

99-001-1 11/19/07

HOSPITAL SERVICE DISTRICT NO. 3  
PARISH OF VERMILION, STATE OF LOUISIANA  
d/b/a GUEYDAN MEMORIAL GUEST HOME  
FINANCIAL REPORT  
MARCH 31, 1999

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 20 1999

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Board of Commissioners  
Hospital Service District No. 3  
Parish of Vermilion, State of Louisiana  
d/b/a Gueydan Memorial Guest Home  
Gueydan, Louisiana

We have audited the accompanying general purpose financial statements of Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home as of March 31, 1999, and for the two years then ended. These general purpose financial statements are the responsibility of Hospital Service District No. 3's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. 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 general purpose 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 Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home as of March 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the two years then ended in conformity with generally accepted accounting principles.

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Hospital Service District No. 3  
Parish of Vermilion, State of Louisiana  
d/b/a Gueydan Memorial Guest Home

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 1999 on our consideration of Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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 "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Hospital Service District No. 3 of the Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to such financial statements.

*Broussard, Poché, Liguier & Bracey, LLP*

Lafayette, Louisiana  
July 9, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 3  
PARISH OF VERMILION, STATE OF LOUISIANA  
D/B/A GUEYDAN MEMORIAL GUEST HOME

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
March 31, 1999

	Governmental Proprietary		Account	Total (Memorandum Only)
	<u>Fund Type</u>	<u>Fund Type</u>	<u>Group</u>	
ASSETS	<u>Debt Service</u>	<u>Enterprise</u>	<u>General Long-Term Debt</u>	
Cash and cash equivalents	\$ 4,160	\$ 124,391	\$ -	\$ 128,551
Cash held in trust	2,976	-	-	2,976
Investments	129,000	314,560	-	443,560
Restricted assets -				
Cash and cash equivalents	-	8,826	-	8,826
Patient receivable, less allowance for doubtful accounts and contractual adjustment of \$75,308	-	194,729	-	194,729
Due from intermediary	-	30,000	-	30,000
Ad valorem tax receivable, less allowance for doubtful accounts of \$3,105	5,389	-	-	5,389
Accrued interest receivable	565	9,079	-	9,644
Inventories	-	24,946	-	24,946
Prepaid expenses	-	19,727	-	19,727
Land	-	35,000	-	35,000
Plant and equipment, at cost, less accumulated depreciation of \$845,676	-	1,738,225	-	1,738,225
Amount available in Debt Service Funds for debt retirement	-	-	132,684	132,684
Amount to be provided for retirement of general long- term debt	-	-	917,316	917,316
Total assets	<u>\$ 142,090</u>	<u>\$2,499,483</u>	<u>\$1,050,000</u>	<u>\$3,691,573</u>

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	Governmental	Proprietary	Account	Total (Memorandum Only)
	<u>Fund Type</u>	<u>Fund Type</u>	<u>Group</u>	
	<u>Debt Service</u>	<u>Enterprise</u>	<u>General Long-Term Debt</u>	
Liabilities:				
Accounts payable	\$ -	\$ 46,552	\$ -	\$ 46,552
Accrued salaries and expenses	-	51,326	-	51,326
Accrued interest payable	9,406	-	-	9,406
Other payables	-	9,618	-	9,618
Payable from restricted assets:				
Deposits from patients	-	8,826	-	8,826
Bonds payable	-	-	1,050,000	1,050,000
Total liabilities	<u>\$ 9,406</u>	<u>\$ 116,322</u>	<u>\$1,050,000</u>	<u>\$1,175,728</u>
Fund equity:				
Contributed capital	\$ -	\$2,260,000	\$ -	\$2,260,000
Retained earnings	-	123,161	-	123,161
Fund balances:				
Reserved for debt service	<u>132,684</u>	<u>-</u>	<u>-</u>	<u>132,684</u>
Total fund equity	<u>\$ 132,684</u>	<u>\$2,383,161</u>	<u>\$ -</u>	<u>\$2,515,845</u>
Total liabilities and fund equity	<u>\$ 142,090</u>	<u>\$2,499,483</u>	<u>\$1,050,000</u>	<u>\$3,691,573</u>

HOSPITAL SERVICE DISTRICT NO. 3  
 PARISH OF VERMILION, STATE OF LOUISIANA  
 D/B/A GUEYDAN MEMORIAL GUEST HOME

STATEMENTS OF REVENUE AND EXPENDITURES AND  
 CHANGES IN FUND BALANCES -  
 ALL GOVERNMENTAL FUND TYPES  
 Years Ended March 31, 1999 and 1998

	<u>Debt Service</u>	
	<u>1999</u>	<u>1998</u>
Revenue:		
Ad valorem taxes	\$124,650	\$145,837
Interest	<u>7,039</u>	<u>8,845</u>
	<u>\$131,689</u>	<u>\$154,682</u>
Expenditures:		
Interest coupons	\$ 62,398	\$ 71,173
Bonds paid	105,000	100,000
Pension expense	3,738	4,460
Bad debt	2,290	2,838
Other fees	850	838
Paying agents' fees and other administrative costs	<u>-</u>	<u>12,533</u>
Total expenditures	<u>\$174,276</u>	<u>\$191,842</u>
Deficiency of revenue over expenditures	\$(42,587)	\$(37,160)
Fund balance - beginning	<u>175,271</u>	<u>212,431</u>
Fund balance - ending	<u>\$132,684</u>	<u>\$175,271</u>

See Notes to Financial Statements.

HOSPITAL SERVICE DISTRICT NO. 3  
 PARISH OF VERMILION, STATE OF LOUISIANA  
 D/B/A GUEYDAN MEMORIAL GUEST HOME

STATEMENTS OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS -  
 PROPRIETARY FUND TYPES  
 Years Ended March 31, 1999 and 1998

	Enterprise Fund	
	1999	1998
Revenue:		
Net patient revenue	<u>\$1,765,776</u>	<u>\$1,517,763</u>
Operating expenses:		
General and administrative	\$ 440,997	\$ 361,661
Nursing services	581,042	531,612
Housekeeping	90,466	89,575
Dietary	222,381	214,107
Plant operations	259,410	203,959
Laundry	52,593	53,817
Patient activity	36,481	39,405
Consultants	20,415	14,480
Medicare SNF	84,986	-
	<u>\$1,788,771</u>	<u>\$1,508,616</u>
Operating income (loss)	<u>\$ (22,995)</u>	<u>\$ 9,147</u>
Other revenue (expenses):		
Interest income	\$ 16,374	\$ 15,004
Donations	1,749	6,455
Miscellaneous	14,226	13,578
	<u>\$ 32,349</u>	<u>\$ 35,037</u>
Net income	\$ 9,354	\$ 44,184
Retained earnings, beginning	<u>113,807</u>	<u>69,623</u>
Retained earnings, ending	<u>\$ 123,161</u>	<u>\$ 113,807</u>

See Notes to Financial Statements.

HOSPITAL SERVICE DISTRICT NO. 3  
 PARISH OF VERMILION, STATE OF LOUISIANA  
 D/B/A GUEYDAN MEMORIAL GUEST HOME

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPES  
 Years Ended March 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 9,354	\$ 44,184
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	100,855	89,278
Provision for bad debts	19,535	-
Change in assets and liabilities:		
(Increase) in receivables	(102,680)	(18,455)
(Increase) in due from intermediary	(30,000)	-
Decrease in prepaid expenses	2,899	1,606
(Increase) in accrued interest receivable	(320)	(2,646)
(Increase) in other assets and inventory	(6,458)	(8,528)
Increase in accounts payable	19,626	4,956
Increase in accrued expenses and other payables	26,809	5,770
Increase (decrease) in patient deposits	<u>1,777</u>	<u>(516)</u>
 Net cash provided by operating activities	 <u>\$ 41,397</u>	 <u>\$ 115,649</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of depreciable assets	\$ (99,093)	\$ (19,535)
Purchase of certificate of deposit	<u>(14,396)</u>	<u>(111,438)</u>
 Net cash used by investing activities	 <u>\$ (113,489)</u>	 <u>\$ (130,973)</u>
 Net decrease in cash and cash equivalents	 \$ (72,092)	 \$ (15,324)
 Cash and cash equivalents:		
Beginning (including \$7,049 and \$7,565 in restricted cash at April 1, 1998 and 1997, respectively)	 <u>205,309</u>	 <u>220,633</u>
Ending (including \$8,826 and \$7,049 in restricted cash at March 31, 1999 and 1998, respectively)	 <u>\$ 133,217</u>	 <u>\$ 205,309</u>

See Notes to Financial Statements.

HOSPITAL SERVICE DISTRICT NO. 3  
PARISH OF VERMILION, STATE OF LOUISIANA  
D/B/A GUEYDAN MEMORIAL GUEST HOME

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Organization and description of business:

The Hospital Service District No. 3, Parish of Vermilion, State of Louisiana (District) is a political subdivision of the state created by an ordinance adopted by the Vermilion Parish Police Jury on November 19, 1988. The geographical limits of the District coincide with those of Ward No. 8 of Vermilion Parish. Members of the Board of Commissioners are appointed by the Vermilion Parish Police Jury. The District is operating under the name Gueydan Memorial Guest Home (Nursing Home). It operates a 66-bed nursing home that cares for primarily the elderly located in Southwest Louisiana.

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 comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District is composed of funds as follows:

Enterprise Fund (Proprietary Fund Type)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

The enterprise fund is used to account for all of the operating activity of the nursing home.

Debt Service Fund (Governmental Fund Type)

Governmental funds are used to account for the District's general activities, including the servicing of general long-term debt.

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

## NOTES TO FINANCIAL STATEMENTS

Accounting policies of the District are in accordance with generally accepted accounting principles. Listed below are those policies considered particularly significant for Hospital Service District No. 3.

### 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 proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes are recognized as revenue in the year in which such taxes are billed and collected. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

### Cash and cash equivalents:

For purposes of the statement of cash flows for the proprietary fund type, highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

### Inventory:

Inventories are stated at the lower of cost or market. Cost has been determined on a first-in, first-out basis.

## NOTES TO FINANCIAL STATEMENTS

### Restricted assets:

Certain resources of the enterprise fund are classified as restricted assets on the balance sheet because their use is limited because they represent residents' deposits being held by the fund.

### 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 those estimates.

### Property and depreciation:

Property is recorded at cost. Interest cost incurred during the construction period is capitalized net of interest income earned from the bond proceeds. Depreciation is computed using the straight-line method based on the useful lives of the assets.

Maintenance, repairs, and renewals of property are charged to expense as incurred. Major additions are capitalized.

At the time the properties are retired or disposed of, the accumulated reserves are written off the books and any difference between net book value and the amount realized by sale or salvage is included in income.

### Fund equity:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

### Total column on combined statement - overview:

Total column on the combined statement - overview captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Investments

For reporting purposes, cash and investments include cash and certificates of deposit. The District may invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks having their principal office in the State of Louisiana, or direct security repurchase agreements of any federal bank, or any other federally insured investment. The District may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The deposits at March 31, 1999 were secured as follows:

	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash	\$ 146,207	\$ (108,392)	\$ 37,815
Certificates of deposit	<u>443,560</u>	<u>(100,000)</u>	<u>343,560</u>
Total	<u>\$ 589,767</u>	<u>\$ 208,392</u>	\$ 381,375
Securities pledged and held by the custodial bank in the bank's name (Category III)			<u>(1,001,048)</u>
Excess of FDIC insurance plus pledged securities over cash plus cash equivalents			<u>\$ 619,673</u>

Even though the pledged securities are considered uncollateralized (Category III) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTES TO FINANCIAL STATEMENTS

Note 3. Property, Plant and Equipment

The major classes of property, plant, equipment, and depreciation methods and rates as of March 31, 1999 are as follows:

<u>Class</u>	<u>Method* Rate (Years)</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	-	\$ 35,000	\$ -	\$ 35,000
Building	SL/20-30	2,189,437	601,062	1,588,375
Furniture and fixtures	SL/3-20	328,243	185,600	142,643
Start-up costs	SL/2	56,201	56,201	-
Land improvements	SL/10	<u>10,020</u>	<u>2,813</u>	<u>7,207</u>
		<u>\$2,618,901</u>	<u>\$ 845,676</u>	<u>\$1,773,225</u>

\*SL - Straight-line

Depreciation expense for 1999 and 1998 was \$100,855 and \$89,278, respectively.

Note 4. Bond and Interest Coupons Payable

The Nursing Home had the following General Obligation Hospital Bonds outstanding on March 31, 1999:

<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Serial Payment</u>	<u>Unmatured Interest Coupons</u>
5.38%	February 1, 2009	\$75,000 - \$140,000	\$340,775

The following is a summary of bond transactions of Gueydan Memorial Guest Home for the two years ended March 31, 1999:

Balance, March 31, 1997	\$1,255,000
Reductions:	
Bonds retired - 1998	100,000
Bonds retired - 1999	<u>105,000</u>
Balance, March 31, 1999	<u>\$1,050,000</u>

Total interest cost for the years ended March 31, 1999 and 1998 was \$62,398 and \$71,173, respectively.

NOTES TO FINANCIAL STATEMENTS

The following is a schedule of the required maturities on bonds at March 31, 1999:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 75,000	\$ 56,438	\$ 131,438
2001	85,000	52,406	137,406
2002	90,000	47,838	137,838
2003	90,000	43,000	133,000
2004	100,000	38,163	138,163
Later years	<u>610,000</u>	<u>102,930</u>	<u>712,930</u>
	<u>\$1,050,000</u>	<u>\$ 340,775</u>	<u>\$1,390,775</u>

The Debt Service Fund had \$132,684 available to service this debt at March 31, 1999.

Note 5. Ad Valorem Taxes

For the years ended March 31, 1999 and 1998, taxes of 7.0 mills were levied on property with assessed valuations of \$17,743,510 and \$20,314,310, respectively, for the retirement of bonds.

Taxes are levied on September 1 and are due by December 31. Taxes attach as an enforceable lien on property as of January 1.

Total taxes levied for 1999 and 1998 were \$142,200 and \$124,200, respectively. Taxes receivable at March 31, 1999 and 1998, totaled \$8,494 and \$5,565, respectively. The allowance for doubtful accounts at March 31, 1999 totaled \$3,105.

Note 6. Patient Receivable

Patient receivable as of March 31, 1999 consist of the following:

Medicaid receivable, net of allowance for doubtful accounts of \$5,600	\$106,904
Medicare receivable, net of allowance for contractual adjustment of \$69,708	<u>87,825</u>
Total patient receivable, net	<u>\$194,729</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Patient Revenue

Patient revenue as of March 31, 1999 and 1998 consist of the following:

	<u>1999</u>	<u>1998</u>
Medicaid revenue	\$1,836,905	\$1,517,763
Medicaid contractual adjustment	<u>(268,323)</u>	<u>-</u>
Net Medicaid revenue	<u>\$1,568,582</u>	<u>\$1,517,763</u>
Medicare revenue	\$ 273,031	\$ -
Medicare contractual adjustment	<u>(75,837)</u>	<u>-</u>
Net Medicare revenue	<u>\$ 197,194</u>	<u>\$ -</u>
Total patient revenue, net	<u>\$1,765,776</u>	<u>\$1,517,763</u>

Note 8. Year 2000 Issue

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations.

The Nursing Home purchased new computer equipment and software during fiscal year 1999, to replace its existing equipment, and is currently in the testing and validation stage.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Nursing Home is or will be year 2000 ready, that the Nursing Home's remediation efforts will be successful in whole or in part, or that parties with whom the Nursing Home does business will be year 2000 ready.

Note 9. Concentration of Risk

The Nursing Home's patient receivables consist primarily of accounts due from the Medicare program and the State of Louisiana Medicaid program. At March 31, 1999, approximately 99% of patient receivables were due from the Medicare and Medicaid programs.

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SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 3  
 PARISH OF VERMILION, STATE OF LOUISIANA  
 D/B/A GUEYDAN MEMORIAL GUEST HOME

STATEMENT OF GENERAL LONG-TERM DEBT  
 March 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>AMOUNT AVAILABLE AND TO BE PROVIDED FOR PAYMENT OF LONG-TERM DEBT</b>		
Amount available in Debt Service Funds for debt retirement	\$ 132,684	\$ 175,271
Amount to be provided from: Ad valorem taxes	<u>917,316</u>	<u>979,729</u>
Total available and to be provided	<u>\$1,050,000</u>	<u>\$1,155,000</u>
<b>GENERAL LONG-TERM DEBT PAYABLE</b>		
Bonds payable:		
Due within one year	\$ 75,000	\$ 105,000
Due after one year	<u>975,000</u>	<u>1,050,000</u>
Total general long-term debt	<u>\$1,050,000</u>	<u>\$1,155,000</u>

HOSPITAL SERVICE DISTRICT NO. 3  
PARISH OF VERMILION, STATE OF LOUISIANA  
D/B/A GUEYDAN MEMORIAL GUEST HOME

SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT  
March 31, 1999 and 1998

	<u>Balance, March 31, 1997</u>	<u>Long-Term Debt Retired</u>	<u>Debt Service Funds Operations</u>	<u>Balance, March 31, 1998</u>
Amount available in debt service funds	\$ 212,431	\$ -	\$ (37,160)	\$ 175,271
Amount to be provided for retirement of long-term debt from:				
Ad valorem taxes	<u>1,042,569</u>	<u>(100,000)</u>	<u>37,160</u>	<u>979,729</u>
Total available and to be provided	<u>\$1,255,000</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$1,155,000</u>
General long-term debt payable	<u>\$1,255,000</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$1,155,000</u>
	<u>Balance, March 31, 1998</u>	<u>Long-Term Debt Retired</u>	<u>Debt Service Funds Operations</u>	<u>Balance, March 31, 1999</u>
Amount available in debt service funds	\$ 175,271	\$ -	\$ (42,587)	\$ 132,684
Amount to be provided for retirement of long-term debt from:				
Ad valorem taxes	<u>979,729</u>	<u>(105,000)</u>	<u>42,587</u>	<u>917,316</u>
Total available and to be provided	<u>\$1,155,000</u>	<u>\$ (105,000)</u>	<u>\$ -</u>	<u>\$1,050,000</u>
General long-term debt payable	<u>\$1,155,000</u>	<u>\$ (105,000)</u>	<u>\$ -</u>	<u>\$1,050,000</u>

HOSPITAL SERVICE DISTRICT NO. 3  
 PARISH OF VERMILION, STATE OF LOUISIANA  
 D/B/A GUEYDAN MEMORIAL GUEST HOME  
 ENTERPRISE FUND

SCHEDULES OF OPERATING EXPENSES - NURSING HOME  
 Years Ended March 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General and administrative:		
Salaries - administrator	\$ 52,723	\$ 39,655
Salaries - office and clerical	47,227	37,094
Advertising	1,956	2,102
Dues and subscriptions	4,368	4,046
Travel and seminar	8,046	8,494
Board fees	1,880	1,840
Insurance	44,798	48,465
Legal and accounting	7,668	13,861
Licenses	845	623
Office supplies	4,329	2,659
Payroll taxes	72,745	68,288
Telephone	9,638	6,768
Bank charges	114	10
Employee benefits	17,683	7,348
Medicare consultant	20,932	6,445
Outside services	7,116	8,233
Postage and freight	5,435	3,612
Maintenance	3,763	6,657
Bad debts	19,535	-
Provider fee	<u>110,196</u>	<u>95,461</u>
	<u>\$ 440,997</u>	<u>\$ 361,661</u>
 Nursing services:		
Salaries - director	\$ 58,810	\$ 56,866
Salaries - other	489,690	455,988
Medical supplies	29,022	18,758
Contract services	<u>3,520</u>	<u>-</u>
	<u>\$ 581,042</u>	<u>\$ 531,612</u>
 Housekeeping:		
Salaries	\$ 80,471	\$ 79,975
Supplies	<u>9,995</u>	<u>9,600</u>
	<u>\$ 90,466</u>	<u>\$ 89,575</u>
 Dietary:		
Salaries	\$ 127,041	\$ 119,197
Food	87,028	86,763
Supplies	<u>8,312</u>	<u>8,147</u>
	<u>\$ 222,381</u>	<u>\$ 214,107</u>
 Subtotals forward	<u>\$1,334,886</u>	<u>\$1,196,955</u>

HOSPITAL SERVICE DISTRICT NO. 3  
 PARISH OF VERMILION, STATE OF LOUISIANA  
 D/B/A GUEYDAN MEMORIAL GUEST HOME  
 ENTERPRISE FUND

SCHEDULES OF OPERATING EXPENSES - NURSING HOME (CONTINUED)  
 Years Ended March 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Subtotals forwarded	<u>\$1,334,886</u>	<u>\$1,196,955</u>
Plant operations:		
Salaries	\$ 23,035	\$ 21,162
Utilities	73,747	69,553
Supplies	4,320	2,584
Repairs and maintenance	36,057	14,106
Depreciation	100,855	89,278
Contract service	7,451	6,857
Other	<u>13,945</u>	<u>419</u>
	<u>\$ 259,410</u>	<u>\$ 203,959</u>
Laundry:		
Salaries	\$ 51,001	\$ 47,837
Supplies	<u>1,592</u>	<u>5,980</u>
	<u>\$ 52,593</u>	<u>\$ 53,817</u>
Patient activity:		
Salaries - PAC	\$ 31,296	\$ 29,636
Supplies	<u>5,185</u>	<u>9,769</u>
	<u>\$ 36,481</u>	<u>\$ 39,405</u>
Consultants:		
Pharmacy	\$ 5,100	\$ 5,100
Physicians	12,000	6,000
Dietary	2,400	2,400
Other	<u>915</u>	<u>980</u>
	<u>\$ 20,415</u>	<u>\$ 14,480</u>
Medicare SNF:		
Physical therapy	\$ 24,032	\$ -
Occupational therapy	17,235	-
Speech therapy	12,978	-
Therapy supplies	1,871	-
Drugs charged to patients	16,569	-
Lab	486	-
Complex medical equipment	3,832	-
IV therapy	<u>7,983</u>	<u>-</u>
	<u>\$ 84,986</u>	<u>\$ -</u>
Total operating expenses	<u>\$1,788,771</u>	<u>\$1,508,616</u>

HOSPITAL SERVICE DISTRICT NO. 3  
 PARISH OF VERMILION, STATE OF LOUISIANA  
 D/B/A GUEYDAN MEMORIAL GUEST HOME

SCHEDULE OF COMPENSATION TO BOARD MEMBERS  
 Years Ended March 31, 1999 and 1998

<u>BOARD MEMBERS</u>	<u>REGULAR MEETINGS ATTENDED</u>		<u>AMOUNT RECEIVED*</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Dugas, Larry	10	10	\$ 400	\$ 400
Foreman, Lester	8	9	320	360
Marceaux, Nelson	7	4	280	200
Theroit, Chris	12	11	480	440
Thompson, Flora	<u>10</u>	<u>11</u>	<u>400</u>	<u>440</u>
	<u>47</u>	<u>45</u>	<u>\$ 1,880</u>	<u>\$ 1,840</u>

\*Board members are paid for a maximum of twelve (12) meetings per year at \$40 per meeting.



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Daniel E. Gilder, CPA\*

Gregory B. Milton, CPA\*

S. Scott Soileau, CPA\*

Patrick C. McCarthy, CPA\*

*Retired:*

Sidney L. Broussard, CPA\* 1980

Leon K. Poché, CPA 1984

James H. Breau, CPA 1987

Erma R. Walton, CPA 1988

George A. Lewis, CPA\* 1992

Geraldine J. Wimberley, CPA\* 1995

Rodney L. Savoy, CPA\* 1996

Larry G. Broussard, CPA\* 1997

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INDEPENDENT AUDITOR'S 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. 3  
Parish of Vermilion, State of Louisiana  
d/b/a Gueydan Memorial Guest Home  
Gueydan, Louisiana

We have audited the general purpose financial statements of Hospital Service District No. 3, Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home as of and for the two years ended March 31, 1999, and have issued our report thereon dated July 9, 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 Hospital Service District No. 3, Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 99-2.

Board of Commissioners  
Hospital Service District No. 3  
Parish of Vermilion, State of Louisiana  
d/b/a Gueydan Memorial Guest Home

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hospital Service District No. 3, Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home'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 certain matter involving the internal control over financial reporting and its operation that we consider to be a 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 Hospital Service District No. 3, Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home'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 and questioned costs as item 99-1.

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 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 above is not a material weakness.

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



Lafayette, Louisiana  
July 9, 1999

HOSPITAL SERVICE DISTRICT NO. 3  
PARISH OF VERMILION, STATE OF LOUISIANA  
D/B/A GUEYDAN MEMORIAL GUEST HOME

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Two Years Ended March 31, 1999

We have audited the general-purpose financial statements of Hospital Service District No. 3, Parish of Vermilion, State of Louisiana, d/b/a Gueydan Memorial Guest Home, as of and for the two years ended March 31, 1999, and have issued our report thereon dated July 9, 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. Our audit of the general-purpose financial statements as of March 31 1999, resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

b. Federal Awards

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

**Section II Financial Statement Findings**

#99-1 - Segregation of Duties

Finding: In reviewing the internal control structure, we noted inadequate segregation of duties existed. The general accounting and general ledger function is not separate from custody and control over assets.

Cause: Inadequate segregation of duties exist due to the limited number of personnel performing the administrative functions.

Recommendation and response: We recommend that additional personnel be hired to provide adequate segregation of duties. The Board has evaluated this inadequacy and concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

Questioned costs: \$ - 0 -

HOSPITAL SERVICE DISTRICT NO. 3  
PARISH OF VERMILION, STATE OF LOUISIANA  
D/B/A GUEYDAN MEMORIAL GUEST HOME

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Two Years Ended March 31, 1999

**Section II Financial Statement Findings (continued)**

#99-2 - Public Bid Law

Finding: Two expenditures made during the year for materials and supplies exceeded \$15,000. These expenditures had not been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

Cause: The District failed to advertise for bids for these expenditures and instead obtained several quotes over the telephone.

Recommendation and response: We recommend that the District comply with all applicable aspects of the Public Bid Law and more specifically that the District advertise for bids when purchasing materials and supplies exceeding \$15,000. Management has agreed to follow the Public Bid Law requirements in the future.

Questioned costs:           \$ - 0 -

**Section III Federal Award Findings and Questioned Costs**

There are no audit findings related to major federal award programs for the year ended March 31, 1999.

HOSPITAL SERVICE DISTRICT NO. 3  
PARISH OF VERMILION, STATE OF LOUISIANA  
D/B/A GUEYDAN MEMORIAL GUEST HOME

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended March 31, 1999

I. Internal Control and Compliance Material to the Financial Statements

General Administration

Inadequate segregation of duties.

This finding is unresolved and is included in the audit report for the two years ended March 31, 1999, and is described in #99-1; however, the District has segregated as much as it can based on resources available.

Resident Trust Accounts

Management should obtain the required documentation related to resident funds.

During our work on resident accounts, we found that adequate documentation existed for all transactions tested. Signatures were on file acknowledging request and receipt of items for which the resident is charged.

Resolved.

II. Internal Control and Compliance Material to Federal Awards

There were no audit findings related to any major federal award program for the year ended March 31, 1997.

III. Management Letter

There were no findings reported in a management letter for the year ended March 31, 1997.

**VERMILION PARISH HOSPITAL SERVICE DISTRICT NO. 3**  
**d/b/a Gueydan Memorial Guest Home**  
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**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**Two Years Ended March 31, 1999**

**Section I. Internal Control and Compliance Material to the Financial Statements**

**#99-1 Segregation of Duties**

It is recommended that additional personnel be hired to provide adequate segregation of duties.

The Board has evaluated this inadequacy and has concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation of duties.

**#99-2 Public Bid Law**

It is recommended that the Nursing Home comply with all applicable aspects of the Public Bid Law and more specifically that the Nursing Home advertise for bids when purchasing materials and supplies exceeding \$15,000.

Management will make every effort to comply with the requirements of the Public Bid Law in the future and will specifically advertise for bids when purchasing materials and supplies exceeding \$15,000.

**Section II. Internal Control and Compliance Material to Federal Awards**

There were no audit findings related to any major federal award program for the two years ended March 31, 1999.

**Section III. Management Letter**

There were no findings reported in a management letter for the two years ended March 31, 1999.

Responsible Party: Craig Robert Hensgens, Administrator