

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

99 JUL 1 11:47

**HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH**
Ville Platte, Louisiana

Financial Report

December 31, 1998

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 7-21-99

Received and Acknowledged
Legislative Auditor

By L. L. Larcie

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
COMPONENT UNIT FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	4
Combined statement of revenues, expenditures, and changes in fund balances - governmental fund types	5
Notes to financial statements	6-12
SUPPLEMENTAL INFORMATION	
INTERNAL CONTROL AND COMPLIANCE	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	15-16
Summary Schedule of Prior Year Audit Findings	17

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA
Chris Reiney, CPA
Conrad O. Chapman, CPA
P. Troy Courville, CPA

Penny Angelle Scruggins, CPA
Mary T. Thibodeaux, CPA
Gerald A. Thibodeaux, Jr., CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA

234 Rue Beaugard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (318) 332-4020
Fax (318) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Hospital Service District No. 1
Of Evangeline Parish
Ville Platte, Louisiana

We have audited the accompanying general purpose financial statements of the Hospital Service District No. 1 of Evangeline Parish, a component unit of Evangeline Parish Police Jury, as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hospital Service District No. 1 of Evangeline Parish as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Hospital Service District No. 1 of Evangeline Parish. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion is fairly presented in all material respects in relation to the respective general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Ville Platte, Louisiana
March 8, 1999

**COMPONENT UNIT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

Hospital Service District No. 1 of Evangeline Parish
Ville Platte, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1998

	Governmental		Account Groups		Totals	
	Fund Types		General	General	(Memorandum Only)	
	Capital Project	Debt Service	Fixed Assets	Long-Term Debt	1998	1997
ASSETS AND OTHER DEBITS						
Cash	\$ 54	\$450,142	\$ -	\$ -	\$ 450,196	\$ 473,285
Investments	-	423,339	-	-	423,339	423,720
Property, furniture, and equipment	-	-	8,337,985	-	8,337,985	8,331,883
Amount available in debt service fund	-	-	-	873,481	873,481	867,408
Amount to be provided for retirement of general long-term debt	-	-	-	7,694,887	7,694,887	7,999,932
Total assets and other debits	\$ 54	\$873,481	\$8,337,985	\$8,568,368	\$17,779,888	\$18,096,228
LIABILITIES, OTHER CREDITS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,260
Retainage payable	-	-	-	-	-	17,018
Deferred revenue	35,579	-	-	-	35,579	35,579
General obligation bonds	-	-	-	6,825,000	6,825,000	7,055,000
Revenue bonds	-	-	-	1,743,368	1,743,368	1,812,340
Total liabilities	35,579	-	-	8,568,368	8,603,947	8,925,197
Other credits and fund balance:						
Investment in general fixed assets	-	-	8,337,985	-	8,337,985	8,331,883
Fund balance - Reserved:						
Reserved for capital expenditures	(35,525)	-	-	-	(35,525)	(28,260)
Reserved for debt service	-	873,481	-	-	873,481	867,408
	(35,525)	873,481	-	-	837,956	839,148
Total fund balance						
Total other credits and fund balance	(35,525)	873,481	8,337,985	-	9,175,941	9,171,031
Total liabilities, other credits and fund balance	\$ 54	\$873,481	\$8,337,985	\$8,568,368	\$17,779,888	\$18,096,228

The accompanying notes are an integral part of this statement.

Hospital Service District No. 1 of Evangeline Parish
Ville Platte, Louisiana

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Fund Types
Year Ended December 31, 1998

	Governmental Fund Types		Totals	
	Capital Project	Debt Service	(Memorandum Only)	
			1998	1997
Revenues:				
Lease rental revenue	\$ -	\$771,580	\$771,580	\$799,476
Interest	<u>330</u>	<u>27,984</u>	<u>28,314</u>	<u>32,591</u>
Total revenues	<u>330</u>	<u>799,564</u>	<u>799,894</u>	<u>832,067</u>
Expenditures:				
General government -				
Administrative fees	775	657	1,432	1,960
Professional fees	-	-	-	3,000
Advertising	-	-	-	80
Debt service-				
Principal	-	298,972	298,972	65,942
Interest and charges	-	494,580	494,580	506,810
Capital outlay -				
Hospital	-	-	-	190,213
Telephone system	-	-	-	71,485
Hospital roof improvements	<u>6,102</u>	<u>-</u>	<u>6,102</u>	<u>-</u>
Total expenditures	<u>6,877</u>	<u>794,209</u>	<u>801,086</u>	<u>839,490</u>
Deficiency of revenues over expenditures	<u>(6,547)</u>	<u>5,355</u>	<u>(1,192)</u>	<u>(7,423)</u>
Other financing sources (uses):				
Proceeds from bonds	-	-	-	-
Operating transfers in (out)	<u>(718)</u>	<u>718</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(718)</u>	<u>718</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing source over expenditures	(7,265)	6,073	(1,192)	(7,423)
Fund balances, beginning	<u>(28,260)</u>	<u>867,408</u>	<u>839,148</u>	<u>846,571</u>
Fund balances, ending	<u>\$ (35,525)</u>	<u>\$873,481</u>	<u>\$837,956</u>	<u>\$839,148</u>

The accompanying notes are an integral part of this statement. 5

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Ville Platte, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Hospital Service District No. 1 of Evangeline Parish (District) was created by the Evangeline Parish Police Jury by adopting an ordinance on May 10, 1995. The Board of Commissioners is the governing body of the District and is composed of five members. The Evangeline Parish Police Jury appoints all five commissioners. Two members serve two year terms, two members serve four year terms, and one member serves a six year term.

A. Basis of Presentation

The accounting and reporting policies of the Hospital Service District No. 1 of Evangeline Parish conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units.

B. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the Evangeline Parish Police Jury is the financial reporting entity of Evangeline Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Although legally separate from the Evangeline Parish Police Jury, the District is considered a component unit of the Evangeline Parish Police Jury because the police jury appoints all commissioners of the District and has the ability to impose its will on the District. Also, the District could provide specific financial benefits or impose specific financial burdens on the police jury. This report includes the component unit financial statements of the District only.

On August 30, 1996 the District entered into a lease agreement with Ville Platte Medical Center, Inc., a not-for-profit organization, to lease from the District a hospital facility together with the equipment for a period of twenty years. Due to the nature and significance of its relationship with the District, Ville Platte Medical Center, Inc. is considered to be a component unit of the District. The financial statements of the Ville

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Ville Platte, Louisiana

Notes to Financial Statements

Platte Medical Center, Inc. are not included in this report. The complete financial statements of Ville Platte Medical Center, Inc. can be obtained directly from its administrative office.

Ville Platte Medical Center, Inc.
800 East Main Street
Ville Platte, LA 70586

C. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, 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 comprises its assets, liabilities, fund equity, revenues, and expenditures. 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 funds presented in the financial statements are described as follows:

Governmental Funds -

Capital project fund

The capital project fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt service fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

E. General Fixed Assets and Long-Term Obligations

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the individual fund. No depreciation has been provided on general fixed assets.

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

All purchased fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the individual fund.

The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

F. Budgets

Budgets were not adopted for the Capital Project and Debt Service Fund.

G. Cash and Investments

Cash includes amounts in savings accounts and money market accounts.

The investment balance of the Evangeline Parish Hospital Service District consists of a money market fund purchased through FNBC that invests exclusively in obligations issued and backed by the U.S. Treasury. These uninsured, unregistered short-term securities include Treasury bills, notes and bonds. The market value for this investment is the same as its carrying amount at December 31, 1998.

H. Fund Balances

Reserve fund balances represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

I. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Lease Agreement

The District entered into a lease agreement with Ville Platte Medical Center, Inc. on August 30, 1996, in which the District leased the real property, together with the buildings, and improvements (the hospital) to Ville Platte Medical Center, Inc. continuing through August 2016.

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

During the term of the lease, Ville Platte Medical Center, Inc. agreed to pay the following amounts derived from the operation of the hospital in the following priority:

- A. On a monthly basis, in advance or before the 20th day of each month of each year, the amounts necessary to allow the District to make the payments required by the \$1,900,000 Hospital Revenue Bonds, and any applicable paying agent fees and expenses incurred under said bond resolution.
- B. On a monthly basis, in advance or before the 20th day of each month of each year, the amounts necessary to allow the District to make the payments required by the \$7,055,000 General Obligation Bonds, and any applicable paying agent fees and expenses incurred under said bond resolution.
- C. On a monthly basis, any actual and necessary expenses incurred by the District directly from its efforts to operate the Hospital Service District No. 1 of Evangeline Parish. This shall become due thirty days after written notice is given to Ville Platte Medical Center, Inc.

(3) Cash and Cash Restrictions

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the District has cash (bank balances) totaling \$450,196 which are secured by Federal Deposit Insurance and securities pledged by financial institutions.

The cash balances and purpose of each account at December 31, 1998 are as follows:

Capital Fund -	
Acquisition and improvement account	\$ <u>54</u>
Debt Service Fund -	
Revenue bond reserve account	\$ 36,718
Depreciation & contingency account	19,506
Sinking account	<u>393,918</u>
	<u>\$450,142</u>

The acquisition and improvement account is used to pay for expenditures related to the acquisition and improvement of the Ville Platte Medical Center, including the acquisition of equipment and furnishings therefor.

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

The general obligation reserve account was established by an initial deposit of \$420,500 from the proceeds of the bonds. This account is pledged solely to paying principal and/or interest on the bonds when there are insufficient moneys on deposit in the sinking account.

The revenue bond reserve account is pledged solely to paying principal and/or interest on the bonds when there are insufficient moneys on deposit in the sinking account. A sum of \$1,243 must be deposited monthly until \$149,112 has been accumulated therein.

The depreciation & contingency account will be used to pay for the acquisition and improvement of buildings and equipment necessary to properly operate the hospital. An amount of \$629 per month shall be deposited into this account. Money in this account shall also be used to pay the principal and interest on any bond for payment of which there is not sufficient money in the sinking or reserve account, but if so used, such money shall be replaced as soon as possible, thereafter out of the earnings of the hospital.

The sinking account is used to pay promptly and fully the principal and interest on the bonds when due. A sum equal to one-twelfth of the total amount of principal and interest falling due on the general obligation and revenue bonds in the ensuing twelve months together should be transferred on or before the 20th day of each month.

(4) Changes in General Fixed Assets

The following is a summary of changes in the general fixed assets account group:

	Balance 12/31/97	Additions	Deletions	Balance 12/31/98
Land	\$ 479,042	\$ -	\$ -	\$ 479,042
Buildings and improvements	3,144,711	6,102	-	3,150,813
Furniture, equipment, and medical records	4,517,917	-	-	4,517,917
Construction in progress	190,213	-	-	190,213
	<u>\$8,331,883</u>	<u>\$6,102</u>	<u>\$ -</u>	<u>\$8,337,985</u>

(5) Changes in Long-Term Debt

The following changes occurred in the general long-term debt account group:

	Balance 12/31/97	Additions	Deletions	Balance 12/31/98
General obligation bonds	\$7,055,000	\$ -	\$230,000	\$6,825,000
Revenue bonds	<u>1,812,340</u>	<u>-</u>	<u>68,972</u>	<u>1,743,368</u>
	<u>\$8,867,340</u>	<u>\$ -</u>	<u>\$298,972</u>	<u>\$8,568,368</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

Bonds payable at December 31, 1998, are comprised of the following individual issues:

\$7,055,000 General Obligation Bonds, Series 1995, due in annual installments of \$240,000 to \$615,000 through February 1, 2015; interest at 5.0 percent to 8.0 percent; payable from lease rental payments from Ville Platte Medical Center, Inc.	\$6,825,000
\$1,900,000 Hospital Revenue Bonds dated August 1, 1996, due in monthly installments of \$12,426 through August 29, 2015; interest at 4.50 percent; payable from lease rental payments from Ville Platte Medical Center, Inc.	1,743,368
	\$8,568,368

The annual requirements to amortize the general obligation and hospital revenue bonds outstanding as of December 31, 1998, including interest payments of \$4,439,782, are as follows:

Year	Amount
1999	\$ 784,752
2000	779,952
2001	773,952
2002	771,552
2003	762,752
2004-2008	3,792,310
2009-2013	3,840,110
2014-2015	1,502,771
	\$13,008,151

(6) Compensation of Board of Commissioners

The Board of Commissioners of the District receive no compensation and are only reimbursed for their expenses incurred relating to the District's business, which must have appropriate supporting documentation.

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

The Board of Commissioners consists of the following individuals:

Cecil Colligan - Chairman
Elaine Vidrine - Vice Chairman
Gaynelle Coates - Commissioner
Henry Dupre- MD - Commissioner
Curley Dossman - Commissioner
Linda Deville - Secretary

(7) Fund Deficit

The Capital Projects Fund reflects a deficit fund balance of \$35,525 at December 31, 1998 which is expected to be funded by future lease rental revenue.

(8) Insurance on General Fixed Assets

All insurance on general fixed assets, which are leased to the Ville Platte Medical Center, Inc. is provided by the Ville Platte Medical Center.

(9) Litigation

There is no litigation pending against the Evangeline Parish Hospital Service District at December 31, 1998.

SUPPLEMENTAL INFORMATION

INTERNAL CONTROL AND COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA
Chris Rainey, CPA
Conrad O. Chapman, CPA
P. Troy Courville, CPA

Penny Angelle Scruggins, CPA
Mary T. Thibodeaux, CPA
Gerald A. Thibodeaux, Jr., CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA

234 Rue Beaugard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (318) 332-4020
Fax (318) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

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
Hospital Service District No. 1
of Evangeline Parish
Ville Platte, Louisiana

We have audited the general purpose financial statements of the Hospital Service District No. 1 of Evangeline Parish for the year ended December 31, 1998, and have issued our report thereon dated March 8, 1999. 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 Hospital Service District No. 1 of Evangeline Parish's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 Hospital Service District No. 1 of Evangeline Parish'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 matters 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 amount 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 management. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Ville Platte, Louisiana
March 8, 1999

HOSPITAL SERVICE DISTRICT NO. 1 OF EVANGELINE PARISH
VILLE PLATTE, LOUISIANA

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 1998

There were no prior year audit findings.