

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Ola, Louisiana

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orl., Louisiana**

**ALL PROPRIETARY FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED SEPTEMBER 30, 1998**

	<u>Expenses</u>
REVENUES	
Net patient service revenues	\$4,099,297
Contributions from Ambulance Service District	62,808
State of Louisiana, Emergency Services grant	50,214
Vending machine contributions	1,288
Rentals, hospital space	192,258
Rentals, physicians' offices	9,608
California sales	<u>72,428</u>
Total operating revenues	4,388,127
OPERATING EXPENSES	
Daily patient services	249,061
Nursing services	909,089
Other professional services	1,449,773
General services	513,645
Administrative and fiscal services	289,640
Employee benefits	235,786
Depreciation	158,727
Utilities	3,562
Miscellaneous	2,371
Provision for bad debts	329,563
Interest expense	<u>47,384</u>
Total operating expenses	6,358,137
OPERATING INCOME (LOSS)	(1,970,010)
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	
Unrestricted assets	32,374
Assets whose use is limited	58,434
Other	<u>2,288</u>
Total nonoperating revenues (expenses)	93,096
NET PROFIT (LOSS)	(1,876,914)
RETAINED EARNINGS, BEGINNING	3,873,115
RETAINED EARNINGS, ENDING	\$ 1,996,201

See accompanying notes to the financial statements.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana

ALL GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 1996

	Debt Service <u>Fund</u>
REVENUES	
Ad valorem tax	\$ 8
Interest	2,156
Total revenues	<u>2,164</u>
EXPENDITURES	
Debt service:	
Principal retirement	21,800
Interest	1,988
Fiscal charge	<u>86</u>
Total expenditures	<u>23,874</u>
EXCESS EXPENDITURES OVER REVENUES	(21,710)
FUND BALANCE, BEGINNING	21,780
FUND BALANCE, ENDING	\$ 2,070

See accompanying notes to the financial statements.

Proprietary Funds Enterprise	Account Group General Long-Term Debt	Totals (Miscellaneous Only)
\$ 210,000	\$ -	\$ 210,000
63,029	-	63,029
13,212	-	13,212
37,349	-	37,349
2,998	-	2,998
810,080	-	810,080
42,798	-	42,798
-----	23,000	-----
1,290,206	23,000	1,313,206
1,648,823	-	1,648,823
73,884	-	73,884
182,373	-	182,373
30,419	-	30,419
1,794,119	-	1,794,119
-----	-----	-----
3,050,422	-----	3,082,204
84,220,858	813,000	84,405,720

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orl., Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
SEPTEMBER 30, 1966

Governmental
Funds
Debt Service

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities	3	-
Accounts payable		-
Salaries payable		-
Current portion of capital lease		-
Accrued vacation pay		-
Estimated third-party payor settlements		-
Payable from assets whose use is limited		-
Revenue bonds payable		-
Accrued bond interest payable		-
Revenue bonds payable		-
Total liabilities		-
Equity and other credits		-
Contributed capital		-
Retained earnings:		-
Reserved for revenue bond		-
Sinking account		-
Reserve account		-
Depreciation and capital improvement		-
Unreserved		-
Fund balances		51,682
Reserved for debt service		51,682
Total equity and other credits		51,682
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS		<u>51,682</u>

(Continued)

See accompanying notes to the financial statements.

Proprietary Funds Enterprise	Account Group General Long-Term Debt	Totals Other Funds
\$ 137,310	\$ -	\$ 138,646
552,474	-	600,295
1,200,045	-	1,380,843
269,234	-	269,234
25,717	-	27,308
800	-	800
118	-	118
95,219	-	95,217
26,894	-	26,094
936,388	-	936,388
117,842	-	117,842
302,135	-	302,075
18,419	-	30,419
4,419	-	4,419
39,258	-	39,258
1,589,178	-	1,589,128
2,177,153	-	2,077,153
(2,943,215)	-	(2,985,215)
-	51,682	51,682
-	(18,682)	(18,682)
<u>\$ 4,329,883</u>	<u>\$ 33,000</u>	<u>\$ 4,362,878</u>

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
SEPTEMBER 30, 1996

Governmental
Funds
Debt Service

<u>ASSETS</u>		
Cash and investments		
Cash, checking		\$ 1,000
Certificates of deposit		48,811
Receivables		
Patient services, net of allowances of \$611,480		-
Estimated third-party payer settlements		-
Interest		1,431
Rent		-
Miscellaneous		-
Supplies		-
Prepaid expenses		-
Assets whose use is limited		
By agreement with third-party payers for funded depreciation		-
Under revenue bond agreements		-
Revenue bond and interest sinking account		-
Revenue bond reserve account		-
Depreciation and contingency fund		-
Property, plant and equipment		
Land		-
Land improvements		-
Buildings		-
Equipment, furniture and fixtures		-
Accumulated depreciation		-
Amount available in debt service fund		-
Amount to be provided for retirement of general long-term debt		-
TOTAL ASSETS		\$51,642

(Continued)

See accompanying notes to financial statements.



ALLEN, GREEN & ROBINETTE, L.L.P.

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INDEPENDENT AUDITORS' REPORT ON THE COMPONENT UNIT FINANCIAL STATEMENTS

Board of Commissioners
Hospital Service District Number
One of the Parish of Lafourcade,
State of Louisiana
Orla, Louisiana

We have audited the accompanying component unit financial statements of the Hospital Service District Number One of the Parish of Lafourcade, State of Louisiana, a component unit of Lafourcade Parish Police Jury, as of and for the year ended September 30, 1995. These component unit financial statements are the responsibility of the Board of Commissioners of the Hospital Service District. 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 and 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 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 component unit 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 in the first paragraph present fairly, in all material respects, the financial position of the Hospital Service District Number One of the Parish of Lafourcade, State of Louisiana, as of September 30, 1995, and the results of its operations and the cash flows of the proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are prepared for purposes of additional analysis and are not a required part of the component unit financial statements of the Hospital Service District Number One of the Parish of Lafourcade, State of Louisiana. Such information 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.

Allen Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana

January 13, 1997, except for the second paragraph in Note 3 in which the date is March 24, 1997.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
ORA, Louisiana

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HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Olla, Louisiana

SCHEDULE OF ALLOWABLE COSTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1996

The Hospital received a grant of \$28,714 for the State fiscal year ended June 30, 1996, from the Community-Based and Rural Health Care Fund, in order to pay physicians fees for emergency room services to indigent and low-income citizens in LaSalle Parish.

	<u>Amount Received</u>
Grant	\$28,714
	<u>Amount Spent</u>
Emergency Room Physicians Fees	\$28,714

The Hospital met the requirements for receiving and spending these funds as set forth in the agreement with the Department of Health and Hospitals and Act 819 of the 1993 regular session of the Louisiana Legislature.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orls, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUND ACCOUNTING (Continued)

Debt Service Fund

The debt service fund is a governmental fund type that accounts for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Enterprise Funds

The enterprise funds are proprietary fund types that account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration.

Operations and Maintenance Enterprise Fund

The District provides various services to the doctors of the Hospital through the use of this fund. In an effort to repair doctors for the Hospital, the District provides buildings for the doctors' use. The doctors are charged a monthly rent for use of these buildings.

Commissary Enterprise Fund

In order to assist the collections and reduce costs, the District engages an outside vending company to handle the commissaries. All activities of the commissary fund are conducted by an outside agency who pays the District a stated percentage of gross collections.

Hardhat Medical Center Enterprise Fund

This fund accounts for the operations of the Medical Center. Its purpose is to provide needed health care services to persons within the District.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund (debt service) is reported on a modified accrual basis of accounting. The debt service fund uses the following practices in recording revenues and expenditures:



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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
Olla, Louisiana

We have audited the component unit financial statements of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, a component unit of LaSalle Parish Police Jury, as of and for the year ended September 30, 1996, and have issued our report thereon dated January 13, 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. These 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.

In planning and performing our audit of the component unit financial statements of Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, for the year ended September 30, 1996, 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 assurance on the internal control structure.

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

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants which are described in the accompanying Schedule of Reportable Conditions. 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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
Olla, Louisiana

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control weaknesses would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the component unit financial statements of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, for the year ended September 30, 1996.

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

Allen Green & Rodette
ALLEN, GREEN & RODETTE, L.L.P.

Monroe, Louisiana

January 15, 1997, except for the second paragraph in Note 5 in to which the date is March 24, 1997.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District Number One
of the Parish of LaSalle, State of Louisiana
Olla, Louisiana

We have audited the component unit financial statements of the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, a component unit of LaSalle Parish Police Jury, as of and for the year ended September 30, 1996, and have issued our report thereon dated January 15, 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 and contracts applicable to the District is the responsibility of the Board of Commissioners. As part of obtaining reasonable assurance about whether the component unit 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 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 indicate that, with respect to the items tested, the Hospital Service District Number One of the Parish of LaSalle, State of Louisiana, 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 those provisions. However, we noted one immaterial instance of noncompliance which we describe in the Schedule of Findings and Questioned Costs on page 38 of this report.

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

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana

January 15, 1997, except for the second paragraph in Note 3 to which the date is March 24, 1997.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LABALLE, STATE OF LOUISIANA
Orla, Louisiana

STATUS OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1996

1. Prior findings were resolved as follows:

Fiscal Findings:

Office personnel perform incompatible functions.

Status:

See finding #1 in the Schedule of Reportable Conditions.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1996

1. Late Filing of Audit Report

CONDITION: The Louisiana Legislative Auditor requires audit reports to be filed within six months of the year-end of the government. The audit report as of and for the year ended September 30, 1996 was filed after the deadline.

REASON/IMPROVEMENT NEEDED: To comply with state regulations.

CAUSE OF CONDITION: An unexpected work load and a staff shortage of the audit firm in the fourth quarter of 1996 prevented them from completing the report on time.

EFFECT OF CONDITION: This is a violation of state regulations.

RECOMMENDATION: Future audit reports shall be filed within six months of year-end.

MANAGEMENT'S RESPONSE: The Hospital will monitor the progress of future audits to ensure compliance with this filing regulation.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
ORA, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. SUPPLIES

Inventories of supplies and minor equipment are valued at lower of cost (first-in, first-out) or latest invoice price.

H. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include assets set aside in accordance with agreements with third-party payors and assets held in accordance with the provisions of a revenue bond agreement.

I. PROPERTY, PLANT AND EQUIPMENT

Property and equipment acquisitions are recorded at cost. Property and equipment donated for hospital operations are valued at their fair market value on the date received, with the exception of the area of the hospital which is carried at no value.

The exception of not valuing the hospital site understates the assets of the hospital, but not by a significant amount. All exhaustible property and equipment are shown in the accompanying balance sheet at their original costs, less accumulated depreciation. Depreciation is recorded on the straight-line method over the estimated useful lives, as follows:

Land improvements	10-20 years
Buildings	36-48 years
Fixed equipment	3-20 years
Major movable equipment	3-20 years

J. LONG-TERM DEBT

Long-term debt is recognized as a liability in the governmental fund when due. The remaining portion of the long-term debt for governmental funds coming due in future years, is reported in the general long-term debt matured group. This matured group is not a fund. It is only concerned with the measurement of financial position, not with measurement of results of operations.

Long-term liabilities expected to be financed from proprietary fund operations, Hardner Medical Center, are accounted for in the enterprise fund.

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana**

**ALL ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 1996**

	Operations and Maintenance	Concession	Hudson Medical Center	Total
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase property, plant and equipment	-	-	(97,815)	(97,815)
Capital lease obligations:				
Principal	-	-	(17,867)	(17,867)
Interest	-	-	(2,266)	(2,266)
Hospital revenue bonds:				
Principal	-	-	(45,000)	(45,000)
Interest	-	-	(47,348)	(47,348)
Net cash used in capital and related financing activities	-	-	(200,212)	(200,212)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease restricted assets	-	-	147,646	147,646
Interest received	-	-	95,088	95,088
Increase certificates of deposit	-	-	(34,420)	(34,420)
Net cash provided by investing activities	-	-	208,314	208,314
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,682	1,380	(577,896)	(574,834)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,787	2,088	693,282	702,157
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,469	\$ 3,468	\$ 115,386	\$ 122,323

(Continued)

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LAKECHARLES, STATE OF LOUISIANA
Ola, Louisiana**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996**

NOTE 7 - LONG-TERM DEBT (Continued)

Scheduled annual debt service requirements are as follows:

<u>Year Ending September 30</u>	<u>General Long-Term Debt</u>	<u>Revenue Bonds</u>
1997	\$13,676	\$ 80,500
1998	-	93,210
1999	-	80,350
2000	-	93,210
2001	-	80,500
Next years	-----	-----
	<u>\$13,676</u>	<u>\$1,283,530</u>

The annual debt service requirements include interest of \$671 and \$376,500 respectively.

NOTE 8 - CAPITAL LEASE OBLIGATIONS

The District is obligated under a lease for computer equipment, which is accounted for as a capital lease. Assets under capital lease totaled \$70,338 at September 30, 1996, and accumulated depreciation on these assets totaled \$68,209. The following is a schedule of future minimum lease payments.

<u>Year Ending September 30</u>	<u>Lease Payments</u>
1996	\$ 13,682
Less amount representing interest	(1,473)
	<u>\$ 12,209</u>

NOTE 9 - INCOME TAXES

The Hospital Service District is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana

SCHEDULE OF REPORTABLE CONDITIONS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1996

1. **Inadequate Separation of Duties**

CONDITION: Employees in the business office perform overlapping accounting procedures in several areas including accounts payable, cash, accounts receivable, and revenue posting transactions.

REASON IMPROVEMENT NEEDED: Separation of accounting duties has been shown to assist management in accounting for and cash-posting assets under its control and reducing errors and omissions.

CAUSE OF CONDITION: A lack of personnel prevents adequate separation of duties.

EFFECT OF CONDITION: The Hospital assumes additional risks in summarizing, recording and reporting its financial information and in safeguarding its assets.

RECOMMENDATION: Job descriptions and duties of the business office staff should be reviewed and changes made where possible to reassign incompatible duties. A review of each employee's work should be assigned and retained among the other employees who are independent of the process.

MANAGEMENT'S RESPONSE: Preparation of the payroll has been assigned to one employee who does not have unlimited access to the general ledger. The administrator periodically reviews the entire payroll function. Other duties will be reviewed to see if any additional separation of duties can be established with the existing staff. It is not cost effective for the Hospital to hire adequate personnel for this purpose.

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LABALLE, STATE OF LOUISIANA
Orla, Louisiana**

**ALL ENTERPRISE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED SEPTEMBER 30, 1996**

	Operations and Miscellaneous	Clinician	Nursing Medical Center	Total
REVENUES				
Not paid services revenue	\$ -	\$ -	\$ 4,099,207	\$ 4,099,207
Contributions from Ambulance Service District	-	-	62,808	62,808
State of Louisiana, Emergency Services grant	-	-	90,714	90,714
Yielding machine commissions	-	1,388	-	1,388
Kennels, hospital space	-	-	152,250	152,250
Kennels, physicians' offices	9,600	-	-	9,600
Callaria sales	-	-	12,478	12,478
Total operating revenues	<u>9,600</u>	<u>1,388</u>	<u>4,324,519</u>	<u>4,324,519</u>
OPERATING EXPENSES				
Daily patient services	-	-	748,961	748,961
Nursing services	-	-	969,810	969,810
Other professional services	-	-	1,149,733	1,149,733
General services	-	-	913,645	913,645
Administrative and fiscal services	-	-	380,840	380,840
Employee benefits	-	-	235,786	235,786
Depreciation	3,841	-	148,896	148,727
Utilities	5,562	-	-	5,562
Miscellaneous	2,971	-	-	2,971
Provision for bad debts	-	-	325,563	325,563
Interest expense	-	-	42,981	42,981
Total operating expenses	<u>12,774</u>	<u>-</u>	<u>4,243,262</u>	<u>4,243,262</u>
OPERATING INCOME (LOSS)	(6,170)	1,388	(185,824)	(170,619)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue:				
Unrestricted assets	-	-	32,174	32,174
Assets whose use is limited	-	-	58,624	58,624
Other	-	-	2,180	2,180
Total nonoperating revenues (expense)	<u>-</u>	<u>-</u>	<u>92,978</u>	<u>92,978</u>
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)	(6,170)	1,388	(71,536)	(71,322)
RETAINED EARNINGS, BEGINNING	68,470	7,285	1,285,444	1,259,119
RETAINED EARNINGS, ENDING	\$ 62,296	\$ 8,183	\$ 1,213,908	\$ 1,081,797

Commission	Hedlow Medical Center	Total
\$ -	\$ 121,345	\$ 121,345
-	63,829	63,829
-	13,212	13,212
-	37,348	37,348
-	1,998	1,998
-	930,008	930,008
-----	<u>42,158</u>	<u>42,158</u>
-----	<u>1,283,691</u>	<u>1,283,691</u>
-	1,048,825	1,048,825
-	75,084	75,084
-	102,175	102,175
-	18,439	18,439
8,191	<u>1,733,220</u>	<u>1,794,139</u>
8,191	<u>1,958,735</u>	<u>1,958,671</u>
<u>78,181</u>	<u>\$1,209,021</u>	<u>\$1,209,092</u>

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Olla, Louisiana

ALL ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1998

Operations
and
Maintenance

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities	
Accounts payable	\$ 575
Salaries payable	-
Current portion of capital lease	-
Accrued vacation pay	-
Estimated third-party payor settlements	-
Payable from assets whose use is limited	-
Revenue bonds payable	-
Accrued bond interest payable	-
Total liabilities	<u>575</u>
Equity and other credits	
Contributed capital	-
Retained earnings:	
Reserved for revenue bond:	
Sinking account	-
Reserve account	-
Depreciation and capital improvement	-
Unreserved	62,236
Total equity and other credits	<u>62,236</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$62,811</u>

(Continued)

Concession	Harbor Medical Center	Totals
88,474	\$ 125,443	\$ 137,316
-	312,434	312,434
-	1,200,043	1,200,043
-	209,234	209,234
-	15,777	15,777
-	-	880
119	-	119
-	95,217	95,217
-	24,983	24,984
-	938,388	938,388
-	117,842	117,842
-	302,135	302,135
-	18,419	18,419
-	4,615	4,615
-	29,512	29,289
-	1,426,431	1,589,134
-	2,163,689	2,177,183
-	(2,840,689)	(2,855,213)
<u>88,593</u>	<u>\$ 4,345,424</u>	<u>\$ 4,376,883</u>

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana**

**ALL ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1966**

Operations
and
Maintenance

ASSETS

Cash and investments	
Cash, checking	\$ 5,100
Certificates of deposit	-
Receivables	
Patient services, net of allowances of \$61 1,000	-
Estimated third-party payer reimbursements	-
Interest	-
Rent	800
Miscellaneous	-
Supplies	-
Prepaid expenses	1,111
Assets whose rate is limited	
By agreement with third-party payors for funded depreciation	-
Unfunded revenue bond agreement	
Revenue bond and interest sinking account	-
Revenue bond reserve account	-
Depreciation and contingency fund	-
Property, plant and equipment	
Land	-
Land improvements	1,047
Buildings	60,797
Equipment, furniture and fixtures	13,555
Accumulated depreciation	(126,546)
TOTAL ASSETS	\$ <u>62,021</u>

(Continued)

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LABALLE, STATE OF LOUISIANA
(Orla, Louisiana)

SUPPLEMENTAL INFORMATION SCHEDULES

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana

ALL PROPRIETARY FUNDS
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 1996

	Excerpt
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase property, plant and equipment	(97,815)
Capital lease obligations:	
Principal	(37,887)
Interest	(2,296)
Hospital revenue bonds:	
Principal	(45,000)
Interest	(42,790)
Net cash used in capital and related financing activities	<u>(218,788)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease restricted assets	143,646
Interest received	94,008
Increase certificates of deposit	(36,420)
Net cash provided by investing activities	<u>201,234</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(17,554)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>303,270</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 285,716</u>
(Continued)	

See accompanying notes to the financial statements.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996

NOTE 10 - CASH FLOWS STATEMENTS

For the purpose of the statements of cash flows, the Hospital Service District considers the following accounts with a maturity of three months or less as cash and cash equivalents:

Cash, current assets	\$187,316
Accounts whose use is limited under revenue bond agreements	
Cash and certificates of deposit	
Revenue bond and interest-earning account	107,842
Revenue bond reserve account	182,375
Depreciation and contingency fund	<u>103,418</u>
	293,635
Total cash and cash equivalents	<u>\$480,951</u>

NOTE 11 - BEHAVIORAL HEALTH UNIT AND LEASE AGREEMENT

The Hospital leased one wing of its facility, sixteen beds, under a two-year lease for use as a juvenile psychiatric unit. The lessee did not extend the lease which ended in May 1995. Medical services and meals provided to patients at this facility were charged separately. Cost reimbursement for housekeeping, maintenance, and etc., was done on a flat charge. Payments received during 1995 totaled \$152,350.

The Hospital entered into an agreement with Sunrise Behavioral Health, Ltd., (SBBH) to establish and provide programs for the treatment of emotional problems and psychiatric disorders through a Behavioral Health Unit to consist of a minimum of ten beds in a wing of the Hospital. The Hospital is to provide room and board, medical records services, food services, housekeeping services, laundry and linen services and to bill and collect for these services. SBBH shall provide the staff of the behavioral unit, the planning, administering, supervision of the program and shall bill Medicare for all clinical and medical services provided to the patients. The Hospital shall pay SBBH a management fee of \$475 per patient-day of services provided. This agreement is effective for a term of five years, cancellable by either party with ninety days' notice and becomes effective near the end of the fiscal year.

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LASALLE, STATE OF LOUISIANA
Orla, Louisiana**

**ALL PROPRIETARY FUNDS
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 1996**

	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Income (loss) from operations	\$170,610
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Provision for bad debts	825,565
Depreciation expense	358,727
Interest paid on capital and related financing activities	47,081
(Increase) decrease in:	
Accounts receivable, patients	(385,809)
Accounts receivable, third-party payers	(269,224)
Supplies	(2,307)
Prepaid expenses	(5,850)
Other	(14,141)
Increase (decrease) in:	
Accounts payable	87,429
Estimated retirement payable to Medicare and Medicaid	(318,160)
Salaries payable	14,668
Accrued vacation pay	(6,008)
Other revenues	... 1,288
Total adjustments	<u>(173,625)</u>
Net cash provided by (used in) operating activities	<u>(3,015)</u>

(Continued)

See accompanying notes to the financial statements.

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Olla, Louisiana**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996**

NOTE 4 - ASSETS WHOSE USE IS LIMITED (Continued)

The Hospital is required to make monthly deposits into the following funds under the FPA loan agreement:

	<u>Monthly</u>	<u>Balance</u>
Revenue bond and interest sinking account	\$7,729	\$ 117,842
Revenue bond reserve account	-	300,175
Depreciation and contingency fund	,730	18,819
Total	\$8,459	\$ 236,836
Total assets whose use is limited		\$1,366,824

These monies are in interest-bearing accounts and are included in the balance sheet as assets whose use is limited. There is a required amount of \$99,000 maintained in the revenue reserve fund. Payments into the depreciation fund shall continue and are to be used only for replacement and repairs. Revenue bond and interest sinking funds are used to make annual principal and interest payments. All required deposits to these funds have been made.

NOTE 5 - CONTINGENCIES

Self-Insured The Hospital pays Louisiana Unemployment Compensation Tax under the Louisiana Employment Security Law. The tax is normally assessed at the rate of four to five percent of the first \$8,300 of each employee's wages. However, the Hospital has elected to pay an experience-rating method whereby actual compensation payments to qualifying employees are assessed.

State Plan for Reimbursing Rural Hospitals The State of Louisiana, in the administration of its Medicaid program, has been making partial payments on the cost reports as filed without considering the "target rate, per discharge limit and incentives." The Federal Government had not approved this method of reimbursement. Various liabilities had been recorded in prior years under the assumption that the State would require reimbursement for overpayments. After the end of the fiscal year, but before the audit was released, the State began making settlements of these prior-year cost reports. Adjustments have been made to correct the liability. For further details, see Note 7 - C.

Pending Litigation A case involving the use of an ambulance and its personnel was brought before the Medical Review Board Panel which ruled in July of 1993 that Hastner Medical Center was without fault. The plaintiffs filed a lawsuit shortly thereafter to which the Hospital responded. A pre-trial conference was scheduled to be held in June, 1994, at which time, a trial date was to be selected. At the date of this report, efforts are being made to continue the trial. However, it is the opinion of management that this case has no probable merit and will not result in any liability to the Hospital.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. MEMORANDUM ONLY - TOTAL COLUMN

The total column of the component unit financial statements balance sheet is captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 1 - DEPOSITS AND INVESTMENTS

Under state law, deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agency bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and investments at September 30, 1996, are secured as follows:

	Southern Heritage	Bank of _Iowa_
Amount on deposit	\$1,543,364	\$100,000
Federal deposit insurance	\$ 300,000	\$100,000
Pledged securities	2,206,999	500,000
Total	\$4,050,363	\$700,000
Over collateralized	\$ 2,450,634	\$700,000

Amounts on deposit in excess of FDIC coverage is considered as a Category 3 credit risk.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 99:1529 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Olla, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Net patient service revenue: Following is a summary of contractual and other adjustments to arrive at net patient service revenue:

Gross patient service revenue	\$ 4,468,618
Less contractual adjustments:	
Medicare	340,848
Medicaid	(19,764)
Other third parties	47,786
Contractual adjustments	769,331
Net patient service revenue	\$ 4,026,511

Contributions: Contributions from the LaSalle Parish Ambulance Service District for operation of the ambulances are treated as operating revenues. Unrestricted donations are treated as nonoperating revenues when received.

D. BUDGET PRACTICES

The District maintains a debt service fund and enterprise funds in its accounting system and is not subject to the Local Budget Act or the requirements of generally accepted accounting principles that require budget to actual comparisons. Therefore, budget to actual comparisons, usually found in the financial statements of governmental entities, are not included in these statements.

E. ENCUMBRANCES

The District does not use a formal system of encumbrance accounting.

F. CASH AND INVESTMENTS

The District deposits its funds in fiscal agent banks organized under the laws of the State of Louisiana, or the laws of the United States.

The investments are bank certificates of deposit that are valued at cost, which approximates market.

Cash and cash equivalents include investments in certificates of deposit with a maturity of three months or less. Cash and cash equivalents also include amounts whose use is limited by board designation or agreements with third-party payers in accordance with Statement Number 9 of the Governmental Accounting Standards Board. See Note 5.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Olla, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Medicare: Inpatient care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services and defined capital costs related to Medicare beneficiaries are paid based upon a cost reimbursement method. The Hospital is paid for outpatient cost reimbursable costs at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary. Cost reports through September 30, 1994 have been settled. Medicare has completed its review of the cost reports for September 30, 1995, and tentative settlement figures have been accepted.

Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed on prospectively determined rates. Outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 1993. A review for 1994 and 1995 is in progress and should be completed soon.

The State Medicaid Program made partial interim payments based on cost report figures without considering post-discharge limitations and incentive payments pending approval of this payment plan by the Health Care Financing Administration. The State of Louisiana recently began settling cost reports for prior years after reaching agreement with the Federal Government regarding reimbursement methodology and upon appropriations of funds by the State Legislature. Adjustments were made as of September 30, 1995 to reflect a receivable of \$180,142 for 1991, 1992 and 1993. The Medicaid cost reports for 1994 and 1995 are under review and should be completed soon. The unpaid balances on those two cost reports is \$141,817. Any difference between the amounts estimated to be due or payable on final audit will be included in contractual adjustments to revenues in the year settled. The determination of the amounts to be received and their payments occurred after the date of this report but before it was issued.

Blue Cross: Inpatient services rendered to Blue Cross subscribers are reimbursed at an all-inclusive per diem rate. The prospectively determined per diem rates are not subject to retrospective adjustments.

Civilian Health and Medical Program of the Uniformed Services (CHAMPUS): Inpatient and outpatient services rendered are reimbursed on the same basis used by Medicare.

Charity: Title VI (Hill-Burton) of the Public Health Act Regulations required Hospitals to provide free care to patients who were unable to pay.

Hardest Medical Center has completed its twenty-year obligation of providing free care under Hill-Burton. A policy for providing continuing charity care for future years has not been established.

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LASALLE, STATE OF LOUISIANA
(Stn. Louisiana)**

**ALL ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 1996**

	Operations and Maintenance	Cemeteries	Nursing Medical Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) from operations	\$61,136	\$ 1,388	\$160,826	\$123,350
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Provision for bad debts	-	-	325,563	325,563
Depreciation expense	7,841	-	150,886	158,727
Interest paid on capital and related financing activities	-	-	47,061	47,061
(Increase)/decrease in:				
Accounts receivable, patients	-	-	(285,309)	(285,309)
Accounts receivable, third-party payers	-	-	(269,324)	(269,324)
Supplies	-	-	(2,863)	(2,863)
Prepaid expenses	(23)	-	(5,829)	(5,852)
Other	-	(2)	(14,199)	(14,199)
Increase/(decrease) in:				
Accounts payable, trade	(44)	-	83,875	83,831
Accounts payable, third-party payers	-	-	(334,164)	(334,164)
Salaries payable	-	-	14,668	14,668
Accrued vacation pay	-	-	(8,938)	(8,938)
Other revenues	-----	-----	2,288	2,288
Total adjustments	3,776	(2)	(181,129)	(177,355)
Net cash provided by (used in) operating activities	1,662	1,386	(18,303)	(14,955)

(Continued)

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
(Orl. Louisiana)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Revenues

All valorem taxes are recorded in the year the taxes become due and payable. Ad valorem taxes are assessed on a calendar-year basis, become due on November 15 of each year, and become delinquent on December 31. The majority of the taxes are generally collected in December, January and February of the fiscal year.

Interest earnings on time deposits are recorded as they are earned.

Expenditures

Principal and interest on general long-term debt are recognized when due for payment.

Enterprise Funds

The enterprise funds are reported on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Patient service revenue, etc., are recognized as follows:

Net Patient Service Revenues

Net patient service revenue is patient revenue reported at Standard Medical Center's (Hospital's) established rates less contractual adjustments, charity allowances and policy discounts. Retrospective adjustments arising under reimbursement agreements with third-party payors are marked on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Olla, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hospital Service District Number One of the Parish of LaSalle, State of Louisiana (District), was created by the LaSalle Parish Police Jury, and operates Harlow Medical Center through its Board of Commissioners. Harlow Medical Center is a 49-bed hospital located in Olla, Louisiana, serving Olla and the surrounding community. In addition, the District provides office space to several physicians on a rental basis.

The District is governed by a Board of Commissioners whose members as the date of this report are:

Lyle Woods, Chairman
G. F. Tanshill, Vice-Chairman
Mrs. Irma Torral
Stoney Ziegler
Lee Richardell

David M. Hamner, Administrator of the Hospital, serves as secretary and treasurer of the Board. Each Board member received \$48 per meeting, for a total of \$2,400 for the year.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The more significant of the Hospital Service District's accounting policies are described below.

A. REPORTING ENTITY

The Hospital Service District Number One is a component unit of the LaSalle Parish Police Jury, the reporting entity. The LaSalle Parish Police Jury is the governing authority of the Parish of LaSalle, Louisiana, and is governed by a board of police jurors elected by the public. Under the provisions granted by the Louisiana statute, the police jury created the Hospital Service District Number One and appoints the members of its Board of Commissioners. The accompanying financial statements are component unit financial statements of the Hospital Service District Number One of the Parish of LaSalle and are not intended to present fairly the financial position and results of operations of the LaSalle Parish Police Jury in conformity with generally accepted accounting principles.

B. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The funds presented in the financial statements are described as follows:

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LASALLE, STATE OF LOUISIANA
Orla, Louisiana

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HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LAZARUS, STATE OF LOUISIANA
Orleans, Louisiana

COMPONENT UNIT FINANCIAL STATEMENTS
SEPTEMBER 30, 1976

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

Release Date — ~~1977~~ 9-2-1976

**HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Orla, Louisiana**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996**

NOTE 3 - ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DUBIOUS ACCOUNTS

Accounts receivable - patients, include unpaid amounts billed to discharged patients and third party payors such as insurance companies and the fiscal intermediaries of the Social Security Administration on behalf of patients eligible for benefits under Title XVII and XIX of the Social Security Act. Also included are unbilled charges for those patients not discharged at September 30, 1996.

A summary of transactions in the allowance for doubtful accounts and contractual adjustments of the Hospital follows:

Balance at beginning of period	\$ 612,718
Provision for estimated losses on uncollected accounts	396,882
Accounts charged to allowance	(322,399)
Reductions (increases) in allowances for contractual adjustments	(35,112)
Balance at end of period	\$ 648,089

NOTE 4 - ASSETS WHOSE USE IS LIMITED

In accordance with Medicare regulations, the Board has limited the use of the following assets for capital improvement and fixed depreciation. These funds are kept invested in certificates of deposit with local banks as shown below.

Bank	1996		1995	
	Rate	Amount	Rate	Amount
Bank of America	4.12% A	\$300,000	4.0% - 4.0%	\$ 300,000
Kearville Bank & Trust	3.64% - 3.77%	628,389	3.625% - 4.125%	728,000
Total		\$928,389		\$1,028,000

The Hospital decreased its capital improvement and fixed depreciation accounts approximately \$143,000. This money was transferred to the operating fund.

HOSPITAL SERVICE DISTRICT NUMBER ONE OF THE
PARISH OF LA SALLE, STATE OF LOUISIANA
Olla, Louisiana

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