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CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

FINANCIAL STATEMENTS

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

**6/12/88**

Release Date: \_\_\_\_\_

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Governing Board  
Citizens Medical Center  
Caldwell Parish Hospital Service District No. 1  
Catahoula, Louisiana

We have audited the general purpose financial statements of Citizens Medical Center, Caldwell Parish Hospital Service District No. 1, as of and for the year ended March 31, 1995, and have issued our report thereon dated September 11, 1995. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Citizens Medical Center's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain unreported instances of noncompliance that we have reported to management of Citizens Medical Center, in a separate letter dated September 11, 1995.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Citizens Medical Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all weaknesses in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal auditing agencies and goes through utilities. However, this report is a matter of public record and its distribution is not limited.

*Minister, Robinson, Gustin, Longston and Bryan CM.*

September 11, 1998

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY DATA  
MARCH 31, 1988 AND 1987  
AND  
INDEPENDENT AUDITORS' REPORT

CALEDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

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**INDEPENDENT AUDITORS' REPORT**

To the Governing Board  
Citizens Medical Center  
Caldwell Parish Hospital Service District No. 1  
Columbis, Louisiana

We have audited the accompanying financial statements of Citizens Medical Center, an enterprise fund of Caldwell Parish Hospital Service District No. 1, State of Louisiana, as of and for the years ended March 31, 1988 and 1987, as listed in the table of contents. These statements are the responsibility of Citizens Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 a 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 obtaining the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Citizens Medical Center, an enterprise fund of Caldwell Parish Hospital Service District No. 1, State of Louisiana, and are not intended to present fairly the financial position of Caldwell Parish Hospital Service District No. 1, State of Louisiana, and the results of its operations and cash flows of its proprietary fund types in conformity with generally accepted accounting principles.

As discussed in Note 5, Citizens Medical Center has been named in certain law suits by providers of health care services to collect charges for their services. The amount in dispute and the outcome cannot be determined at report date.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Medical Center, an enterprise fund of Caldwell Parish Hospital Service District No. 1, State of Louisiana, as of March 31, 1988 and 1987, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

*Wanda Robinson, Susan Langston and Bryan CB*

September 15, 1988

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

BALANCE SHEETS  
MARCH 31, 1999 AND 1997

ASSETS

	1999	1997
<b>CURRENT ASSETS</b>		
Cash on hand and in banks (Note 2)	\$ 621,299	\$ 644,094
Accounts receivable - patients - net of allowance for uncollectible accounts of \$2,404,757 and \$2,208,074 (Note 3)	2,284,958	2,299,569
Accounts receivable - third intermediaries (Note 3)	80,829	441,829
Miscellaneous accounts receivable	483,404	3,084
Inventory of supplies (Note 4)	151,206	147,804
Prepaid expenses	14,376	50,904
	\$ 3,555,168	\$ 3,587,284
<b>PROPERTY AND EQUIPMENT (Note 1)</b>		
Land	\$ 31,042	\$ 31,042
Building and fixed equipment	3,368,287	3,368,205
Major movable equipment	1,857,824	1,823,179
Minor movable equipment	202,692	202,692
	\$ 5,259,845	\$ 5,425,118
Less: Accumulated depreciation	(2,226,272)	(2,957,373)
	\$ 3,033,573	\$ 3,467,745
<b>OTHER ASSETS</b>		
Reserve fund (Note 5)	\$ 24,568	\$ 21,048
	\$ 3,058,141	\$ 3,488,793

The Notes to Financial Statements are an integral part of this statement.

## LIABILITIES AND FUND BALANCE

	<u>1999</u>	<u>1997</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 838,289	\$ 1,071,382
Accrued expenses	107,440	171,410
Notes payable - current maturities	110,181	112,810
Deferred revenue		18,889
Accounts payable - fiscal intermediaries	<u>90,489</u>	
Total current liabilities	\$ 1,235,009	\$ 1,376,699
<b>LONG-TERM LIABILITIES</b>		
Notes payable - less current maturities (Note 6)	<u>739,042</u>	<u>620,029</u>
Total liabilities	\$ 2,044,051	\$ 2,196,687
<b>CONTRIBUTED CAPITAL (Note 3)</b>	2,484,190	2,484,190
<b>RETAINED EARNINGS</b>		
Accumulated earnings	<u>2,205,819</u>	<u>2,204,800</u>
	<u>\$ 6,804,699</u>	<u>\$ 6,890,479</u>

The Notes to Financial Statements are an integral part of this statement.



CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

STATEMENTS OF REVENUES AND EXPENSES  
For The Years Ended March 31, 1998 And 1997

	<u>1998</u>	<u>1997</u>
Patient service revenues		
Nursing service	\$ 1,091,237	\$ 805,229
Nursing service - observation	14,082	41,142
Pharmacy	2,220,615	1,440,617
IV solutions	584,641	581,038
Medical and surgical	1,332,173	1,180,354
Laboratory	1,301,248	1,237,538
Podiatry	501,061	519,668
Operating room	97,134	151,819
Anesthesia	117,899	119,498
Blood	17,113	10,548
Respiratory care	1,240,874	1,235,036
Physical therapy	18,168	24,279
Emergency room	400,202	472,827
Emergency physician fees	324,833	18,879
Recovery room	14,510	13,300
EKGs	114,893	121,899
Monitors	235,130	221,418
EKGs	5,680	6,119
Nuclear medicine	1,580	2,680
Ultra-sound	99,480	140,130
CT scan	257,649	279,179
DRP Psych. Unit		320,150
Oncology/Hematology	136,887	33,624
	<u>\$ 13,305,265</u>	<u>\$ 9,115,215</u>
Total		
Allowances and uncollectible accounts		
Contractual adjustments		
Medicare and Medicaid	\$ 3,527,136	\$ 2,682,657
Free Care	76,457	2,478
Other adjustments	447,036	179,683
Provision for bad debts	674,074	448,529
Medicaid indigent revenue		1279,018
Reimbursement of uncompensated cost	<u>(584,891)</u>	
	<u>\$ 4,464,945</u>	<u>\$ 5,232,315</u>
Net patient service revenues	<u>\$ 8,840,320</u>	<u>\$ 3,882,900</u>

The Notes to Financial Statements are an integral part of this statement.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CIGENS MEDICAL CENTER

STATEMENTS OF REVENUES AND EXPENSES  
For The Years Ended March 31, 1988 And 1987

	1988	1987
Operating expenses		
Salaries	\$ 2,911,870	\$ 2,747,542
Contract personnel	118,018	230,889
Supplies	1,058,701	967,378
Postage and freight	11,311	11,528
Professional fees	53,294	35,780
Physician fees (Weekend)	528,805	548,808
Maintenance	108,205	80,785
Books and subscriptions	25,648	23,497
Continuing education	30,001	14,000
Travel	21,788	26,402
Medical purchased services	302,289	258,897
Equipment rental	32,043	31,471
Miscellaneous	20,590	22,890
Telephone	48,587	34,832
Gas	14,732	13,187
Licenses and permits	2,002	2,007
Food	128,027	118,040
Utilities	113,082	121,180
Purchased laundry	45,008	33,683
Collection services	17,687	10,888
Legal and audit	24,628	21,224
Insurance	180,073	97,687
Employee benefits	254,206	280,004
Payroll taxes	262,888	185,438
Depreciation	281,418	180,082
Total	\$ 6,403,976	\$ 6,182,991
Operating profit (loss) before other income and deduction	\$ (500,023)	\$ (289,292)
Other operating income and deductions		
Sales tax revenues	\$ 428,000	\$ 418,000
Interest earned	38,202	25,517
Miscellaneous income	138,032	111,360
Contractor income	21,487	26,490
Clinic		112,857
Interest expense	(98,881)	(98,882)
	\$ 487,842	\$ 384,488
Net income	\$ (12,181)	\$ (4,804)

The Notes to Financial Statements are an integral part of this statement.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

STATEMENTS OF CONTRIBUTED CAPITAL  
For The Years Ended March 31, 1998 And 1997

Balance - beginning	\$ <u>2,494,192</u>	\$ <u>2,494,192</u>
Balance - ending	\$ <u>2,494,192</u>	\$ <u>2,494,192</u>

STATEMENTS OF RETAINED EARNINGS  
For The Years Ended March 31, 1998 And 1997

	<u>1998</u>	<u>1997</u>
Retained Earnings		
Balance - beginning	\$ 1,304,680	\$ 1,158,477
Net income (loss)	<u>91,318</u>	<u>65,133</u>
Balance - ending	<u>\$ 1,395,998</u>	<u>\$ 1,223,610</u>

The Notes to Financial Statements are  
an integral part of this statement.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZEN MEDICAL CENTER

STATEMENTS OF CASH FLOWS  
For The Years Ended March 31, 1999 And 1997  
Increase (Decrease) in Cash and Cash Equivalents

	1999	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 60,319	\$ 55,125
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	\$ 301,448	\$ 303,490
Interest expense	68,000	90,000
Interest income	(25,281)	(25,517)
Sales tax received	(436,080)	(416,080)
Increase (Decrease) in:		
Patient receivables	185,408	187,792
Other receivables	(129,387)	(120,344)
Prepaid expenses	6,528	21,298
Inventories	(3,407)	(5,447)
Increase (decrease) in:		
Accounts payable	(44,877)	(104,808)
Accrued expenses	23,824	21,208
Deferred revenue	(18,583)	(21,281)
Total Adjustments	\$ 449,521	\$ 327,811
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 509,840</b>	<b>\$ 382,936</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Sales tax revenue collected	\$ 425,000	\$ 416,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of equipment	\$ (120,348)	\$ (49,058)
Additions to buildings and grounds	(12,775)	(289,004)
Principal repayments	(112,813)	(103,400)
Interest paid	(72,459)	(28,815)
Transfer to Reserve Fund	(3,897)	(3,349)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ (324,792)</b>	<b>\$ (534,626)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipt of interest income	\$ 35,282	\$ 35,517
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (209,759)</b>	<b>\$ (200,977)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>644,024</b>	<b>1,025,001</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 434,265</b>	<b>\$ 824,024</b>

The Notes to Financial Statements are an integral part of this statement.

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies**

**Accounting Methods**

Citizens Medical Center is the enterprise fund of the Caldwell Parish Hospital Service District No. 1. Accordingly, these statements are prepared on the accrual basis of accounting and include only the assets, liabilities, revenues, and expenses pertaining to the operations of the Hospital.

Cash and cash equivalents include cash on hand and due from banks.

Inventories of supplies and minor equipment are valued at the original or latest invoice price.

All properties and equipment are shown at their original cost less accumulated depreciation. Depreciation is provided on a straight-line method over the estimated useful lives. Equipment includes assets under capital lease of \$337,811 with accumulated depreciation of \$229,795 and \$225,099 at March 31, 1998 and 1997. Depreciation charges totaled \$201,448 for 1998 and \$203,808 for 1997.

The Hospital routinely leases facilities and medical equipment under operating lease arrangements from various leasing companies. The approximate annual lease expense of operating leases was \$30,067 for 1998 and \$27,471 for 1997 including \$18,388 in minimum rental payments each year under noncancelable leases.

Included in commitments are amounts under a five-year agreement whereby the Hospital agrees to purchase chemistry slides on a per test basis and the vendor will furnish certain laboratory equipment, maintenance, reagents and the chemistry slides at an estimated annual cost to the Hospital of \$781,898. In addition the Hospital is furnished equipment and services to perform CT Scan under a five-year agreement at an annual cost of approximately \$99,000.

Charges to Medicare and Medicaid patients are included in revenues at standard rates and prices. The difference between these charges and the amounts actually received from these two agencies are shown as contractual adjustments.

**Income Tax Matters**

The Hospital is an enterprise fund of the Caldwell Hospital Service District No. 1, a political subdivision of the State of Louisiana and, accordingly, exempt from income tax.

**Reclassification**

Certain amounts in prior year report have been reclassified to conform with current year classification.

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 - Cash in Bank**

At year ends the carrying amount of Citizens Medical Center's deposits (checking, savings and certificates of deposits) were as follows:

	2-21-98	2-21-97
Carrying amount	\$ 498,881	\$ 815,140
Bank interest	\$ 768,671	\$ 1,085,870

The amounts deposited in individual banks and the fair market value of investments pledged as security for the deposits are as follows:

	2-21-98	2-21-97
<b>Deposits</b>		
Citizens Progressive Bank	\$ 238,048	\$ 500,584
Homeland Federal Savings Bank	318,705	304,083
Caldwell Bank	210,428	100,179
<b>Securities Pledged - FHV</b>		
Citizens Progressive Bank		
Federal Home Loan Mortgage Corporation	168,231	489,844
Homeland Federal Savings Bank		
U.S. Treasury Note		253,196
Federal National Mortgage Association Note	51,115	187,827
Government National Mortgage Association II Airt Pool	240,827	
Caldwell Bank		
Federal Home Loan Mortgage Corporation	150,000	150,000
Federal National Mortgage Association Note		
U.S. Treasury Note		

In addition to the above listed pledged security deposits in each bank are secured by \$100,000 of federal deposit insurance.

At March 26, 1998, the security pledged by Citizens Progressive Bank and Homeland Federal Savings Bank is held by FHRB Investment, Caldwell Bank's security is held by Deposits Guaranty National Bank.

**Note 3 - Accounts Receivable**

Accounts receivable - patients include unpaid amounts billed and unbilled to patients and third party payors such as insurance companies and the local intermediaries of the Social Security Administration on behalf of persons eligible for benefits under the Title XVII and XIX of the Social Security Act.

Accounts receivable - fiscal intermediaries represent the balance due the Hospital on reimbursable cost in excess of amounts billed and received at the regular per diem performance rate. Revenues received under cost reimbursement agreements totaled \$3,625,383 and \$2,707,405 for fiscal years ended March 31, 1998 and 1997 and is subject to retroactive adjustments by third-party payors.

Accounts payable - fiscal intermediaries represent the balance owed the programs due to retroactive adjustments to a prior year cost report.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

**Note 2 - Accounts Receivable (Continued)**

Allowance for uncollectible accounts include provisions for bad debts, charity care and contractual adjustments. Charge offs and adjustments to the allowance is as follows:

	Fiscal Year Ending March 31, 1998		
	Allowance	Adjustment to Allowance	Accounts Charged-off
Bad debts	\$ 1,157,875	\$ 135,700	\$ 749,354
Charity care		13,895-1	39,333
Medicare and Medicaid contractual adjustments	1,377,802	75,858	3,340,778
Other			442,005
	<u>\$ 2,464,757</u>	<u>\$ 198,653</u>	<u>\$ 4,010,451</u>

	Fiscal Year Ending March 31, 1997		
	Allowance	Adjustment to Allowance	Accounts Charged-off
Bad debts	\$ 849,477	\$ (8,877)	\$ 455,397
Charity care	2,685	2,135	1,313
Medicare and Medicaid contractual adjustments	1,301,224	726,058	2,345,041
Other			118,003
	<u>\$ 2,283,686</u>	<u>\$ 728,416</u>	<u>\$ 2,818,754</u>
Charg	22,878	(8,892-1)	87,889
	<u>\$ 2,280,074</u>	<u>\$ 721,799</u>	<u>\$ 2,899,132</u>

The provision for bad debts is based on a historically developed formula applied to the year end balance of accounts receivable based on pay-class and age-outstanding. Contractual adjustments are provided for based on prior years' adjustments to settled claims. Provision for bad debts is approximately 52% and 21% of accounts receivable of year-end and Medicare and Medicaid contractual adjustments are approximately 62% and 68% of outstanding charges to those programs at March 31, 1998 and 1997.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

**Note 4. Inventories**

Inventories consisting of supplies and minor equipment are as follows at March 31:

	1998	1997
Medical and surgical	\$ 64,805	\$ 84,338
Laboratory	1,325	1,810
X-ray	4,284	5,274
Pharmacy	65,802	83,323
Dietary	11,447	11,814
Respiratory therapy	1,289	1,285
	\$ 151,250	\$ 147,844

**Note 5. Reserve Account**

The Certificate Resolution adopted by the Board of Commissioners of Hospital Service District No. 1 of the Parish of Calibvest, State of Louisiana to authorize the issuance of the Certificate of Indebtedness provided that a Reserve Fund be established in the amount of \$87,700 to be retained solely for the purpose of paying principal and interest on the certificates as to which there would otherwise be default. The Reserve Fund will remain on deposit while the certificates are outstanding. With interest added, the account balance was \$74,040 at March 31, 1998.

**Note 6. Long-Term Debt**

Long-term debt consists of the following:

	3-31-98	3-31-97
Capitalized computer lease dated August 1, 1993, due in 60 monthly payments of \$1,001.00 including principal and interest.	\$ 6,293	\$ 11,245
Capitalized equipment lease dated 10-28-93, due in 60 monthly payments of \$1,288.20 including principal and interest at 7.84%.	12,567	20,002
Installment note payable on medical equipment purchase dated 6-17-94, due in 60 monthly payments of \$1,488.00 including principal and interest at 8.35%.	31,458	35,104



**CALDWELL PARISH HOSPITAL SERVICE DISTRICT  
CITIZENS MEDICAL CENTER**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6. Long-Term Debt (Continued)**

	<u>3-31-88</u>	<u>3-31-87</u>
Taxable certificates of indebtedness Series 95, dated November 6, 1986, payable in 20 semiannual installments beginning on May 1, 1987 with interest at an interest prime rate less 25 basis points (3.25%) not to exceed 12% per annum incurred to construct and equip a physicians office building, payable from a pledged and dedicated of the excess of annual revenue of the district above statutory, necessary and usual charges.	\$ 1,053,570	\$ 1,218,997
Less current maturities	0 1,102,800	0 1,205,208
Less interest	(112,816)	(112,813)
	<u>\$ 838,754</u>	<u>\$ 899,976</u>

The Hospital has the following annual commitments, non-cancelable capitalized leases and operating leases.

Year	Operating Leases and Other Commitments	Capital Leasing	Long-Term Debt
3-31-1990	\$ 112,568	\$ 78,047	\$ 64,224
3-31-2000	193,084		82,757
3-31-2005	81,518		81,000
3-31-2020			80,000
Thereafter			453,000
	<u>\$ 367,170</u>	<u>\$ 78,047</u>	<u>\$ 961,081</u>

Interest paid for the periods 3-31-88 and 3-31-87 was \$72,459 and \$69,965, respectively.

Construction period interest capitalized net of interest income of \$0. and \$5,711 for fiscal year ending 3-31-88 and 3-31-87 was \$0. and \$19,285, respectively.

**Note 7. Capitalized Capital**

The residents of Caldwell Parish at a special election held in the Parish on Saturday, April 2, 1977, authorized the issuance of \$7,900,000 public improvement bonds secured by one percent sales and use tax for the purpose of constructing, acquiring, extending, improving, equipping, and/or furnishing a hospital for the Parish. The tax-secured bonds bearing an average interest rate of 5.7562 percent were sold at par. The construction program was completed and the Hospital opened on February 14, 1980.

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT  
CITIZENS MEDICAL CENTER**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Contributed Capital (Continued)**

At the completion of the construction program, the following items were transferred to the books of the Hospital from the construction accounts:

Site cost	\$	26,000
Building and fixed equipment		2,080,790
Cash for purchase of equipment		402,000
	<b>\$</b>	<b>2,488,790</b>

**Note 8. Contingent Liabilities**

Various legal claims arising in the normal course of business are pending against the Hospital. Hospital management does not anticipate any losses in excess of insurance coverage with respect to such existing or pending claims and lawsuits as of March 31, 1988.

The Hospital is currently negotiating settlements with two providers of health care services for charges billed the Hospital under service contracts in excess of the amounts accrued in the financial statements. Management has taken exception to the charges and believes a settlement can be negotiated with no additional liability to the Hospital. However, the attorney for the Hospital is unable to estimate the potential outcome of these suits.

**Note 9. Concentration and Credit Risk**

Citizens Medical Center is a forty (40) bed hospital located in Columbia, Louisiana. The Hospital extends credit to patients in the area who are substantially dependent on Medicare and Medicaid programs for health care coverage.

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INDEPENDENT AUDITORS' REPORT  
ON THE SUPPLEMENTARY DATA

To the Hospital Service District Board  
Caldwell Parish Hospital Service District No. 1  
Citizens Medical Center

The accompanying additional financial information as listed in the table of contents is presented for supplementary analysis purposes and is not considered necessary for a fair presentation of the basic financial statements. Our examination of the basic financial statements for the years ended March 31, 1999 and 1997, which is presented in the first section of this report, was made for the primary purpose of formulating an opinion on these statements. This additional information has been subjected to the applicable audit procedures we performed in our original examination of the related basic financial statements.

In our opinion, the supplementary financial information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Minchew, Robinson, Gardner, Langston and Bryan, CPAs*

September 11, 1998

CAL DWELL, PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

MARCH 31, 1968

## ORGANIZATION, HISTORY AND CONTROL

Citizens Medical Center, a 40-bed hospital located in Columbia, Louisiana, began operation February 14, 1960. It is owned and operated by the Caldwel Parish Hospital Service District No. 1, a political subdivision of the State of Louisiana.

The District is governed by the Hospital Service District Board whose members at the date of this report are:

LEON BASCO	CHAIRMAN
JOE TYLER	VICE-CHAIRMAN
MARTY NORRIS	TREASURER
HENRY BYRD	
MAX SHORS	

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1**  
**(INCORPORATED MEDICAL CENTER)**

**INCOME STATEMENT DETAIL**  
**For The Years Ended March 31, 1996 And 1997**

**DEPARTMENTAL PATIENT REVENUES**

Patient Service Revenues	1996		Total	1997		Total
	Inpatient	Outpatient		Inpatient	Outpatient	
Nursing service	\$ 1,089,237	\$	\$ 1,089,237	\$ 809,728	\$	\$ 809,728
Nursing service - observation	3,810	11,144	14,954	15,100	21,493	36,543
PT/therapy	1,840,970	890,026	2,732,915	1,735,800	225,217	1,960,917
IV solutions	567,650	20,091	587,741	587,321	23,314	610,635
Medical and surgical	872,728	280,444	1,153,173	923,384	273,890	1,197,274
Laboratory	681,108	450,828	1,131,936	778,321	491,187	1,269,508
Radioogy	242,166	288,360	530,526	246,738	299,974	546,712
Operating room	55,842	48,160	104,002	97,134	70,204	167,338
Anesthesis	54,722	63,789	118,511	87,953	98,708	186,661
Diets	16,203	140	16,343	9,805	749	10,554
Respiratory care	1,480,548	91,129	1,571,677	1,158,474	68,202	1,226,676
Physical therapy	18,104	48	18,152	24,283	117	24,400
Emergency room	423,073	7,128	430,201	253,682		253,682
Emergency room - physician fees	4,297	260,686	264,983	10,038	224,285	234,323
Recovery room	5,858	8,262	14,120	5,412	7,888	13,300
CHGs	74,365	38,779	113,144	80,265	43,704	123,969
Monitors	991,685	73,641	1,065,326	178,104	52,314	230,418
ET-Gr	260	5,280	5,540	8,588	2,852	8,310
Nuclear medicine	1,288		1,288	2,488	570	3,058
Ultrasonnd	88,027	41,420	129,447	80,259	58,654	138,913
CT Scan	108,289	142,560	250,849	130,008	140,671	270,679
PHD/Physic. Unit					230,798	230,798
Oncology/Radiology		126,887	126,887		23,024	23,024
<b>Total</b>	<b>\$ 2,120,236</b>	<b>\$ 2,576,032</b>	<b>\$ 4,696,268</b>	<b>\$ 3,728,321</b>	<b>\$ 2,208,524</b>	<b>\$ 5,936,845</b>

**CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CIRCUING MEDICAL CENTER**

**INCOME STATEMENT DETAIL  
For The Years Ended March 31, 1988 And 1987**

**DEPARTMENTAL EXPENSES**

	1988			1987		
	SALARIES	SUPPLIES, FEES AND OTHER EXPENSES	TOTAL	SALARIES	SUPPLIES, FEES AND OTHER EXPENSES	TOTAL
Pharmacy	\$ 126,804	\$ 461,771	\$ 588,575	\$ 125,174	\$ 326,282	\$ 451,456
IV solutions		70,224	70,224		82,282	82,282
Medical and surgical		146,213	146,213	284	125,227	125,511
Laboratory	170,437	282,264	452,701	151,007	305,623	456,630
Radiology	140,074	61,583	201,657	137,268	80,621	217,889
Operating room	89,681	10,983	100,664	85,298	14,888	100,186
Anesthesia	89,285	1,288	90,573	82,883	82	82,965
Blood		14,732	14,732		13,167	13,167
Respiratory therapy	140,532	43,947	184,479	112,871	28,148	141,019
Physical therapy	6,447	19,659	26,106	8,240	41,158	49,398
Emergency room	24,889	531,143	556,032	178,891	649,498	828,389
ECG		49,285	49,285		58,817	58,817
EEG		1,518	1,518		3,827	3,827
CT Scans		186,413	186,413		118,456	118,456
Ultrasound		12,162	12,162		13,376	13,376
Nuclear medicine		2,113	2,113		3,849	3,849
Chemical Addiction Unit				1,789	(17,829)	(16,040)
PHS Phys. Unit				144,493	128,724	273,217
Administration	402,186	918,868	1,321,054	321,180	768,126	1,089,306
Dietary	138,272	164,561	302,833	134,794	142,095	276,889
Housekeeping	82,303	22,508	104,811	82,287	28,286	110,573
Nursing service	1,113,890	72,975	1,186,865	927,124	52,299	979,423
Monitors and plant	58,528	162,172	220,700	59,059	161,032	220,091
Medical records	113,316	18,143	131,459	109,935	70,620	180,555
Purchasing	48,208	3,281	51,489	44,113	2,287	46,400
Laundry and linen		48,898	48,898		52,653	52,653
Transportation	5,500	5,500	11,000	5,402	3,402	8,804
Decology	62,200	39,236	101,436	22,620	16,182	38,802
Physicians Office		13,318	13,318		21,084	21,084
<b>Total</b>	<b>\$ 2,811,620</b>	<b>\$2,290,586</b>	<b>\$ 5,102,206</b>	<b>\$2,747,047</b>	<b>\$2,220,023</b>	<b>\$ 4,967,070</b>

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1  
CITIZENS MEDICAL CENTER

MARCH 31, 1988

## ORGANIZATION, HISTORY AND CONTROL

Citizens Medical Center, a 40-bed hospital located in Columbia, Louisiana, began operation February 14, 1980. It is owned and operated by the Caldwell Parish Hospital Service District No. 1, a political subdivision of the State of Louisiana.

The District is governed by the Hospital Service District Board whose members at the date of this report are:

LEON BASCO	CHAIRMAN
JOE TYLER	VICE-CHAIRMAN
EMMY NORRIS	TREASURER
HENRY BOND	
MAX GIBBS	

**MICHEW, ROBINSON, GARDNER, LANGSTON AND BRYAN**  
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September 15, 1998

Citizens Medical Center  
Calderwell Parish Hospital Service District No. 1  
Columbia, Louisiana

We have audited the financial statements of Citizens Medical Center an enterprise fund of Calderwell Parish Hospital Service District No. 1, State of Louisiana, for the year ended March 31, 1998, and issued our report, Fannie, dated September 11, 1998.

As previously discussed with management, we noted the following immaterial instance of failure to follow requirements contained in statutes, regulations or contracts.

During the holiday season of 1997, Citizens Medical Center, through gift certificates, purchased meals and turkeys for employees, board members, professional staff and key suppliers of medical services at a cost to the Hospital of \$3,249.00. The distribution and redemption of the gift certificates violated Article VII, Section 14 of the Louisiana Constitution. Hospital management stated that such holiday gifts would not be distributed in the future.

Citizens Medical Center is a party to certain lease agreements whereby office space is furnished to all physicians in consideration for predetermined monthly rental payments. One such agreement stipulates that the lessee would pay electrical and gas utility charges. The other lease does not address the utility charges, but management was instructed by resolution of the governing board dated July 28, 1997 to insure that the lessee pay his own electric bill for his office. On October 27, 1997, by resolution of the governing board, the agreements were amended to provide that the Hospital pay the utility bills. During the period April 1, 1997 to October 27, 1997, Citizens Medical Center paid \$8,723 in utility charges that were contractually, or by board resolution, the obligations of the physicians. The payment of the utility bills, on behalf of the physicians, violated Article VII, Section 14 of the Louisiana Constitution.

The Board's resolution to amend the lease contracts to conform to practices by other hospitals in the area placed the responsibility on Citizens Medical Center to pay the utility charge for the physicians' offices. That practice is now in place.

If there are any questions, please do not hesitate to call.

Sincerely,



Dale E. Michew

GMW/jp



**MINCHEW, ROBINSON, GARDNER, LANGSTON and BRYAN**  
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September 22, 1998

Legislative Auditor  
P.O. Box 94997  
Baton Rouge, LA 70804-0997

RE: Calhoun Hospital Service (District No. 1)  
Citizens Medical Center - 2-21-98

Gentlemen:

We are enclosing nine (9) copies (eight bound and one unbound) of the financial statements for Citizens Medical Center for the year ended March 31, 1998. Included are: (1) the auditor's report on the presented financial statements, (2) report on compliance and on internal control and (3) a management letter.

Citizens Medical Center did not receive federal funds during the year ended March 31, 1998.

I have delivered eight copies of the report to Mr. Richard Sorrenza, Administrator. A copy will be distributed to each member of the Hospital District Board (five copies), two copies are to be retained in the Hospital's files and one copy provided the Calhoun Parish Public Jury. The members of the Board are listed on the attached sheet. Please note that the Board of Governors meet monthly and serve without pay.

In your letter to me dated August 12, 1998, you listed three allegations of possible violations of Article 7, Section 14 of the Louisiana Constitution. Two of these allegations have been addressed in the management letter and compliance report.

The third allegation, the purchase of gill boxes of groceries from a member of the governing board happened subsequent to March 31, 1998, was clearly inconsequential and has been corrected. The board member reimbursed Citizens Medical Center the total cost of the gill boxes.

In our management letter dated June 4, 1997 to Citizens Medical Center for the year ended March 31, 1997, we noted the Systems Survey and Compliance Questionnaire was not timely completed and adopted. The Systems Survey and Compliance Questionnaire for the year ended March 31, 1998 was prepared to us timely.

If I can be of further assistance, please let me know.

Sincerely,

MINCHEW, ROBINSON, GARDNER, LANGSTON and BRYAN, CPAs

  
Gene E. Minchew, CPA

GEM/ab

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