

REPORT OF
LEGISLATIVE AUDITOR
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EAST LONDON HOSPITAL SERVICE DISTRICT
FINANCIAL STATEMENTS AND AUDITOR'S REPORT

For the Years Ended March 31, 1966 and 1965

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Release Date 7-31-73

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

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— and —
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
East Union Hospital Service District
Farmerville, Louisiana

We have audited 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, 1996 and 1995. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above, present fairly, in all material respect, the financial position of East Union Hospital Service District as of March 31, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Governmental Auditing Standards, we have also issued a report dated April 18, 1996, on our observation of East Union Hospital Service District's internal control structure and a report dated April 18, 1996, on its compliance with laws and regulations.


Neuman, Richardson & Co., L.L.P.
April 18, 1996

EAST UNION HOSPITAL SERVICE DISTRICT
BALANCE SHEETS
March 31, 1996 and 1995

ASSETS	1996	1995
Current Assets:		
Cash and cash equivalents	\$ 21,360	\$ 19,080
Short-term investments	40,000	33,000
Taxes receivable	-0-	500
Assets limited to use, required to pay current liabilities	<u>82,970</u>	<u>79,320</u>
Total Current Assets	144,330	134,000
Assets Whose Use is Limited:		
Sinking fund for bond principal and interest payments	157,792	163,609
Less assets limited to use, required for current liabilities	(82,970)	(79,320)
Noncurrent assets whose use is limited	74,822	84,289
Property, Plant and Equipment:		
Land	65,533	65,533
Land improvements	4,961	4,961
Buildings	2,673,983	2,673,983
Equipment	<u>552,316</u>	<u>555,719</u>
	3,296,803	3,300,206
Accumulated depreciation	(2,266,388)	(2,210,815)
Net Property, Plant and Equipment	1,030,415	1,089,391
Other Assets - Meter deposits	<u>230</u>	<u>230</u>
	\$ 1,248,280	\$ 1,238,621
LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accounts payable	\$ 238	\$ 228
Interest payable	1,970	4,320
Current portion of long-term debt	<u>80,080</u>	<u>75,000</u>
Total Current Liabilities	82,288	79,548
Long-term Debt:		
Bonds payable, net of current portion	80,080	143,000
Fund Balances:		
Unrestricted	923,280	800,294
Temporarily restricted for debt service	<u>157,792</u>	<u>363,679</u>
Total Fund Balances	1,081,072	1,163,973
	\$ 1,248,280	\$ 1,238,621

See Notes to Financial Statements.

EAST UNION HOSPITAL SERVICE DISTRICT
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE
Years Ended March 31, 1998 and 1999

	1998	1999
Revenues:		
Ad valorem taxes	\$ 82,325	\$ 80,500
Rental income	5,500	9,500
Interest income	<u>8,821</u>	<u>7,286</u>
Total Revenues	100,595	97,686
Operating Expenses:		
Accounting	4,594	4,700
Publications	130	130
Tax consultations	8,922	9,130
Fiscal agent fees	304	300
Depreciation	58,812	77,686
Interest	<u>9,585</u>	<u>13,577</u>
Total Operating Expenses	82,747	104,823
Excess of Revenues Over (Under) Expenses	<u>\$ 17,849</u>	<u>(\$ 7,137)</u>
FUND BALANCE - beginning of year	1,063,873	1,071,000
FUND BALANCE - end of year	<u>\$ 1,081,722</u>	<u>\$ 1,063,873</u>

See Notes to Financial Statements.

EAST UNION HOSPITAL SERVICE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended March 31, 1996 and 1995

	1996	1995
<i>From Operating Activities:</i>		
Interest received	\$ 8,211	\$ 5,125
Rental receipts received	9,680	9,975
Cash paid in accounting, publications and fees	(3,318)	(4,985)
Cash paid in interest expense	(10,935)	(14,814)
	<u>1,638</u>	<u>(4,501)</u>
<i>From Non-capital Financing Activities:</i>		
Tax proceeds received	82,823	88,388
Tax commissions paid	(8,922)	(8,130)
	<u>73,901</u>	<u>80,258</u>
<i>From Capital and Related Financing Activities:</i>		
Principal payments on bonds	(70,000)	(70,000)
<i>From Investing Activities:</i>		
Maturities of investments	214,387	265,866
Purchases of investments	(213,428)	(250,968)
	<u>959</u>	<u>14,898</u>
Net increase (decrease) in cash and cash equivalents	2,226	(28,807)
<i>Cash and Cash Equivalents:</i>		
Beginning of year	18,083	47,890
End of year	<u>\$ 20,309</u>	<u>\$ 19,083</u>

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

Excess of revenues over (under) expenses	\$ 17,289	(\$ 7,177)
<i>Adjustments:</i>		
Depreciation	59,912	72,864
Net tax proceeds	(73,901)	(70,258)
Decrease (increase) in interest receivable	(628)	(1,963)
Decrease (increase) in taxes receivable	558	(112)
Decrease (increase) in rent receivable	-0-	73
Increase (decrease) in current liabilities	(1,840)	(1,182)
Total Adjustments	<u>(15,251)</u>	<u>2,896</u>
Cash From Operating Activities	<u>\$ 1,838</u>	<u>(\$ 4,281)</u>

See Notes to Financial Statements.

EAST UNION HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 1995 and 1995

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 lease or any renewal term, the lease is renewed for five (5) year "renewal terms," under the same terms and conditions controlling 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, 1996 and 1995

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 created 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 lien, 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 set aside 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, 1996 and 1995 is as follows:

	1996	1995
Interest payable on bonds	\$ 2,970	\$ 4,320
Limited to pay current portion of General obligation bonds payable	<u>80,000</u>	<u>75,000</u>
	<u>\$ 82,970</u>	<u>\$ 79,320</u>

NOTE 4 - BONDS PAYABLE

On March 8, 1972, the Board of Commissioners authorized the issuance of \$ 1,300,000 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
1997	\$ 80,000	\$ 6,910	\$ 86,910
1998	85,000	2,295	87,295
1999 and thereafter	-0-	-0-	-0-

EAST UNION HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 1994 and 1995

NOTE 3 - OFF BALANCE SHEET RISKS AND CONCENTRATIONS OF CREDIT

Concentrations of credit

The District leases the hospital facilities in Ferrisville, 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 collection to secure its patient accounts receivable. At March 31, 1994, approximately 70% 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's ability to operate the leased facilities.

ERB-Burton Obligation

As a result of the District receiving a federal ERB-Burton program grant of \$ 400,000, 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 1, 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 ERB-Burton 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 1994 and 1995 are as follows:

Member	Compensation
Wanda Bohanka	None
Jean R. Andrews	None
Duke Fields	None
Folly Taylor	None
John McDonnell	None
George Miller, Jr.	None
Jerry Antley (through April 13, 1994)	None
Vickie Antley (beginning June 6, 1994)	None



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
East Union Hospital Service District
Farmerville, Louisiana

We have audited 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, 1996, and have issued our report thereon dated April 19, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States. These 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, and contracts applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the general-purpose 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 indicate that, with respect to the items tested, the District complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with these provisions.

While performing our audit, we read the responses to the questions in the Systems survey and Compliance Questionnaire completed by management and adopted by the Board of Commissioners and found no evidence that would indicate the District had not answered the questions correctly. However, it should be noted that our audit was not directed primarily towards the answers to the questions in the questionnaire.

This report is intended for the information of the board of commissioners, management, and applicable state agencies. 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.
April 18, 1996



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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT
AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Board of Commissioners
East Union Hospital Service District
Farmersville, Louisiana

We have audited 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, 1996, and have issued our report thereon dated April 19, 1996.

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 general-purpose financial statements are free of material misstatement.

The management of the District is responsible for establishing and maintaining a system of internal accounting control. 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 general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system 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 general-purpose financial statements of the District for the year ended March 31, 1996, 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 general-purpose 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 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 the Board of Commissioners, management, and all applicable state agencies. 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.

April 18, 2006