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St. Helena Parish Hospital  
Service District No. 1  
A Component Unit of the  
St. Helena Parish Police Jury  
Greensburg, Louisiana  
October 31, 1997

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 clerk of court.

Release Date MAY 13 1998

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HAWTHORN, WELMOUTH & CARROLL, L.L.P.

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SUITE 200 • DALLAS, TEXAS 75241  
A LIMITED LIABILITY PARTNERSHIP  
REGISTERED IN THE STATE OF TEXAS  
MEMBER OF NATIONAL ASSOCIATION  
OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF THE INSTITUTE OF  
CERAMIC TILE MANUFACTURERS (ITMA)



**CERTIFIED PUBLIC ACCOUNTANTS**

MEMBER OF THE AICPA  
MEMBER OF THE ICFMA  
MEMBER OF THE INSTITUTE OF  
CERAMIC TILE MANUFACTURERS (ITMA)

December 13, 1997

**Independent Auditor's Report**

MEMBER OF THE AICPA  
MEMBER OF THE ICFMA  
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CERAMIC TILE MANUFACTURERS (ITMA)

The Board of Commissioners  
St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana

Commissioners:

We have audited the accompanying general-purpose financial statements of

**St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana**

a component unit of the St. Helena Parish Police Jury, Greensburg, Louisiana, as of and for the years ended October 31, 1997 and October 31, 1996, as listed in the table of contents. These general-purpose financial statements are the responsibility of St. Helena Parish Hospital Service District No. 1's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The general purpose financial statements include certain assets to which the District does not have title and corresponding expenses which affect these financial statements. If such items had been recorded in accordance with generally accepted accounting principles, property and plant would be reduced by \$1,152,321 and \$1,163,016, fund balances by \$1,152,321 and \$1,163,016, and depreciation expense by \$76,794 and \$74,548, for 1997 and 1996, respectively.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the general purpose financial statements referred to in the table of contents do not present fairly, in conformity with generally accepted accounting principles, the financial position of St. Helena Parish Hospital Service District No. 1, Greensburg, Louisiana as of October 31, 1997 and October 31, 1998, or the results of its operations or its cash flows for the year then ended.

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 1997, on our consideration of St. Helena Parish Hospital Service District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of St. Helena Parish Hospital Service District No. 1, Greensburg, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-113, "Audits of States, Local Governments and Non-Profit Organizations", and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is not fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Yours truly,

*Hawthorn, Waplesworth & Carroll, P.C.A.*

**St. Helena Parish Hospital Service District No. 1**  
**Balance Sheets**  
**October 31, 1997 and October 31, 1996**

**A s s e t s**

	<u>1997</u>	<u>1996</u>
<b>Current Assets</b>		
Cash and cash equivalents		
Unrestricted	\$112,822	\$436,476
Restricted	394,628	302,877
Certificates of deposit	32,738	135,412
Assets limited as to use	14,531	15,702
Patient accounts receivable (net of estimated uncollectibles of \$179,948 and \$164,968 for 1997 and 1996, respectively)	79,813	123,493
Estimated third-party settlements	917,116	378,543
Accounts receivable - other	363,719	311,119
Supplies	129,418	131,436
Prepaid expenses	<u>79,872</u>	<u>80,818</u>
<b>Total current assets</b>	<b><u>2,114,736</u></b>	<b><u>1,887,636</u></b>
<b>Assets Limited As to Use</b>		
Under indemnity agreement	170,316	258,303
Less amount required to meet current obligations	<u>(96,531)</u>	<u>(115,702)</u>
<b>Noncurrent assets limited as to use</b>	<b><u>73,785</u></b>	<b><u>142,601</u></b>
<b>Property, Plant and Equipment</b>		
Land		
Hospital	183,965	183,965
Morgan Hill	34,000	34,000
Buildings		
Hospital	1,833,824	1,869,174
Morgan Hill	767,077	767,077
Clinic	89,563	76,640
Nursing Home	1,098,370	1,098,370
Home Health	68,074	68,074
Equipment	<u>1,214,171</u>	<u>1,363,232</u>
Less depreciation to date	<u>(2,417,968)</u>	<u>(2,172,363)</u>
<b>Total property, plant and equipment</b>	<b><u>3,875,075</u></b>	<b><u>3,080,192</u></b>
<b>Total assets</b>	<b><u>3,343,836</u></b>	<b><u>3,230,329</u></b>

The accompanying notes are an integral part of these statements.

### Liabilities and Fund Balance

	1992	1991
<b>Current Liabilities</b>		
Mortgage and notes payable	5199,100	588,919
Bonds payable	75,778	71,440
Capital leases	9,773	8,618
Accounts payable	559,170	440,937
Accrued liabilities	251,918	214,685
Deferred revenue	<u>178,960</u>	<u>191,882</u>
<b>Total current liabilities</b>	<b>1,234,719</b>	<b>1,036,441</b>
<b>Long-Term Debt</b>		
Mortgage and notes payable	783,369	851,273
Bonds payable	1,030,510	1,108,130
Capital leases	<u>9,768</u>	<u>9,768</u>
<b>Total liabilities</b>	<b>1,868,398</b>	<b>2,968,618</b>
<b>Fund Balance</b>		
Unrestricted	1,297,121	1,331,597
Restricted	483,427	409,247
Contributed capital	<u>482,690</u>	<u>479,387</u>
<b>Total fund balance</b>	<b>2,275,338</b>	<b>2,220,411</b>
<b>Total liabilities and fund balance</b>	<b><u>2,243,834</u></b>	<b><u>2,220,129</u></b>

**St. Helena Parish Hospital Service District No. 1**  
**Statements of Revenues and Expenses**  
**Years Ended October 31, 1997 and October 31, 1996**

	<u>1997</u>	<u>1996</u>
<b>Revenues</b>		
Net patient service revenue	\$5,914,381	\$5,983,257
Other operating revenue	<u>426,403</u>	<u>380,229</u>
<b>Total revenues</b>	<b><u>6,340,784</u></b>	<b><u>6,363,486</u></b>
<b>Expenses</b>		
Salaries	3,247,453	3,128,915
Outside services	1,865,283	1,325,183
Supplies and other	702,874	728,970
General and administrative	1,066,125	1,191,815
Provision for bad debts	199,483	190,423
Interest	53,707	62,328
Depreciation and amortization	<u>245,625</u>	<u>244,356</u>
<b>Total expenses</b>	<b><u>6,579,548</u></b>	<b><u>6,712,389</u></b>
<b>Operating income/(loss)</b>	<b><u>-(238,764)</u></b>	<b><u>-(348,903)</u></b>
<b>Other Revenue</b>		
Donations		73
Interest	35,788	29,637
State Grant - emergency room	25,000	50,000
Federal Grant - substance abuse	48,807	49,996
Other	<u>40,611</u>	<u>64,739</u>
	<u>147,228</u>	<u>174,428</u>
<b>Excess of Revenues Over (Under) Expenses</b>	<b><u>-(50,536)</u></b>	<b><u>-(204,485)</u></b>

The accompanying notes are an integral part of these statements.

**St. Helena Parish Hospital Service District No. 1**  
**Statements of Fund Balance**  
**Years Ended October 31, 1997 and October 31, 1996**

	<u>1997</u>		<u>1996</u>	
	<u>Unrestricted Fund Balance</u>	<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>Restricted Fund Balance</u>
<b>Balance, beginning of year</b>	\$1,332,597	\$408,247	\$1,480,331	\$379,681
<b>Additions</b>				
Revenue over (under) expenses	(90,535)		(284,425)	
Transfer from restricted funds	53,039		53,691	
Ad valorem taxes collected		139,300		135,537
Taxes accrued		89,750		(5,053)
Accrued interest		470		509
	<u>1,293,121</u>	<u>388,767</u>	<u>1,332,597</u>	<u>513,586</u>
<b>Deductions</b>				
Bond principal		55,659		49,648
Interest expenses		68,261		53,680
		<u>123,920</u>		<u>103,328</u>
<b>Balance, end of year</b>	<u>1,232,121</u>	<u>264,847</u>	<u>1,332,597</u>	<u>408,247</u>

The accompanying notes are an integral part of these statements.



**St. Helena Parish Hospital Service District No. 1**  
**Statements of Cash Flows**  
**Years Ended October 31, 1997 and October 31, 1996**

	<u>1997</u>	<u>1996</u>
<b>Operating and Gain Activities</b>		
Revenues over (under) expenses	(\$80,535)	(\$204,425)
Adjustments to reconcile revenues over (under) expenses to net cash provided by operating activities		
Depreciation and amortization	245,825	244,998
Changes in operating assets and liabilities		
(Increase) decrease in receivable	(\$43,525)	231,833
(Increase) decrease in inventory	(27,981)	(5,083)
(Increase) decrease in prepaid expenses	(19,553)	5,886
Increase (decrease) in accounts payable	118,253	(85,786)
Increase (decrease) in accrued liabilities	(4,753)	34,415
Increase (decrease) in deferred revenue	(12,922)	—
<b>Net cash provided by (used in) operating activities</b>	<b>(235,413)</b>	<b>231,766</b>
<b>Investing Activities</b>		
Purchases of property, plant and equipment	(136,508)	(97,613)
Change in restricted cash	(51,784)	(32,209)
Net (increase) decrease in certificates of deposit	102,694	97,221
Change in assets limited as to use	(12,314)	786
Proceeds received on sale of property, plant and equipment	—	24,825
<b>Net cash provided by (used in) investing activities</b>	<b>(97,808)</b>	<b>(52,810)</b>
<b>Financing Activities</b>		
Proceeds on notes	130,000	12,000
Principal payment on notes	(80,720)	(80,334)
Principal payment on bonds	(71,241)	(98,143)
Principal payment on capital leases	(8,613)	(7,810)
Decrease in contributed capital	12,822	—
Transferred from restricted fund	35,059	30,681
Net change in temporarily restricted assets	—	28,689
<b>Net cash provided by (used in) financing activities</b>	<b>(13,593)</b>	<b>(65,920)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(213,654)</b>	<b>231,666</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>426,476</b>	<b>205,810</b>
<b>Cash and Cash Equivalents, end of year</b>	<b><u>212,822</u></b>	<b><u>437,476</u></b>

The accompanying notes are an integral part of these statements.

St. Helena Parish Hospital Service District No. 1  
Statements of Cash Flows  
Years Ended October 31, 1997 and October 31, 1996

Supplemental Disclosure of Cash Flow Information

	<u>1997</u>	<u>1996</u>
Cash paid during the year for interest	<u>503,700</u>	<u>514,000</u>

The accompanying notes are an integral part of these statements.

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1997**

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

**A. Report Issued Under Separate Cover:**

The St. Helena Parish Hospital Service District No. 1's component unit financial statements are an integral part of the St. Helena Parish Police Jury's comprehensive annual financial report. This report has been issued under separate cover for the St. Helena Parish Hospital Service District No. 1, and should not be used for any other purpose.

**B. Financial Reporting Entity:**

On December 29, 1962, the St. Helena Parish Police Jury passed a resolution creating the St. Helena Parish Hospital Service District No. 1 (hereinafter sometimes called the "District") under the authority of Article 6, Section 19, of the 1974 Louisiana Constitution and Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, as amended. The District is composed of all the territory situated within the limits of the Parish of St. Helena, Louisiana.

The governing authority of the District consists of a board of six (6) commissioners, all of whom are qualified electors of the Parish of St. Helena, Louisiana. The Commissioners serve without pay, per diem, or reimbursement of expense, except actual cash out-of-pocket expenses incurred in the performance of their duties.

The public purpose of the District is to secure, provide for, and protect the public health and welfare by the treatment of human ailments through the acquisition and construction of projects as authorized by Chapter 10 of Title 46 of the 1974 Louisiana Constitution, and the financing and refinancing of indebtedness to acquire, construct, renovate, improve hospitals, clinics, laboratories, a nursing home, and any other facility, building or structure which may be of use and benefit in the teaching, training or practice of medical science and treatment of human ailments, or for such other facilities as the District shall find useful in the study of, or research in, or treatment of illness or infirmities, all as is more fully set out in said Chapter 10 of Title 46 of the 1974 Louisiana Constitution.

**C. Basis of Presentation:**

The accounts of the District are organized on the basis of a fund which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenses. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund is classified as follows:

**Proprietary Fund**

Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1997**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Proprietary Fund (Continued)**

governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**D. Budgetary Accounting**

The District's adopted budget meets the requirements of the Louisiana Local Government Budget Act as provided by Louisiana Revised Statutes 15:1301-1315.

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**F. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

**G. Deposits**

The October 31, 1997 and October 31, 1996 carrying amounts of the District's deposits were \$887,769 and \$1,340,908, respectively, which include cash and certificates of deposit of which \$208,000 was covered by Federal Depository Insurance for each year. The remaining October 31, 1997 and October 31, 1996 bank balances, which are considered Category 1 for generally accepted governmental accounting principles, were collateralized by securities held in a joint custodial account in the District's name.

**H. Accounts Receivable**

Accounts receivable from patients, insurance companies and third-party reimbursement contractual agencies are recorded at established charge rates. Certain third-party insured accounts (Medicare and Medicaid) are based on cost reimbursement agreements which generally result in the District collecting less than the established charge rates with the difference recorded as "contractual adjustments." Final determination of settlement is subject to review by appropriate authorities. Adequate allowances are provided for doubtful accounts and contractual adjustments. Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and recorded as recoveries of bad debts if subsequently collected. Net operating revenue includes only those amounts established by management to be collectible.

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1987**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**I. Charity Care**

The Hospital provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as receivables.

**J. Assets Whose Use is Limited**

Assets limited as to use under terms of the bond indentures are classified as assets whose use is limited.

**K. Inventories of Supplies**

Supplies are valued at the lower of cost (first-in, first-out) or net realizable value.

**L. Fixed Assets**

Fixed assets are stated at cost, except for assets donated to the District. Donated assets are recorded at the appraised value at the date of donation.

Depreciation is recorded on a straight-line basis over the useful lives of the assets. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Maintenance, repairs, replacements and improvements of minor amounts are expensed. Major replacements and improvements are capitalized.

**M. Cost of Borrowing**

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

**N. Net Patient Service Revenue**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**O. Vacation Pay**

Accumulated unpaid vacation is accrued when incurred. Employees earn and vest in vacation leave according to years of service as shown next:

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1997**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**G. Vacation Pay (Continued)**

<u>Years of Service</u>	<u>Full-Time Employees</u>
Over 5 years	2.08 days per month
Less than 5 years	1.66 days per month

**F. Income Tax**

The District is exempt from income taxes under Internal Revenue Code Section 115.

**G. Property Taxes**

The Sheriff of St. Helena Parish, as provided by state law, is the official tax collector of property taxes levied by the parish and parish special districts.

The 1996 and 1995 property tax calendars were as follows:

	<u>1996</u>	<u>1995</u>
Millage rates adopted	October 31, 1996	September 28, 1995
Tax bills mailed	November 23, 1996	November 3, 1995
Due date	December 31, 1996	December 31, 1995
Certified delinquent notice	March 31, 1997	March 31, 1996

Property taxes are recognized as revenue in the calendar year for which they are due. State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. After notice is given to the delinquent taxpayers, the sheriff is required by the constitution of the State of Louisiana to sell the least quantity of property necessary to satisfy the taxes and interest owed.

**H. Accounting Standards**

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

**I. Risk Management**

The District is exposed to various risks of loss from theft, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1997**

**Note 3-Net Patient Service Revenue**

The District has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

**Medicare:** Inpatient acute 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. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audit thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through October 31, 1993.

**Medicaid:** Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under 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 audit thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through October 31, 1993.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

**Note 3-Assets Whose Use Is Limited**

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets whose use is limited at October 31, 1997 and 1996, is set forth in the following table.

	<u>1997</u>	<u>1996</u>
Under indenture agreement		
Cash	\$270,516	\$258,300
	<u>270,516</u>	<u>258,300</u>

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1997**

**Note 4-Mortgage and Notes Payable**

Mortgage and notes payable consists of the following:

	<u>1997</u>	<u>1996</u>
Notes payable to Bank of Greensburg in monthly installments of \$1,600 at 8% interest. Note is secured by a lease agreement on the Dialysis Unit.	\$51,848	\$51,480
Notes payable to Bank of Greensburg in monthly installments of \$646 plus interest at 8%. Note is secured by equipment.	4,737	10,628
Note payable to Bank of Greensburg in monthly installments of \$700 at 8%. Note is secured by ad valorem taxes.	1,517	9,818
Note payable to Bank of Greensburg in monthly installments of \$580 at 8%. Note is secured by property.	9,240	15,199
Note payable to Bank of Greensburg in annual installments of \$48,518 plus interest at 8%. Note is secured by ad valorem taxes.	15,467	68,691
Mortgage payable to Farmers Home Administration for Morgan Hill Apartments in the amount of \$778,348 at an interest rate ranging from 1% to 8 7/8% for 30 years with a monthly payment of \$1,645. Note is secured by the Morgan Hill apartments.	769,263	770,583
Note payable to General Electric Corporation in the amount of \$85,300 at 7.25% interest, payable in 60 monthly installments of \$1,723. Note is secured by equipment.		6,789
Note payable to Bank of Greensburg for a 30 day loan in the amount of \$100,000 at 8% interest. Note is secured by ad valorem taxes.	100,000	
Note payable to Bank of Greensburg in one annual installment of \$50,000 plus interest at 8%. Note is secured by ad valorem taxes.	<u>30,000</u>	
Less current maturities	<u>158,180</u>	<u>880,913</u>
Long-term portion	<u>783,348</u>	<u>843,373</u>

Maturities of long-term debt for the next five years ending October 31, are as follows:

1998	\$199,100
1999	17,305
2000	1,885
2001	2,054
2002	2,213



St. Helena Parish Hospital Service District No. 1  
Notes to Financial Statements  
October 31, 1997

**Note 5-Bonds Payable**

Bonds payable consist of the following:

	<u>1997</u>	<u>1996</u>
Hospital Revenue Bonds of \$467,000 requiring annual installments of \$3,113 (principal and interest) for 20 years at an annualized rate of 5.125%. Bonds are secured by the land and building of the hospital and by a pledge of all operating revenue.	\$414,283	\$433,465

As required by the bond agreements, the District was required to establish three separate accounts: Sinking Fund, Reserve Fund and Contingency Fund. The Sinking Fund is required to have an amount sufficient to pay promptly and fully the principal and interest on the bonds. The Reserve Fund must have an amount paid to it equal to 10% of the amount paid to the Sinking Fund each month. The amount shall continue until the Reserve Fund has accumulated a sum equal to the combined principal and interest falling due in any year on the bonds. The Contingency Fund shall have deposited \$170 per month to cover depreciation, additions, improvements and replacements necessary to properly operate the District. These amounts have been classified as assets whose use is limited.

General Obligation Hospital Public Improvement Bonds of \$1,130,000. Payments are to be made in annual installments of \$95,339 (principal and interest) for 20 years at an annualized rate of 6.375%. Bonds are secured by the full faith and credit of the District which obligates itself to levy and collect all valorem taxes sufficient to pay principal and interest. All ad valorem taxes related to the bond issue are deposited into separate accounts. Payment of the bond issue is made from this account.

	<u>682,015</u>	<u>747,075</u>
	1,096,298	1,177,540
Less current maturity of bonds payable	<u>(71,788)</u>	<u>(71,416)</u>
Long-term portion of bonds payable	<u>1,024,510</u>	<u>1,106,124</u>

Bond maturities for each of the next five years ending October 31, are as follows:

	Principal	Interest	Total
1998	\$75,788	\$68,891	\$140,719
1999	80,433	60,284	140,719
2000	85,264	55,252	140,719
2001	90,601	50,118	140,719
2002	96,408	44,314	140,719

**St. Helena Parish Hospital Service District No. 1**  
**Notes to Financial Statements**  
**October 31, 1997**

**Note 6-Restricted Fund Balance**

A portion of the District's ad valorem taxes received are restricted to pay the debt on the General Obligation Hospital Public Improvement Bonds.

**Note 7-Capital Leases - Equipment**

The District leases a computer system, with a net book value of \$7,383 under a capital lease expiring in 1998. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset and the assets are depreciated over their estimated useful lives. Depreciation of assets under capital leases is included in depreciation expense. Future minimum lease payments under capital leases are as follows:

	<u>1997</u>	<u>1998</u>
Current portion of obligations under capital leases	\$9,773	\$8,618
Long-term portion of obligations under capital leases	_____	<u>9,768</u>
<b>Total obligations</b>	<b><u>9,773</u></b>	<b><u>18,386</u></b>

**Note 8-Capital Lease-Land**

The District has leased the land on which the nursing home is located from the St. Helena Parish Police Jury. The lease is for the 30 year period which coincides with the payment schedule on the related bonds. The lease does not require any payments to the Police Jury.

**Note 9-Land and Building**

The title to the District's land and building on which the Hospital is located is in the name of St. Helena Parish Police Jury. The effects are described in the auditor's report.

**Note 10-Medical Malpractice Claims**

The District has medical malpractice insurance up to \$100,000 through the Louisiana Hospital Association Trust Fund and an additional \$500,000 through the Patients Compensation Fund. As of the balance sheet date, the District has no malpractice claims exceeding its coverage.

St. Helena Parish Hospital Service District No. 1  
Notes to Financial Statements  
October 31, 1997

**Note 11-Concentration of Credit Risk**

The District is located in Gretnsburg, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Revenue from patients and third-party payors were as follows:

	<u>1997</u>	<u>1996</u>
Medicare and Medicaid	91%	91%
Commercial and Blue Cross	7%	7%
Private pay	<u>2%</u>	<u>2%</u>
	<u>100%</u>	<u>100%</u>

### Supplementary Information

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MEMBER OF NEBRASKA SOCIETY  
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MEMBER OF NEVADA SOCIETY  
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MEMBER OF NEW JERSEY SOCIETY  
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MEMBER OF NEW YORK SOCIETY  
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MEMBER OF NORTH CAROLINA SOCIETY  
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MEMBER OF NORTH DAKOTA SOCIETY  
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MEMBER OF OHIO SOCIETY  
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MEMBER OF OKLAHOMA SOCIETY  
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MEMBER OF PENNSYLVANIA SOCIETY  
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MEMBER OF WISCONSIN SOCIETY  
OF CPAs  
MEMBER OF WYOMING SOCIETY  
OF CPAs

December 12, 1997

**Independent Auditor's Report on Supplementary Information**

The Board of Commissioners

St. Helena Parish Hospital Service District No. 1  
Crescent, Louisiana

Commissioners:

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole of St. Helena Parish Hospital Service Districts No. 1, a component unit of St. Helena Parish Police Jury, as of and for the years ended October 31, 1997 and October 31, 1996, which are presented in the preceding section of this report. The supplementary information presented hereinafter is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the audit procedures applied in the audit of the general purpose financial statements and, in our opinion, because of the matters discussed in the auditor's report, is not in conformity with generally accepted accounting principles.

Yours truly,

*Hawthorn, Waymouth & Carroll, L.L.P.*

**St. Helena Parish Hospital Service District No. 1**  
**Revenue**  
**Years Ended October 31, 1997 and October 31, 1996**

	<b>1997</b>	<b>1996</b>
<b>Patient Service Revenue</b>		
Patient rooms - Hospital	\$204,744	\$289,120
Patient rooms - Nursing Home	1,434,726	1,482,274
Monitor room	17,887	31,349
Operating and emergency room	154,447	168,813
Medical and surgical supplies	386,428	262,044
Pharmacy	263,228	330,528
X-ray	260,704	283,760
EEG or EKG	86,534	119,068
Ultrasound	50,277	41,697
S.H.P. scan	34,344	16,647
Laboratory	781,483	741,064
Therapy	294,931	301,337
Doctor fees	68,334	67,483
Home Health	1,465,832	1,338,280
Dietary	28,349	36,356
Geriatric unit	1,597,214	2,486,835
Uncompensated case	170,476	
Clinic	<u>219</u>	<u>          </u>
	7,862,257	8,019,518
Less deduction from revenue	<u>(1,947,876)</u>	<u>(2,036,261)</u>
	<u>5,914,381</u>	<u>5,983,257</u>
<b>Other Operating Revenue</b>		
Taxes	\$232,502	\$232,164
State revenue sharing		6,189
Miscellaneous	<u>108,991</u>	<u>111,938</u>
	<u>436,493</u>	<u>439,391</u>

**St Helena Parish Hospital Service District No. 1**  
**Operating Expenses**  
**Years Ended October 31, 1997 and October 31, 1996**

	<u>1997</u>	<u>1996</u>
<b>Supplies and Other</b>		
Food cost	\$189,976	\$162,130
Pharmacy	83,087	99,168
Medical supplies	496,837	443,977
Medical waste services	20,824	28,698
<b>Total</b>	<u>791,724</u>	<u>733,973</u>
<b>General and Administrative</b>		
Bank charges	\$302	\$199
Collection expenses	9,222	7,538
Dues and subscriptions	18,717	15,044
Education	11,219	17,879
Employee benefits	(2,397)	2,080
Gas	25,866	28,680
Group insurance	32,964	40,321
Insurance	214,769	221,809
Lease expense	22,850	21,925
Maintenance contracts	17,775	18,182
Office supplies	27,938	41,873
Payroll taxes	248,238	235,268
Legal and professional	22,252	48,997
Postage	9,836	8,717
Miscellaneous	21,676	29,006
Repairs and maintenance	59,680	79,260
Rental charges	6,416	24,149
Sewerage	5,370	6,178
Telephones	77,478	64,262
Travel and educational	87,800	108,737
Utilities	94,542	102,809
Waste	7,147	7,491
Advertising	12,681	5,487
Vending machine	12,821	16,950
Trash pick-up	2,532	2,421
<b>Total</b>	<u>1,066,125</u>	<u>1,091,612</u>

St. Helena Parish Hospital Service District No. 1  
 Schedule of Expenditures of Federal Awards  
 Year Ended October 31, 1997

Federal Grants/ Pass-Through Grants/ Program Title	Federal C.F.D.A. No.	<u>Disbursement/ Expenditure</u>
<b>Department of Agriculture</b>		
<b>Direct Programs:</b>		
*Rural Rental Housing Loan	10-415	\$769,290
*Rural Rental Housing Subsidies	10-415	55,487
<u>Agency total</u>		<u>\$824,777</u>
<b>Department of Health and Human Services</b>		
Rural Health Care Transition Grant Program	93-779	45,837
<u>Agency total</u>		<u>45,837</u>
<u>Grand total</u>		<u>\$870,614</u>

\*Major Programs



**HAYTHORN, WAYMOUTH & CARROLL, L.L.P.**

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**CERTIFIED PUBLIC ACCOUNTANTS**

MEMBER FIRM HAS (HWC)  
MEMBER FIRM HAS (HWC)  
MEMBER FIRM HAS (HWC)  
MEMBER FIRM HAS (HWC)

December 13, 1997

MEMBER FIRM HAS (HWC)  
MEMBER FIRM HAS (HWC)  
MEMBER FIRM HAS (HWC)  
MEMBER FIRM HAS (HWC)  
MEMBER FIRM HAS (HWC)  
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MEMBER FIRM HAS (HWC)

**Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

**Board of Commissioners**

St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana

**Commissioners:**

We have audited the financial statements of St. Helena Parish Hospital Service District No. 1 as of and for the year ended October 31, 1997, and have issued an adverse opinion thereon dated December 12, 1997. 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 the St. Helena Parish Hospital Service District No. 1's 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 those 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the St. Helena Parish Hospital Service District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Helena Parish Hospital Service District No. 1's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings.

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 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the Schedule of Findings is not material weakness.

This report is intended for the information of the Board of Commissioners, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

*Hawthorn, Weymouth & Conell, P.C.*

St. Helena Parish Hospital Service District No. 1  
Schedule of Findings  
October 31, 1997

**Reportable Condition**

**Accounts Receivable**

Accounts receivable are currently being written off without approval from the Board of Commissioners. We recommend that the Board of Commissioners be provided with a list of names and amounts to be written off for their approval.

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December 31, 1997

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JOHN J. WAYMOUTH, CPA  
WILLIAM E. CARROLL, CPA

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WILLIAM E. CARROLL, CPA  
WILLIAM E. CARROLL, CPA

**Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133**

**Board of Commissioners**

St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana

**Commissioners:**

**Conclusion:**

We have audited the compliance of St. Helena Parish Hospital Service District No. 1 with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended October 31, 1997. St. Helena Parish Hospital Service District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of St. Helena Parish Hospital Service District No. 1's management. Our responsibility is to express an opinion on St. Helena Parish Hospital Service District No. 1's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted audit standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audit of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Helena Parish Hospital Service District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on St. Helena Parish Hospital Service District No. 1's compliance with those requirements.

In our opinion, St. Helena Parish Hospital Service District No. 1 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 1997.

### Internal Control Over Compliance

The management of St. Helena Parish Hospital Service District No. 1 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered St. Helena Parish Hospital Service District No. 1's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

*Hawthorn, Weymouth & Carroll, L.L.P.*

HAWTHORN, WARMOUTH & CARROLL, L.L.P.

14 CANNON SQUARE, C/O A  
ROBERTSON, TAYLOR & CO.,  
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MEMBERS OF ASSOCIATION OF  
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MEMBERS OF ICAEW, U.K.  
MEMBERS ASSOCIATION CMAA



CERTIFIED PUBLIC ACCOUNTANTS

REGISTERED PUBLIC ACCOUNTANTS  
MEMBERS ASSOCIATION CMAA  
MEMBERS ASSOCIATION CMAA

December 13, 1997

MEMBER OF ASSOCIATION OF  
ACCOUNTANTS IN BRITAIN  
MEMBERS ASSOCIATION CMAA  
MEMBERS ASSOCIATION CMAA  
MEMBERS ASSOCIATION CMAA  
MEMBERS ASSOCIATION CMAA

MEMBERS ASSOCIATION CMAA  
MEMBERS ASSOCIATION CMAA  
MEMBERS ASSOCIATION CMAA  
MEMBERS ASSOCIATION CMAA

**Report on Audit Findings and Questioned Costs Applicable to  
Each Major Program in Accordance with OMB Circular A-133**

Board of Commissioners  
St. Helena Parish Hospital Service District No. 1  
Greensburg, Louisiana

Commissioners:

We have audited the financial statements of the St. Helena Parish Hospital Service District No. 1, as of and for the year ended October 31, 1997, and have issued our report thereon dated December 13, 1997. 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.

Report on Audit Findings and Questioned Costs as Required by Circular A-133, Subject E. 85050004000  
Department of Health and Hospitals, C.F.D.A. # 84.0244.

- (1) The above mentioned audit report contained an adverse opinion as disclosed in Note 9 to the financial statements.
- (2) Our audit report did not disclose any material weaknesses or other conditions in internal control which are required to be reported under OMB Circular A-133.
- (3) We issued an unqualified report on compliance for major programs.
- (4) Our audit report did not disclose any material weaknesses or other conditions in internal control over major programs which are required to be reported by OMB Circular A-133.
- (5) Our audit report did not disclose any material noncompliance in major programs, as described in §.510(a)(2).
- (6) Our audit did not disclose any questioned costs, as described in §.500(a)(3).
- (7) The major program was identified as the Rural Rental Housing Loan.
- (8) The auditee had only one program and it was classified as Type A using 3000,000 as a threshold.
- (9) The auditee does not qualify as a low risk auditee under §.530.

This report is intended for the information of the Board of Commissioners, management, federal awarding agencies and pass-through entities.

Yours truly,

*Hawthorn, Warmouth & Carroll, L.L.P.*