, and have issued our report thereon dated June 30, 1987.

In connection with our audit of the component unit financial statements of South Cameron Memorial Hospital, and with our consideration of South Cameron Memorial Hospital's control structure used to administer federal financial assistance programs, as required by the Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended October 31, 1986.

As required by the OMB A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on South Cameron Memorial Hospital's compliance with those requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that South Cameron Memorial Hospital had not complied, in all material respects, to those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

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

W. J. McMillen, Jr. and W. J. McMillen, CPAs
June 30, 1987

McMullen and Associates

Central Falls, Louisiana, USA

New Orleans, Louisiana, USA

Central Falls, Louisiana, USA

and Supplemental

Reports, November 1987

Appendix (Project) 1-10

Appendix (Project) 1-12

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Trustees
Lower Cameron Hospital Service District
South Cameron Memorial Hospital
Cameron, Louisiana

We have audited the component unit financial statements of South Cameron Memorial Hospital as of and for the years ended October 31, 1986 and 1985, and have issued our report thereon dated June 28, 1987.

We have also audited South Cameron Memorial Hospital's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort; or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-120, Audits of State and Local Governments. Those standards and OMB Circular A-120 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about South Cameron Memorial Hospital's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with requirements referred to above.

In our opinion, South Cameron Memorial Hospital complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort; or earmarking; reporting; claims or advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended October 31, 1986.

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

W. D. Bernard, Manager
June 28, 1987

SOUTH CAROLINA MEMORIAL HOSPITAL
SCHEDULE OF OPERATING EXPENSES

Schedule 1

For the Year Ended October 31, 1988

Nursing and Physician Services:

Nursing salaries - RN	\$	688,801
Nursing salaries - LPN		189,896
Nursing salaries - nurses aide		271,718
Nursing salaries - MN		187,435
Nursing payroll taxes - RN		31,688
Nursing payroll taxes - LPN		13,407
Nursing payroll taxes - nurses aide		18,103
Nursing service - supplies		91,162
Nursing service - subcontract		4,274
Nursing service - equipment repair		31
Nursing service - education and travel		8,078
Emergency room - supplies		3,015
Emergency room - equipment repair		1,888
Emergency room - payroll taxes		13,102
Emergency room - leasing		722
Physicians - professional services		389,328
Physicians - emergency room		416,235

Total Nursing and Physician Services	\$	1,957,988

Other Professional Services:

Medical records:		
Salaries	\$	54,318
Supplies		1,788
Leasing		2,534
Payroll taxes		3,898

Total Medical Records		62,538

Radiology:

Salaries		123,481
Supplies		63,872
Professional services		63,452
Payroll taxes		8,886
Equipment repairs		253
Special procedures		9,860

Total Radiology		269,804

Schedule 1
 (Continued)

SOUTH CAROLINA MEMORIAL HOSPITAL
 SCHEDULE OF OPERATING EXPENSES

For the Year Ended October 31, 1998

Physical Therapy:		
Salaries	\$	7,712
Supplies		2,128
Payroll taxes		428
Rent and utilities		16,483
Telephone		261
Contracts		138,428
Therapeutic animal		26
		<hr/>
Total Physical Therapy		205,681
Laboratory:		
Salaries		51,204
Supplies		126,168
Professional services		152,424
Contracts		26,123
Payroll taxes		8,926
Outside test services		32,168
Rent		7,568
		<hr/>
Total Laboratory		505,614
Pharmacy:		
Pharmaceuticals		176,824
Professional services		34,026
		<hr/>
Total Pharmacy		210,850
Ambulance:		
Salaries		571,858
Payroll taxes		24,888
Equipment repairs		12,503
Education		2,013
Fuel		14,906
Consultant		3,600
Contracts		280
Leasing		200
Telephone		131
Rent and utilities		8,088
		<hr/>
Total Ambulance		688,109

SOUTH CAMERON MEMORIAL HOSPITAL
SCHEDULE OF OPERATING EXPENSES

For the Year Ended October 31, 1966

Respiratory Therapy:	
Professional services	\$ 195,474
Deggen	17,115
Supplies	4,775
	<hr/>
Total Respiratory Therapy	217,364
Swing Bed:	
Salaries	62,518
Payroll taxes	4,466
Supplies	4,809
Materials	5,889
Subcontract	865
	<hr/>
Total Swing Bed	78,547
Telemedicine Services:	
Salaries	61,413
Payroll taxes	4,190
Supplies	8,438
contracts	35,868
consultant	4,500
education and travel	11,258
Telephone	10,837
	<hr/>
Total Telemedicine Services	126,540
Wellness Center:	
Salaries	11,580
Payroll taxes	840
consultant	5,800
education and travel	3,858
Supplies	1,344
Telephone	55
Contracts	12,580
	<hr/>
Total Wellness Center	36,717

Schedule 1
(Continued)

SOUTH CAMERON MEMORIAL HOSPITAL
SCHEDULE OF OPERATING EXPENSES

For the Year Ended October 31, 1996

Fitness Center:	
Salaries	17,883
Payroll taxes	1,283
Supplies	1,367
Contracts	3,404
Telephone	381
Total Fitness Center	24,318
Total Other Professional Services	\$ 2,273,104
General Services:	
Dietary:	
Salaries	\$ 138,100
Payroll taxes	8,003
Supplies	39,884
Professional services	11,324
Cafeteria rental	3,107
Contracts	2,881
Food	157,360
Total Dietary	354,652
Household and Property:	
Housekeeping - salaries	152,749
Housekeeping - payroll taxes	10,727
Housekeeping - contracts	14,361
Housekeeping - supplies	31,456
Laundry and linen	29,744
Maintenance - salaries	180,865
Maintenance - payroll taxes	12,720
Maintenance - contracts	23,873
Maintenance - supplies	28,860
Maintenance - equipment repairs	5,375
Total Household and Property	489,634

SOUTH CAROLINA MEMORIAL HOSPITAL
SCHEDULE OF DEBITING EXPENSES

For the Year Ended October 31, 1988

Central Supply:	
Supplies	11,908
Leasing	1,071
	<hr/>
Total Central Supply	12,979
Material Management:	
Salaries	15,325
Payroll taxes	1,012
Supplies	2,244
	<hr/>
Total Material Management	18,581
	<hr/>
Total General Services	\$ 315,164
	<hr/>
Administrative and Miscellaneous Services:	
Administrative - salaries	\$ 161,130
Administrative - supplies	458
Administrative - education and travel	9,537
Administrative - contracts	200
Administrative - consultants	32,118
Administrative - auto	18,061
Advertising	2,027
Bank card charges	261
Business office - salaries	185,614
Business office - supplies	28,332
Business office - payroll taxes	10,875
Business office - equipment repairs	867
Business office - contracts	2,143
Business office - leasing	37,484
Collection fees	5,600
Books and subscriptions	11,380
Employee benefits	96,316
Equipment rental	4245
Insurance	767,999
Interest	2,298
Legal and professional	62,361
Library	1,282
Licenses	3,657
Maintenance service contracts	1,228
Miscellaneous	20

Schedule 1
 (Continued)

SOUTH CAROLINA MEMORIAL HOSPITAL
 SCHEDULE OF OPERATING EXPENSES

For the Year Ended October 31, 1966

Administrative and Fiscal Services (Cont'd.)

Penalties	34,044
Postage and messenger	16,553
Public relations/advertising	286
Rental expense and utility	30,552
Repairs and maintenance	7,589
Telephones	130,528
Travel	11,949
Television rental	2,765
Unemployment	12,880
Utilities	83,488
Vending machine	7,890
Medical Disposal Fees	50527
Total Administrative and and Fiscal Services	\$ 1,410,269

Chemical Dependency Unit

Salaries	\$ 139,396
Payroll taxes	6,986
Supplies	512
Contracts	318
Rent and utilities	7,388
Total Chemical Dependency Unit	\$ 157,510

Home Health

Salaries - clerical	\$ 13,610
Salaries - RN	98,234
Salaries - LPN	57,794
Salaries - nurses aide	21,957
Payroll taxes - clerical	940
Payroll taxes - RN	7,822
Payroll taxes - LPN	4,141
Payroll taxes - nurses aide	3,180
Supplies	6,739
Mileage	20,654
Rent and utilities	1,994
Leasing	4,890
Postage	160
Telephones	672
Total Home Health	\$ 280,822

SIXTH CAMERON MEMORIAL HOSPITAL
SCHEDULE OF OPERATING EXPENSES

For the Year Ended October 31, 1966

Calcasieu Oaks Facility:

Salaries - RN	382,019
Salaries - LPN	38,131
Salaries - clerical	18,138
Salaries - MFT	212,684
Salaries - social workers	4,550
Payroll taxes - RN	24,855
Payroll taxes - LPN	2,712
Payroll taxes - clerical	1,284
Payroll taxes - MFT	15,270
Payroll taxes - social workers	335
Advertising	14,206
Contracts - various	1,594,396
Dietary Foods	48,295
Equipment repair	1,337
Laundry and linens	4,017
Leasing	4,824
Postage	205
Professional services	21,562
Rent and utilities	439,202
Special procedures	15,263
Supplies	75,067
Supplies - pharmacy	128,458
Telephone	12,241

Total Calcasieu Oaks Facility	\$ 3,021,327

Boile Hill House Facility:

Salaries	\$ 44,635
Payroll taxes	3,242
Supplies	2,664
Contracts	283,895
Rent and utilities	25,609
Telephone	1,181

Total Boile Hill House Facility	\$ 381,232

SOUTH CAROLINA MEMORIAL HOSPITAL
 SCHEDULE OF OPERATING EXPENSES

For the Year Ended October 31, 1966

Rural Health Clinics:		
Salaries - physician	\$	124,276
Salaries - LPH		40,158
Salaries - clerical		14,384
Salaries - nurse practitioners		73,315
Salaries - GE		10,353
Payroll taxes - physician		4,835
Payroll taxes - LPH		2,854
Payroll taxes - clerical		574
Payroll taxes - nurse practitioners		3,246
Payroll taxes - GE		153
Supplies		14,530
Rent and utilities		17,118
Telephone		5,373
Contracts		2,543
Education and travel		1,683
Repairs and maintenance		3,244
Professional services		15,000
Postage		96
Licenses		831
		<hr/>
Total Rural Health Clinics	\$	342,031
		<hr/>

McNuff and Manning

Chartered Public Accountants, P.C.

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**INDEPENDENT AUDITORS' REPORT ON SCHEDULE
OF FEDERAL FINANCIAL ASSISTANCE**

Board of Trustees
Lower Cameron Hospital Service District
South Cameron Memorial Hospital
Cameron, Louisiana

We have audited the component unit financial statements of South Cameron Memorial Hospital as of and for the years ended October 31, 1998 and 1999 and have issued our report thereon dated June 30, 1999. These component unit financial statements are the responsibility of the South Cameron Memorial Hospital management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of State and Local Governments. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit 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 component unit financial statements of South Cameron Memorial Hospital, taken as a whole. The accompanying schedule of Federal Financial Assistance is presented for the purposes of additional analysis and is not a required part of the component unit financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

June 30, 1999

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McNuff

Chartered Public Accountants, P.C.
Member Society of Chartered Public Accountants

Schedule 2

SOUTH CAMERON MEMORIAL HOSPITAL
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For the Year Ended October 31, 1996

	CFDA Number	Federal Program or Award Account	Current Year Revenue Recognized	Current Year Expenditures Recognized
Health Resources and Services Administration:				
Rural Health Outreach Grant	83.952	\$310,977	\$310,977	\$310,977
Health Care Financing Administration				
Rural Health Care Transition Grant	83.778	150,000	54,258	54,258
		<u> </u>	<u> </u>	<u> </u>
Totals		\$460,977	\$365,235	\$365,235
		<u> </u>	<u> </u>	<u> </u>

Schedule 3

SOUTH CAROLINA HOSPITAL MEMORIAL HOSPITAL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended October 31, 1996

There were no current year audit findings applicable to the federal financial assistance programs.

Schedule 4

SOUTH CAROLINA MEMORIAL HOSPITAL
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended October 31, 1995

There were no prior year audit findings applicable to the federal financial assistance program.