



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE

HARRISBURG STATE HOSPITAL  
HARRISBURG, PENNSYLVANIA

AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 1978

68390

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General Operations

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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
GENERAL OPERATIONS



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE  
AUDITOR GENERAL  
HARRISBURG 17120

AL BENEDICT  
AUDITOR GENERAL

Honorable Richard L. Thornburgh  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania

We have examined the statements of allocations of Commonwealth Funds of the Harrisburg State Hospital and the related statement of cash receipts and disbursements for the years ended June 30, 1978 and 1977. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements referred to above present fairly the status of the various allocations of Commonwealth Funds of the Harrisburg State Hospital and the results of its cash basis operations for the years ended June 30, 1978 and 1977, in conformity with accounting principles applicable to the Commonwealth of Pennsylvania applied on a consistent basis.

A handwritten signature in dark ink, appearing to read 'Al Benedict', with a long horizontal flourish extending to the right.

October 3, 1978

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS  
FOR THE YEAR ENDED JUNE 30, 1978

	General Fund Allocations			
	1975-1976 Act 8-A	1976-1977 Act 7-A	1977-1978 Act 11-A	Total
Balance June 30, 1977	\$ 1,275	\$ 54	\$ -	\$ 1,329
Encumbered June 30, 1977	11,100	764,675	-	775,775
Available allocations	-	-	6,216,191	6,216,191
Allocation adjustments	-	(1,904)	3,585,900	3,583,996
Federal reimbursement of Pennsylvania Medical Assistance	-	-	3,198,000	3,198,000
Credits to allocations	-	-	1,294,610	1,294,610
Total available	<u>12,375</u>	<u>762,825</u>	<u>14,294,701</u>	<u>15,069,901</u>
Expenses paid	2,892	641,485	13,351,823	13,996,200
Maintenance recovered	-	(143)	(3,165)	(3,308)
Total disbursements	<u>2,892</u>	<u>641,342</u>	<u>13,348,658</u>	<u>13,992,892</u>
Encumbered June 30, 1978	8,208	-	946,043	954,251
Lapsed June 30, 1978	<u>1,275</u>	<u>121,483</u>	<u>-</u>	<u>122,758</u>
Total reductions	<u>12,375</u>	<u>762,825</u>	<u>14,294,701</u>	<u>15,069,901</u>
Balance June 30, 1978	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS  
FOR THE YEAR ENDED JUNE 30, 1977

	General Fund Allocations			
	1969-1970 Act 12-A	1975-1976 Act 8-A	1976-1977 Act 7-A	Total
Balance June 30, 1976	\$ -	\$ -	\$ -	\$ -
Encumbered June 30, 1976	3,989	837,757	-	841,746
Current allocations	-	-	7,840,000	7,840,000
Allocation adjustments	-	98,267	773,469	871,736
Federal reimbursement of Pennsylvania Medical Assistance	-	-	3,325,000	3,325,000
Credits to allocations	-	-	1,050,412	1,050,412
Total available	<u>3,989</u>	<u>936,024</u>	<u>12,988,881</u>	<u>13,928,894</u>
Expenses paid	-	923,961	12,202,652	13,126,613
Maintenance recovered	-	(312)	(4,175)	(4,487)
Requests for expenses not warranted	-	-	25,675	25,675
Total disbursements	-	923,649	12,224,152	13,147,801
Encumbered June 30, 1976	-	11,100	764,675	775,775
Lapsed June 30, 1976	<u>3,989</u>	<u>-</u>	<u>-</u>	<u>3,989</u>
Total reductions	<u>3,989</u>	<u>934,749</u>	<u>12,988,827</u>	<u>13,927,565</u>
Balance June 30, 1977	<u>\$ -</u>	<u>\$ 1,275</u>	<u>\$ 54</u>	<u>\$ 1,329</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF PUBLIC WELFARE  
 HARRISBURG STATE HOSPITAL  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEARS ENDED JUNE 30, 1978 AND 1977

	<u>1978</u>	<u>1977</u>
<u>Receipts</u>		
Full-pay patients	\$ 1,326,126	\$ 644,600
Part-pay patients	186,281	148,125
Terminal	383,602	147,306
Department of Justice	17,069	41,933
Federal reimbursement of Pennsylvania Medical Assistance	3,198,000	3,325,000
Disbursements reimbursed	32,052	64,742
Miscellaneous	29,117	-
	<hr/>	<hr/>
Total	5,172,247	4,371,706
<u>Disbursements</u>		
Salaries	9,098,944	8,415,418
Overtime	154,200	100,422
Shift differential pay	96,454	87,158
Higher classification pay	7,642	-
Physician recognition awards	6,974	-
Wages	31,813	16,917
Special benefit provision - PSSU and PESEA	1,838	-
Employees Health and Welfare Fund	228,395	159,863
Employees hospitalization insurance	413,997	386,675
Social security contributions	537,005	468,447
Retirement contributions	1,284,372	1,411,658
State workmen's insurance premium payments	241,247	146,935
Employees group life insurance	23,044	58,400
Out-service training	11,938	10,097
Unemployment compensation	26,337	18,805
Sick leave payout	12,015	-
Annual leave payout	14,624	-
Maintenance recovered	(3,308)	(4,487)
Civil Service Commission services	33,187	33,630
Contracted repairs	8,596	3,254
Classification and pay services	6,578	3,717
Data processing services	43,455	38,246
Consultant fees	320	385
Specialized services	155,459	69,200
Legal fees	1,110	150
Clinic services - medical, mental, and dental	56,422	57,989
Printing	407	166
Prosthetic appliances	3,377	662
Advertising	2,067	483

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (Continued)  
FOR THE YEARS ENDED JUNE 30, 1978 AND 1977

<u>Disbursements (Continued)</u>	<u>1978</u>	<u>1977</u>
Postage	\$ 4,812	\$ 5,609
Freight charges	750	529
Telephone and telegraph monthly costs	58,026	56,972
Long-distance toll charges	558	931
Telephone and telegraph equipment installation	5,335	1,533
Travel	5,813	5,952
Pennsylvania telephone network proration	7,125	-
Water and sewerage	17,779	16,143
Electricity	120,069	129,600
Heating fuel	347,750	447,773
Subscriptions (trade journals, etc.)	335	1,123
Membership dues	35	-
Insurance, surety and fidelity bonds	11,983	15,764
Motorized equipment supplies	20,468	19,124
Motorized equipment repairs	1,786	1,139
Contracted maintenance service - buildings and grounds	6,949	4,013
Contracted maintenance service - office equipment	2,717	9,390
Contracted maintenance service - other	1,424	249
Rent of real estate	-	75
Rent of EDP equipment	6,825	7,526
Motorized equipment rentals	10,776	11,464
Other equipment rentals	13,800	8,661
Drugs	93,159	117,075
Laboratory supplies	24,173	14,078
Medical supplies (other than drugs)	31,132	39,437
Wearing apparel	15,930	24,842
Food	402,080	431,862
Housekeeping supplies	107,223	105,763
Office supplies	14,762	20,277
Educational supplies and services	8,867	4,329
Agricultural supplies and services	(315)	897
Recreational supplies and services	4,192	4,259
Religious supplies	67	64
Maintenance materials and supplies	68,103	49,847
Library materials and supplies	1,797	10
Other services and supplies	333	121
Equipment and machinery	53,403	15,176
Furniture and furnishings	6,628	16,629
Buildings and structures	14,842	74,684
Radio equipment purchase	1,971	-

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (Continued)  
FOR THE YEARS ENDED JUNE 30, 1978 AND 1977

	<u>1978</u>	<u>1977</u>
<u>Disbursements (Continued)</u>		
Miscellaneous telecommunications equipment - purchase	\$ 921	\$ -
Inter-fund disbursements	<u>-</u>	<u>691</u>
Total	<u>13,992,892</u>	<u>13,147,801</u>
<u>Excess of disbursements over receipts</u>	<u>\$ 8,820,645</u>	<u>\$ 8,776,095</u>

Notes to financial statements are an integral part  
of this report.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounts of Harrisburg State Hospital are maintained in accordance with the principles set forth in the Manual of Accounting and Related Financial Procedures of the Commonwealth of Pennsylvania, revised edition, 1967. Receipts and disbursements are included on a cash basis. Fixed assets and supplies are reported as disbursements in the period purchased rather than being capitalized.

2. Retirement Benefits

Retirement benefits are provided for all employees under a contributory plan administered by the State Employees' Retirement Board.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Work Activities Center Issued Erroneous  
Financial Statements

Our examination of the Work Activities Center (WAC) June 30, 1978 financial statements disclosed the following improprieties:

- . The June 30, 1978 balance of the subsidiary accounts receivable is \$5,247 greater than the balance in the general ledger control account.
- . There is a discrepancy of \$8,866 between the general ledger cash account balance of \$9,823 and the checkbook balance of \$956.
- . The cash receipts journal is not utilized properly in recording receipts. Several receipts tested were not posted to the cash receipts journal for up to 10 days after date of receipt.
- . Personal monies were commingled with the petty cash fund, resulting in a petty cash balance in excess of the imprest amount.

As a result of the failure to follow generally accepted accounting principles and careless posting to the general ledger, WAC's June 30, 1978 financial statements do not show the true financial position of this entity.

Recommendations

We recommend:

- . More care be exercised when making postings to the general ledger. Also, the accounts receivable subsidiary and control accounts should be reconciled and, if necessary, an adjusting entry should be made.
- . The checking account be reconciled to the monthly bank statement at the end of each month.
- . Receipts be recorded promptly in the cash receipts journal and deposited on a regular basis.
- . The institution accountant assist WAC personnel in bringing its accounting records into conformity with generally accepted accounting standards.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - Inadequate Control Over Patients' Property

An Individual Personal Property Report (PW 530) is not always receipted and filed in the patient's records after separation from the institution.

The Department of Public Welfare Manual, Section 7445.2, states:

After discharge or death, property placed in storage and that retained by the patient is turned over to the patient or his legal representative. A list of items returned is prepared, receipted and filed with the Individual Personal Property Report in the patient's record.

Without this documentation supporting the transfer of patient property, the institution is not protected against future liabilities.

Recommendations

We recommend the institution retain a receipted copy of the Individual Personal Property Report in the records of all patients leaving the institution.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
FINDINGS AND RECOMMENDATIONS

Finding No. 3 - Insufficient Internal Controls Over  
Fixed Assets

We noted serious weaknesses in Harrisburg State Hospital's internal controls over fixed assets. These included:

- . Failure to update asset records for equipment retirement and transfers;
- . Failure to consistently indicate equipment locations in detailed records;
- . Failure to take periodic fixed asset inventories.

As a result, there are no effective internal controls over fixed assets, increasing the possibility of Commonwealth equipment being lost or misused.

Recommendations

To prevent loss and to effectively control Commonwealth equipment, we recommend that the Hospital update its fixed asset ledger for equipment retirements and transfers.

Additionally, locations of equipment should be indicated and inventories conducted periodically.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Improper Maintenance Deductions

Our payroll tests revealed the institution was withholding maintenance charges from the salary of an employee who did not reside in institution housing. We recommended the payroll department verify all payroll deductions of employees and that the Commonwealth refund the amount of improper maintenance deductions to this employee.

Our current audit revealed the institution has complied with our recommendation.

Finding No. 2 - DPW Offices on Institutional Grounds

In our previous audit we recommended that the Hospital be reimbursed for the additional costs incurred by the occupation of some of its facilities by the Department of Public Welfare.

During our current audit we found the institution is now receiving reimbursement for these costs and we feel our recommendation has been met.

Finding No. 3 - Employees Assigned to Community Resource  
Center Charged to Hospital

In October 1973 the Hospital, directed by the Secretary of the Department of Public Welfare, assigned eight employees to staff the Dauphin County Community Resource Center.

An examination of payroll records revealed that the Hospital paid in excess of \$350,000 in salaries to support this program. These non-Hospital charges were included in the calculation of the patient per diem rate. As a result, patients are being overcharged for medical services at the Hospital.

During our current audit we found that, effective July 1, 1978, these costs have been omitted from the calculation of the patient per diem rate at Harrisburg State Hospital, and our recommendation has been met.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
BACKGROUND INFORMATION

Harrisburg State Hospital, located in Harrisburg, Dauphin County, Pennsylvania, was established by authority of an Act of Legislature approved April 14, 1845, P.L. 440, and was known as Pennsylvania Lunatic Hospital and Union Asylum for the Insane. The Act of April 11, 1848, P.L. 535, changed the name to Pennsylvania State Lunatic Hospital, and the Act approved May 11, 1921, P.L. 502, again changed the name to its present designation, Harrisburg State Hospital. The Administrative Code of 1923 abolished the Board of Commissioners and created a Board of Trustees. The purpose of the Hospital is to treat and care for the mentally ill of Adams, Bedford, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Mifflin, Perry, and York Counties.

Organization and Management

Under provisions of Section 2313.1 of The Administrative Code, the management is vested in the Commissioner of Mental Health and the superintendent of the Hospital, subject to the approval of the Secretary of Public Welfare.

Members of Board

Sections 207, 208, 401, and 2313.3 of the Code make the Board of Trustees an advisory board which consists of nine members appointed by the Governor, by and with the advice and consent of two-thirds of all the members of the Senate, for a term of six years and until their successors are appointed and qualified, and the Secretary of Public Welfare, ex officio. Section 210 of the Code provides that the members of the Board shall serve without compensation.

The membership of the Board as of June 30, 1978 was as follows:

<u>Name</u>	<u>Address</u>	<u>Title</u>
Fallinger, Richard P.	York Springs	President
Patton, Rufus	Gettysburg	Vice-President
Colautti, Honorable Aldo Secretary of Public Welfare	Harrisburg	Member ex officio
Jenkins, Mrs. Patricia A.	Harrisburg	Member
Whittaker, Dr. James O.	Camp Hill	Member
Sweigart, Joseph C.	Harrisburg	Member
Judy, Harry	Middletown	Member
Jeszenka, Dr. Edwin V.	Harrisburg	Member
McDonel, Mrs. Miriam N.	Hershey	Member
Miller, Mrs. Ruby S.	Manheim	Member

BACKGROUND INFORMATION (Continued)

Organization and Management (Continued)

Superintendent

The superintendent is appointed by the Secretary of Public Welfare upon the advice of the Board of Trustees and the Commissioner of Mental Health, subject to the approval of the Governor, to serve as executive officer of the Hospital. The position was filled by Dr. John B. Logan during the fiscal year ended June 30, 1978.

Personnel

The tabulation below shows the average number of salaried employees for the fiscal years ended June 30, 1978 and 1977:

<u>Year</u>	<u>Salaried</u>
1978	774
1977	791

Operating Capacity

Harrisburg State Hospital has a rated bed capacity of 615. During the year under review, the average population was 576 patients, or 93% of capacity.

Bonded Employees

All employees of the Hospital are covered by a public employees blanket bond of \$10,000 for faithful performance blanket position bond coverage and a \$190,000 faithful performance blanket bond insured by The Travelers Indemnity Company. In addition, the superintendent is bonded by The Travelers Indemnity Company for \$73,000. The revenue agent is additionally bonded by the Aetna Casualty and Surety Company for \$1,107,000.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
MR ANNEX



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE  
AUDITOR GENERAL  
HARRISBURG 17120

AL BENEDICT  
AUDITOR GENERAL

Honorable Richard L. Thornburgh  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania

We have examined the statements of allocations of Commonwealth Funds of the MR Annex at Harrisburg State Hospital and the related statement of cash receipts and disbursements for the years ended June 30, 1978 and 1977. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements referred to above present fairly the status of the various allocations of Commonwealth Funds of the MR Annex at Harrisburg State Hospital and the results of its cash basis operations for the years ended June 30, 1978 and 1977, in conformity with accounting principles applicable to the Commonwealth of Pennsylvania applied on a consistent basis.

A handwritten signature in cursive script, appearing to read "Al Benedict".

October 3, 1978

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
MR ANNEX  
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS  
FOR THE YEAR ENDED JUNE 30, 1978

	General Fund Allocations		
	1976-1977 Act 7-A	1977-1978 Act 11-A	Total
Balance June 30, 1977	\$ -	\$ -	\$ -
Encumbered June 30, 1977	48,896	-	48,896
Current allocations	-	352,333	352,333
Federal reimbursement of Pennsylvania Medical Assistance	-	889,000	889,000
Credits to allocations	-	46,308	46,308
Total available	<u>48,896</u>	<u>1,287,641</u>	<u>1,336,537</u>
Expenses paid	48,615	1,209,111	1,257,726
Encumbered June 30, 1978	-	78,530	78,530
Lapsed June 30, 1978	281	-	281
Total reductions	<u>48,896</u>	<u>1,287,641</u>	<u>1,336,537</u>
Balance June 30, 1978	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
MR ANNEX  
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS  
FOR THE YEAR ENDED JUNE 30, 1977

	General Fund Allocations		
	1975-1976 Act 8-A	1976-1977 Act 7-A	Total
Balance June 30, 1976	\$ -	\$ -	\$ -
Encumbered June 30, 1976	66,730	-	66,730
Current allocations	-	800,000	800,000
Allocation adjustments	3,063	17,980	21,043
Federal reimbursement of Pennsylvania Medical Assistance	-	314,000	314,000
Credits to allocations	-	28,165	28,165
Total available	<u>69,793</u>	<u>1,160,145</u>	<u>1,229,938</u>
Expenses paid	67,157	1,111,173	1,178,330
Requests for expenses not warranted	-	76	76
Total disbursements	<u>67,157</u>	<u>1,111,249</u>	<u>1,178,406</u>
Encumbered June 30, 1977	-	48,896	48,896
Lapsed June 30, 1977	<u>2,636</u>	<u>-</u>	<u>2,636</u>
Total reductions	<u>69,793</u>	<u>1,160,145</u>	<u>1,229,938</u>
Balance June 30, 1977	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
MR ANNEX  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEARS ENDED JUNE 30, 1978 AND 1977

	<u>1978</u>	<u>1977</u>
<u>Receipts</u>		
Full-pay patients	\$ 42,708	\$ 24,485
Part-pay patients	3,600	3,600
Federal reimbursement of Pennsylvania Medical Assistance	889,000	314,000
Disbursements reimbursed	-	80
Total	<u>935,308</u>	<u>342,165</u>
<u>Disbursements</u>		
Salaries	916,932	852,497
Overtime	13,547	11,141
Shift differential pay	15,712	14,087
Higher classification pay	562	-
Wages	3,087	14,664
Special benefit provision - PSSU and PESEA	274	-
Employees Health and Welfare Fund	23,991	17,083
Employees hospitalization insurance	41,600	39,950
Social security contributions	57,167	50,870
Retirement contributions	129,836	144,218
State workmen's insurance premium payments	24,753	13,555
Employees group life insurance	2,384	6,103
Out-service training	1,497	1,211
Unemployment compensation	2,856	-
Sick leave payout	2,515	-
Civil Service Commission services	3,429	3,501
Contracted repairs	96	-
Classification and pay services	682	387
Data processing services	4,197	3,982
Specialized services	1,358	1,232
Legal fees	61	-
Advertising	47	-
Travel	463	384
Annual leave payout	3,811	-
Insurance, surety and fidelity bonds	952	962
Other equipment rentals	305	-
Medical supplies (other than drugs)	61	155
Housekeeping supplies	8	482
Educational supplies and services	187	33
Office supplies	118	-
Recreational supplies and services	-	55

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
MR ANNEX  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (Continued)  
FOR THE YEARS ENDED JUNE 30, 1978 AND 1977

	<u>1978</u>	<u>1977</u>
<u>Disbursements (Continued)</u>		
Equipment and machinery	\$ 342	\$ -
Furniture and furnishings	4,896	1,782
Inter-fund disbursements	-	72
	<hr/>	<hr/>
Total	1,257,726	1,178,406
	<hr/>	<hr/>
<u>Excess of disbursements over receipts</u>	\$ 322,418	\$ 836,241
	<hr/>	<hr/>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
MR ANNEX  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounts of the MR Annex at Harrisburg State Hospital are maintained in accordance with the principles set forth in the Manual of Accounting and Related Financial Procedures of the Commonwealth of Pennsylvania, revised edition, 1967. Receipts and disbursements are included on a cash basis. Fixed assets and supplies are reported as disbursements in the period purchased rather than being capitalized.

2. Retirement Benefits

Retirement benefits are provided for all employees under a contributory plan administered by the State Employees' Retirement Board.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
MR ANNEX  
BACKGROUND INFORMATION

Operation of the MR Annex, located on the grounds of the Harrisburg State Hospital, was mandated by the Secretary of Public Welfare. The facility was established to take referrals of individuals in the Harrisburg State Hospital who were diagnosed primarily mentally retarded, so that they would not be misclassified in a psychiatric setting.

Services are designed to rehabilitate the mentally retarded individual in returning to the minimum amount of supervised care in the county and city in which the individual resides.

The facility is licensed by the Departments of Health, Labor and Industry, and Environmental Resources to comply with appropriate federal and state standards.

These facilities are under the direction of Robert Vogt, Commissioner for Mental Retardation, Central Region.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
CANTEEN FUND



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE  
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Honorable Richard L. Thornburgh  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania

We have examined the balance sheet of the Canteen Fund of Harrisburg State Hospital as of June 30, 1978 and 1977 and the related statements of income and changes in retained earnings for the years then ended. Except as explained in the following paragraph, our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We were unable to satisfy ourselves as to the stated value of the inventory at June 30, 1978 and 1977, since we did not observe inventory procedures in connection with physical counts of quantities or make tests of the pricing of such quantities.

Because of the matter discussed in the preceding paragraph, the scope of our work regarding inventories as of June 30, 1978 and 1977 was not sufficient to enable us to express, and we do not express, an opinion on the statements referred to above.

A handwritten signature in dark ink, appearing to read "Al Benedict", with a long horizontal flourish extending to the right.

October 3, 1978

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF PUBLIC WELFARE  
 HARRISBURG STATE HOSPITAL  
 CANTEEN FUND  
 BALANCE SHEET  
 JUNE 30, 1978 AND 1977

	<u>1978</u>	<u>1977</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash on hand and on deposit	\$11,405	\$12,133
Inventory (at cost)	<u>19,057</u>	<u>17,173</u>
	<u>30,462</u>	<u>29,306</u>
 <u>Fixed Assets</u>		
Furniture and fixtures	28,916	26,905
Less accumulated depreciation	<u>19,283</u>	<u>17,170</u>
	<u>9,633</u>	<u>9,735</u>
Total assets	<u>\$40,095</u>	<u>\$39,041</u>
 <u>Liabilities and Retained Earnings</u>		
<u>Current Liabilities</u>		
Coupon books	\$ 1,244	\$ 1,826
Sales tax payable	<u>99</u>	<u>-</u>
	<u>1,343</u>	<u>1,826</u>
 <u>Reserve Liabilities</u>		
Patient activity fund	3,889	2,146
University hospital fund	<u>1,034</u>	<u>1,011</u>
	<u>4,923</u>	<u>3,157</u>
 <u>Retained Earnings</u>		
	<u>33,829</u>	<u>34,058</u>
Total liabilities and retained earnings	<u>\$40,095</u>	<u>\$39,041</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
CANTEEN FUND  
STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEARS ENDED JUNE 30, 1978 AND 1977

	<u>1978</u>	<u>1977</u>
Sales	<u>\$205,802</u>	<u>\$207,665</u>
Cost of sales:		
Inventory beginning of year	17,173	17,039
Purchases	<u>169,668</u>	<u>173,215</u>
Inventory end of year	186,841	190,254
	<u>19,057</u>	<u>17,173</u>
Cost of goods sold	<u>167,784</u>	<u>173,081</u>
Gross profit	<u>38,018</u>	<u>34,584</u>
Operating expenses:		
Gratuities	4,950	1,280
Operating supplies	4,660	2,685
Salaries	10,181	9,570
State retirement	1,397	1,254
Social security	605	560
Hospitalization insurance	509	479
Life insurance	39	69
Depreciation	2,113	1,934
Welfare fund	264	188
State workmen's insurance	200	179
Unemployment compensation	41	38
Robbery loss	374	96
Total operating expenses	<u>25,333</u>	<u>18,332</u>
Net profit from operations	<u>12,685</u>	<u>16,252</u>
Other income:		
Other income	12	52
Interest income	569	433
Over and (short)	88	148
Total other income	<u>669</u>	<u>633</u>
Net income (loss)	13,354	16,885

COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF PUBLIC WELFARE  
 HARRISBURG STATE HOSPITAL  
 CANTEEN FUND  
 STATEMENT OF INCOME AND RETAINED EARNINGS (Continued)  
 FOR THE YEARS ENDED JUNE 30, 1978 AND 1977

	<u>1978</u>	<u>1977</u>
Retained earnings beginning of year	<u>\$ 34,058</u>	<u>\$ 28,959</u>
	<u>47,412</u>	<u>45,844</u>
Less:		
Distribution of retained earnings for patients' welfare	13,290	10,929
Coupon book adjustment	<u>293</u>	<u>857</u>
	<u>13,583</u>	<u>11,786</u>
Retained earnings end of year	<u>\$ 33,829</u>	<u>\$ 34,058</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
HARRISBURG STATE HOSPITAL  
CANTEEN FUND  
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounts of the Canteen Fund of Harrisburg State Hospital are maintained on an accrual basis.

2. Canteen Management

Management of the Canteen Fund is vested in a committee of Hospital employees appointed by the superintendent as prescribed in the Department of Public Welfare Manual. Meeting monthly, the committee establishes management policy and plans program activities made possible through the profits of the Fund.

**END**