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

## REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
## REPORT ON INTERNAL CONTROL STRUCTURE
## FINANCIAL STATEMENTS

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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 OCT 15 1997

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE 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
State of Louisiana

We have audited the 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 year ended March 31, 1997, and have issued our report thereon dated June 4, 1997.

We conducted our audit in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

In planning and performing our audit of the general purpose financial statements of Citizens Medical Center, for the year ended March 31, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the use of management and the Legislative Auditor's Office and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Legislative Auditors, is a matter of public record.

Mayer, Mincher, Robinson, Gardner and Longston CPA's

June 4, 1997

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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE 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
State of Louisiana

We have audited the 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 year ended March 31, 1997, and have issued our report thereon dated June 4, 1997.

We conducted our audit in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Citizens Medical Center is the responsibility of Citizens Medical Center's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Citizens Medical Center's compliance with certain provisions of statutes, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under "Governmental Auditing Standards".

We noted certain immaterial instances of noncompliance that we have reported to the management of Citizens Medical Center in a separate letter dated June 4, 1997.

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

Frazer, Minchew, Robinson, Gardner and Langston CPA's

June 4, 1997

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

FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
MARCH 31, 1997 AND 1996
AND
INDEPENDENT AUDITORS' REPORT

CALDWELL 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
Columbia, 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, 1997 and 1996, 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. Those 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 evaluating 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 8, Citizens Medical Center has been named in certain law suits by providers of health care services to collect charges for their services. The amount is 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, 1997 and 1996, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Frazer, Minchew, Robinson, Gardner and Langston CPA's

June 4, 1997

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

BALANCE SHEETS
MARCH 31, 1997 AND 1996

ASSETS

| | 1997 | 1996 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash on hand and in banks (Note 2) | $ 844,094 | $ 1,075,071 |
| Accounts receivable - patients - net of allowance for uncollectible accounts of $2,286,074 and $1,564,281 (Note 3) | 2,299,560 | 2,467,352 |
| Accounts receivable - fiscal intermediaries (Note 3) | 441,832 | 84,618 |
| Miscellaneous accounts receivable | 3,094 | 183,964 |
| Inventories of supplies (Note 4) | 147,804 | 142,357 |
| Prepaid expenses | 20,904 | 42,202 |
| Total current assets | $ 3,757,288 | $ 3,995,564 |
| PROPERTY AND EQUIPMENT (Note 1) | | |
| Land | $ 31,042 | $ 26,903 |
| Building and fixed equipment | 3,385,206 | 2,477,432 |
| Major movable equipment | 1,483,985 | 1,460,803 |
| Minor movable equipment | 207,088 | 200,258 |
| Equipment - doctor's building | 53,194 | 51,691 |
| Construction in progress | | 652,909 |
| | $ 5,160,515 | $ 4,869,996 |
| Less: Accumulated depreciation | (2,091,373) | (1,905,710) |
| | $ 3,069,142 | $ 2,964,286 |
| OTHER ASSETS | | |
| Reserve fund (Note 5) | $ 71,049 | $ 67,700 |
| | $ 6,897,479 | $ 7,027,550 |

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

## LIABILITIES AND FUND BALANCE

| | 1997 | 1996 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 1,071,762 | $ 1,176,568 |
| Accrued expenses | 177,418 | 143,059 |
| Notes payable - current maturities | 112,813 | 103,317 |
| Deferred revenue | 16,666 | 38,033 |
| Total current liabilities | $ 1,378,659 | $ 1,460,977 |
| **LONG-TERM LIABILITIES** | | |
| Notes payable - less current maturities (Note 6) | 820,028 | 932,954 |
| Total liabilities | $ 2,198,687 | $ 2,393,931 |
| **CONTRIBUTED CAPITAL** (Note 7) | 2,494,192 | 2,494,192 |
| **RETAINED EARNINGS** | | |
| Accumulated earnings | 2,204,600 | 2,139,427 |
| | $ 6,897,479 | $ 7,027,550 |

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, 1997 And 1996

| | 1997 | 1996 |
|---|---|---|
| Patient service revenues | | |
| Nursing service | $ 935,226 | $ 879,199 |
| Nursing service - observation | 41,142 | 37,606 |
| Pharmacy | 1,440,817 | 1,499,063 |
| IV solutions | 591,415 | 601,712 |
| Medical and surgical | 1,196,354 | 1,733,652 |
| Laboratory | 1,237,538 | 1,454,716 |
| Radiology | 518,656 | 629,713 |
| Operating room | 111,410 | 207,286 |
| Anesthesia | 116,466 | 243,034 |
| Blood | 10,545 | 15,632 |
| Respiratory care | 1,237,036 | 1,145,526 |
| Physical therapy | 24,379 | 30,108 |
| Emergency room | 477,927 | 142,625 |
| Emergency physicians' fees | 19,979 | 146,867 |
| Recovery room | 13,300 | 30,624 |
| EKG's | 121,000 | 123,752 |
| Monitors | 227,418 | 290,741 |
| EEG's | 8,118 | 8,990 |
| Nuclear medicine | 2,860 | 3,315 |
| Ultra-sound | 140,170 | 173,708 |
| CT scan | 279,779 | 164,132 |
| Chemical addiction unit | | 1,430,555 |
| PHP Psych. Unit | 330,756 | |
| Oncology | 33,624 | |
| Total | $ 9,115,915 | $ 10,992,556 |
| Allowances and uncollectible accounts | | |
| Contractual adjustments | $ 2,882,857 | $ 3,868,936 |
| Medicare and Medicaid | 2,470 | 262,531 |
| Free Care | 179,687 | 485,458 |
| Other adjustments | 446,520 | 305,432 |
| Provision for bad debts | (279,018) | (197,167) |
| Medicaid indigent revenue | | |
| | $ 3,232,516 | $ 4,725,190 |
| Net patient service revenues | $ 5,883,399 | $ 6,267,366 |

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, 1997 And 1996

| | 1997 | 1996 |
|---|---|---|
| Operating expenses | | |
| Salaries | $ 2,747,547 | $ 2,680,804 |
| Contract personnel | 276,693 | 300,099 |
| Supplies | 957,370 | 942,209 |
| Postage and freight | 11,529 | 8,696 |
| Professional fees | 31,780 | 19,720 |
| Physician fees (Weekend) | 548,038 | 365,065 |
| Maintenance | 80,783 | 88,605 |
| Dues and subscriptions | 23,487 | 13,551 |
| Continuing education | 14,020 | 14,452 |
| Travel | 20,402 | 39,809 |
| Medical purchased service | 266,057 | 589,430 |
| Equipment rental | 37,471 | 37,814 |
| Rental and CAU | | 367,500 |
| Miscellaneous | 22,890 | 23,629 |
| Telephone | 34,832 | 45,601 |
| Blood | 13,167 | 18,601 |
| Licenses and permits | 3,077 | 2,314 |
| Food | 116,440 | 117,044 |
| Utilities | 121,180 | 112,881 |
| Purchased laundry | 53,653 | 86,528 |
| Collection service | 19,858 | 20,314 |
| Legal and audit | 21,234 | 33,673 |
| Insurance | 97,657 | 82,622 |
| Employee benefits | 269,004 | 272,472 |
| Payroll taxes | 195,431 | 187,044 |
| Depreciation | 199,091 | 196,965 |
| Total | $ 6,182,691 | $ 6,666,442 |
| Operating profit (loss) before other income and deductions | $ (299,292) | $ (399,076) |
| Other operating income and deductions | | |
| Sales tax revenue | $ 416,000 | $ 450,000 |
| Interest earned | 25,517 | 25,045 |
| Miscellaneous income | 111,360 | 102,156 |
| Cafeteria income | 21,490 | 21,081 |
| Clinic | (112,937) | (95,922) |
| Interest expense | (96,965) | (13,506) |
| | $ 364,465 | $ 488,854 |
| Net income | $ 65,173 | $ 89,778 |

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, 1997 And 1996

| | | |
|---|---|---|
| Balance - beginning | $ 2,494,192 | $ 2,494,192 |
| Balance - ending | $ 2,494,192 | $ 2,494,192 |

## STATEMENTS OF RETAINED EARNINGS
For The Years Ended March 31, 1997 And 1996

| | | |
|---|---|---|
| Retained earnings | | |
| Balance - beginning | $ 2,139,427 | $ 2,049,649 |
| Net income (loss) | 65,173 | 89,778 |
| Balance - ending | $ 2,204,600 | $ 2,139,427 |

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

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

STATEMENTS OF CASH FLOWS
For The Years Ended March 31, 1997 And 1996
Increase (Decrease) in Cash and Cash Equivalents

| | 1997 | 1996 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | $ 65,173 | $ 89,778 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation expense | $ 203,406 | $ 204,807 |
| Interest expense | 96,965 | 13,505 |
| Interest income | (25,517) | (25,045) |
| Sales tax revenue | (416,000) | (450,000) |
| (Increase) Decrease in: | | |
| Patient receivables | 167,792 | (711,949) |
| Other receivables | (176,344) | (127,404) |
| Prepaid expenses | 21,298 | (10,431) |
| Inventories | (5,447) | (2,669) |
| Increase (decrease) in: | | |
| Accounts payable | (104,806) | 680,296 |
| Accrued expenses | 37,209 | 13,505 |
| Deferred revenue | (21,367) | (6,967) |
| Total Adjustments | $ (222,811) | $ (422,352) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | $ (157,638) | $ (332,574) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Sales tax revenue collected | $ 416,000 | $ 450,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING Activities | | |
| Proceeds from issuing certificates of indebtedness | $ | $ 900,000 |
| Purchase of equipment | (49,258) | (103,880) |
| Additions to buildings and grounds | (259,004) | (51,330) |
| Payment to construction in progress | | (652,909) |
| Principal repayments | (103,430) | (65,566) |
| Interest paid | (99,815) | (13,505) |
| Transfer to Reserve Fund | (3,349) | (67,700) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | $ (514,856) | $ (54,890) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Receipt of interest income | $ 25,517 | $ 25,045 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | $ (230,977) | $ 87,581 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 1,075,071 | 987,490 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | $ 844,094 | $ 1,075,071 |

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 $337,611 with accumulated depreciation of $205,098 and $173,575 at March 31, 1997 and 1996. Depreciation charges totaled $203,406 for 1997 and $204,807 for 1996.

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 $37,471 for 1997 and $405,314 for 1996 including $15,355 in minimum rental payments each year under noncancellable 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 $104,686. 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.

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:

| | 3-31-97 | 3-31-96 |
|---|---|---|
| Carrying amount | $ 915,143 | $ 1,141,821 |
| Bank balance | $ 1,085,676 | $ 1,414,880 |

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

| | 3-31-97 | 3-31-96 |
|---|---|---|
| Deposits | | |
| Citizens Progressive Bank | $ 590,504 | $ 761,109 |
| Homeland Federal Savings Bank | 394,993 | 238,209 |
| Caldwell Bank | 100,179 | 415,562 |
| Securities Pledged - FMV | | |
| Citizens Progressive Bank | | |
| Federal Home Loan Mortgage Corporation | 489,844 | 489,844 |
| Homeland Federal Savings Bank | | |
| U.S. Treasury Note | 250,196 | 249,519 |
| Federal National Mortgage Association Note | 197,237 | |
| Caldwell Bank | | |
| Federal Home Loan Mortgage Corporation | 150,000 | 193,644 |
| Federal National Mortgage Association Note | | 250,313 |
| U.S. Treasury Note | | 502,187 |

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

At March 31, 1997, the security pledged by Citizens Progressive Bank is held by FNBB Investment, Caldwell Bank's security is held by Deposit Guaranty National Bank and Homeland Federal Savings Bank's security is held by Whitney National Bank.

Note 3 Accounts Receivable

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

Accounts receivable - fiscal intermediaries represent the balances due the Hospital on reimbursable cost in excess of amounts billed and received at the regular per diem settlement rate. Revenues received under cost reimbursement agreements totaled $3,787,465 and $3,835,447 for fiscal years ended March 31, 1997 and 1996 and is subject to retroactive adjustments by third-party payors.

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 3 Accounts Receivable

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, 1997 | | |
|---|---|---|---|
| | Allowance | Adjustment to Allowance | Accounts Charged-off |
| Bad debts | $ 949,477 | $ (8,877) | $ 455,397 |
| Charity care | 2,895 | 2,138 | 1,713 |
| Medicare and medicaid contractual adjustments | 1,301,224 | 735,369 | 2,345,041 |
| Other | | | 116,073 |
| | $ 2,253,596 | $ 728,630 | $ 2,918,224 |
| Clinic | 32,478 | (6,837) | 47,889 |
| | $ 2,286,074 | $ 721,793 | $ 2,966,113 |

| | Fiscal Year Ending March 31, 1996 | | |
|---|---|---|---|
| | Allowance | Adjustment to Allowance | Accounts Charged-off |
| Bad debts | $ 958,354 | $ 229,834 | $ 75,598 |
| Charity care | 757 | (13,908) | 276,439 |
| Medicare and medicaid contractual adjustments | 565,855 | 211,393 | 3,657,542 |
| Other | | | 485,458 |
| | $ 1,524,966 | $ 427,319 | $ 4,495,037 |
| Clinic | 39,315 | 36,347 | 116,821 |
| | $ 1,564,281 | $ 463,666 | $ 4,611,858 |

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 21% and 21% of accounts receivable at year-end and medicare and medicaid contractual adjustments are approximately 48% and 22% of outstanding charges to those programs at March 31, 1997 and 1996.

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,:

| | 1997 | 1996 |
|---|---|---|
| Medical and surgical | $ 64,338 | $ 68,679 |
| Laboratory | 1,910 | 2,266 |
| X-ray | 5,274 | 4,381 |
| Pharmacy | 63,223 | 52,621 |
| Dietary | 11,814 | 12,165 |
| Respiratory therapy | 1,245 | 2,245 |
| | $ 147,804 | $ 142,357 |

Note 5 Reserve Account

The Certificate Resolution adopted by the Board of Commissions of Hospital Service District No. 1 of the Parish of Caldwell, State of Louisiana to authorize the issuance of the Certificate of Indebtedness provided that a Reserve Fund be established in the amount of $67,700 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 $71,049 at March 31, 1997.

Note 6 Long-Term Debt

| Long-term debt consists of the following: | 3-31-97 | 3-31-96 |
|---|---|---|
| Capitalized computer lease dated August 1, 1993, due in 60 monthly payments of $1,001.02 including principal and interest. | $ 17,245 | $ 29,257 |
| Capitalized equipment lease dated 10-28-93, due in 60 monthly payments of $1,396.28 including principal and interest at 7.64%. | 29,322 | 46,077 |
| Installment note payable on medical equipment purchase dated 8-17-94, due in 60 monthly payments of $1,968.00 including principal and interest at 6.75%. | 55,104 | 78,720 |

CALDWELL PARISH HOSPITAL SERVICE DISTRICT
CITIZENS MEDICAL CENTER

NOTES TO FINANCIAL STATEMENTS

Note 6 Long-Term Debt (Continued)

| | 3-31-97 | 3-31-96 |
|---|---|---|
| Taxable certificates of indebtedness Series 95, dated November 6, 1995, payable in 20 semiannual installments beginning on May 1, 1996 with interest at an indexed prime rate less 25 basic points (.25%) not to exceed 12% per annum incurred to construct and equip a physicians office building, payable from a pledge and dedication of the excess of annual revenue of the district above statutory, necessary and usual charges. | $ 1,219,567 | $ 1,354,580 |
| | $ 1,321,238 | $ 1,508,634 |
| Less current maturities | (112,813) | (103,317) |
| Less interest | (388,397) | (472,363) |
| | $ 820,028 | $ 932,954 |

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

| Year | Operating Leases and Other Commitments | Capital Leases | Long-Term Debt |
|---|---|---|---|
| 3-31-97 | $ 120,043 | $ 23,984 | $ 79,333 |
| 3-31-98 | 120,043 | 26,085 | 86,728 |
| 3-31-99 | 112,559 | 16,160 | 94,224 |
| 3-31-00 | 110,064 | | 82,757 |
| 3-31-2001 | 81,516 | | 81,000 |
| 3-31-2002 | | | 93,000 |
| Thereafter | | | 453,000 |
| | $ 544,225 | $ 66,229 | $ 970,042 |

Interest paid for the periods 3-31-97 and 3-31-96 was $68,965 and $44,355, respectively.

Construction period interest capitalized net of interest income of $1,711 and $7,301 for fiscal year ending 3-31-97 and 3-31-96 was $10,265 and $23,549, respectively.

Note 7 Contributed Capital

The residents of Caldwell Parish at a special election held in the Parish on Saturday, April 2, 1977, authorized the issuance of $2,300,000 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 5.7682 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 | $ | 26,902 |
| Building and fixed equipment | | 2,065,290 |
| Cash for purchase of equipment | | 402,000 |
| | $ | 2,494,192 |

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 at March 31, 1997.

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 statement. 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 of 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 statement. Our examination of the basic financial statements for the years ended March 31, 1997 and 1996, 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.

Frazer, Minchew, Robinson, Gardner and Langston CPA's

June 4, 1997

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

MARCH 31, 1997

## 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 |
| MARY NORRIS | TREASURER |
| HENRY BYRD | |
| MAX SHORES | |

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

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

### DEPARTMENTAL PATIENT REVENUES

| | 1997 | | | 1996 | | |
|---|---|---|---|---|---|---|
| | Inpatient | Outpatient | Total | Inpatient | Outpatient | Total |
| Patient Service Revenues | | | | | | |
| Nursing service | $ 939,726 | $ | $ 939,726 | $ 879,199 | $ | $ 879,199 |
| Nursing service - observation | 15,180 | 21,463 | 36,643 | 13,895 | 23,711 | 37,606 |
| Pharmacy | 1,235,600 | 205,217 | 1,440,817 | 1,316,977 | 182,086 | 1,499,063 |
| IV solutions | 567,701 | 23,714 | 591,415 | 571,955 | 29,757 | 601,712 |
| Medical and surgical | 923,364 | 272,990 | 1,196,354 | 1,145,937 | 587,715 | 1,733,652 |
| Laboratory | 776,371 | 461,167 | 1,237,538 | 875,256 | 579,460 | 1,454,716 |
| Radiology | 248,738 | 269,918 | 518,656 | 288,109 | 341,604 | 629,713 |
| Operating room | 70,201 | 41,209 | 111,410 | 93,769 | 113,517 | 207,286 |
| Anesthesia | 57,957 | 58,509 | 116,466 | 79,021 | 164,013 | 243,034 |
| Blood | 9,805 | 740 | 10,545 | 12,025 | 3,607 | 15,632 |
| Respiratory care | 1,155,474 | 81,562 | 1,237,036 | 1,097,576 | 47,950 | 1,145,526 |
| Physical therapy | 24,263 | 117 | 24,380 | 29,472 | 636 | 30,108 |
| Emergency room | 253,662 | | 253,662 | 142,625 | | 142,625 |
| Emergency room - physician fees | 19,978 | 224,265 | 244,243 | 15,342 | 131,526 | 146,867 |
| Recovery room | 5,412 | 7,888 | 13,300 | 8,062 | 22,562 | 30,624 |
| EKG's | 80,265 | 40,734 | 120,999 | 86,531 | 37,220 | 123,752 |
| Monitors | 175,104 | 52,314 | 227,418 | 172,395 | 118,346 | 290,741 |
| EEG's | 6,066 | 2,052 | 8,118 | 7,146 | 1,844 | 8,990 |
| Nuclear medicine | 2,490 | 370 | 2,860 | 3,315 | | 3,315 |
| Ultra-sound | 80,316 | 59,854 | 140,170 | 93,609 | 80,099 | 173,708 |
| CT Scan | 138,908 | 140,871 | 279,779 | 115,712 | 48,420 | 164,132 |
| Chemical Addiction Unit | | | | 1,120,905 | | 1,120,905 |
| PHP Psych. Unit | | 330,756 | 330,756 | | 309,650 | 309,650 |
| Oncology | | 33,624 | 33,624 | | | |
| Totals | $ 6,786,581 | $2,329,334 | $9,115,915 | $8,168,833 | $2,823,723 | $10,992,556 |

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

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

## DEPARTMENTAL EXPENSES

| | 1997 | | | 1996 | | |
|---|---|---|---|---|---|---|
| | SALARIES | SUPPLIES, FEES AND OTHER EXPENSES | TOTAL | SALARIES | SUPPLIES, FEES AND OTHER EXPENSES | TOTAL |
| Pharmacy | $ 125,174 | $ 335,292 | $ 460,466 | $ 130,438 | $ 335,777 | $ 466,215 |
| IV solutions | | 83,393 | 83,393 | | 75,243 | 75,243 |
| Medical and surgical | 284 | 135,931 | 136,215 | | 164,592 | 164,592 |
| Laboratory | 151,007 | 305,823 | 456,830 | 140,146 | 311,602 | 451,748 |
| Radiology | 137,306 | 80,631 | 217,937 | 128,257 | 81,002 | 209,259 |
| Operating room | 85,396 | 14,868 | 100,264 | 113,033 | 12,103 | 125,136 |
| Anesthesia | 80,683 | 80 | 80,763 | 140,692 | 1,003 | 141,695 |
| Blood | | 13,167 | 13,167 | | 18,601 | 18,601 |
| Respiratory therapy | 117,071 | 38,148 | 155,219 | 102,849 | 37,791 | 140,640 |
| Physical therapy | 8,240 | 41,158 | 49,398 | 12,781 | 11,055 | 23,836 |
| Emergency room | 170,691 | 549,468 | 720,159 | 113,563 | 366,119 | 479,682 |
| EKG | | 56,017 | 56,017 | | 62,922 | 62,922 |
| EEG | | 2,687 | 2,687 | | 3,685 | 3,685 |
| CT Scans | | 118,455 | 118,455 | | 115,229 | 115,229 |
| Ultra sounds | | 13,375 | 13,375 | | 12,699 | 12,699 |
| Nuclear medicine | | 3,549 | 3,549 | | 3,976 | 3,976 |
| Chemical Addiction Unit | 1,760 | (17,629) | (15,869) | 218,939 | 787,156 | 1,006,095 |
| PHP Phys. Unit | 144,493 | 128,724 | 273,217 | 56,114 | 76,807 | 132,921 |
| Administration | 327,190 | 768,126 | 1,095,316 | 249,150 | 740,302 | 989,452 |
| Dietary | 134,704 | 142,095 | 276,799 | 131,255 | 175,710 | 306,965 |
| Housekeeping | 82,257 | 29,295 | 111,552 | 59,966 | 35,565 | 95,531 |
| Nursing service | 927,124 | 55,299 | 982,423 | 845,433 | 27,761 | 873,194 |
| Maintenance and plant | 59,059 | 161,032 | 220,091 | 63,788 | 155,970 | 219,758 |
| Medical records | 109,935 | 78,630 | 188,565 | 126,141 | 98,137 | 224,278 |
| Purchasing | 44,113 | 2,087 | 46,200 | 41,503 | 2,542 | 44,045 |
| Laundry and linens | | 53,653 | 53,653 | | 87,219 | 87,219 |
| Transportation | 8,427 | 3,423 | 11,850 | 6,756 | 1,611 | 8,367 |
| Oncology | 32,633 | 18,182 | 50,815 | | | |
| Physicians Office | | 21,094 | 21,094 | | | |
| Totals | $ 2,747,547 | $3,236,053 | $5,983,600 | $2,680,804 | $3,802,179 | $ 6,482,983 |

CALDWELL PARISH HOSPITAL SERVICE DISTRICT NO. 1
CITIZENS MEDICAL CENTER

DEPARTMENTAL STATEMENTS OF INCOME - CLINIC
For The Years Ended March 31, 1997 And 1996

| | 3-31-97 | 3-31-96 |
|---|---|---|
| Patient Service Revenue | | |
| Office visits | $ 63,345 | $ 158,710 |
| Hospital visits | 20,694 | 100,335 |
| Nursing home visits | 3,470 | 14,020 |
| Laboratory | 15,067 | 42,181 |
| Other procedures and supplies | 14,003 | 32,365 |
| | $ 116,579 | $ 347,611 |
| Less: Contractual adjustments | $ 20,526 | $ 80,351 |
| Provisions for bad debts | 20,526 | 72,817 |
| | $ 41,052 | $ 153,168 |
| Net Income | $ 75,527 | $ 194,443 |
| Operating Expenses | | |
| Salaries | $ 140,685 | $ 212,588 |
| Office supplies and expense | 3,052 | 7,211 |
| Contract services | 7,572 | 3,094 |
| Travel, education and dues | 436 | 3,225 |
| Medical supplies and expense | 4,196 | 11,373 |
| Rental of building and equipment | 4,102 | 16,720 |
| Utilities | 1,201 | 3,962 |
| Telephone | 5,073 | 6,685 |
| Maintenance | 3,308 | 2,813 |
| Employee benefits | 7,206 | 11,195 |
| Insurance | 5,510 | 1,507 |
| Advertising | 1,253 | 2,222 |
| Depreciation | 4,315 | 7,842 |
| | $ 187,909 | $ 290,437 |
| | $ (112,382) | $ (95,994) |
| Other Income and (Deductions) | | |
| Miscellaneous | $ (727) | $ (242) |
| Interest | 172 | 314 |
| | $ (555) | $ 72 |
| Net Income (Loss) | $ (112,937) | $ (95,922) |

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June 4, 1997

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

We have audited the financial statements of Citizens Medical Center an enterprise fund of Caldwell Parish Hospital Service District No. 1, State of Louisiana, for the year ended March 31, 1997, and issued our report thereon dated June 4, 1997.

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

Upon approval of our audit engagement by the Legislative Auditor, Citizens Medical Center was provided a Systems Survey and Compliance Questionnaire to be completed and adopted by the governing board. The completed questionnaire and a copy of its adoption must then be given to the auditors at the beginning of the audit. The questionnaire was not timely submitted to the Board for adoption.

For future engagement, we can submit our engagement letter to Citizens Medical Center a few weeks before your fiscal year end to allow additional time for this process.

We thank you for the opportunity to service you. If there are any questions, please call.

Sincerely,

Gene E. Minchew

FRAZER, MINCHEW, ROBINSON, GARDNER & LANGSTON, CPAs

CALDWELL PARISH HOSPITAL SERVICE DISTRICT
CITIZENS MEDICAL CENTER

MARCH 31, 1997

HOSPITAL SERVICE DISTRICT BOARD

| | |
|---|---|
| LEON BASCO | CHAIRMAN |
| JOE TYLER | VICE-CHAIRMAN |
| MARY NORRIS | TREASURER |
| HENRY BRYD | |
| MAX SHORES | |