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WASHINGTON PARISH HOSPITAL
SERVICE DISTRICT NO. 1

D/B/A

RIVERSIDE MEDICAL CENTER

FRANKLINTON, LOUISIANA

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Release Date 7-17-96

Audit of Financial Statements

December 31, 1995

and

December 31, 1994

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WASHINGTON PARISH HOSPITAL
SERVICE DISTRICT NO. 1
D/B/A RIVERSIDE MEDICAL CENTER

AUDIT OBSERVATIONS
AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 1995



Board of Commissioners
Washington Parish Hospital Service District No. 1
D/B/A Riverside Medical Center

In planning and performing our audit of the financial statements of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER** for the year ended December 31, 1995, we considered its internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. In addition, we also noted an immaterial instance of noncompliance with laws and regulations. Our findings are as follows:

APPROVAL OF LEASES BY STATE BOND COMMISSION

During 1995, the Hospital entered into a capital lease for dictating equipment. The lease has a term of 36 months. Per Revised Statute 47:1803, a political subdivision may not incur debt, except for purchases in the ordinary course of business on terms not to exceed 90 days, without approval from the State Bond Commission. Since the lease term exceeds 90 days, approval by the State Bond Commission was required prior to entering into the lease.

Most leases require the approval of the State Bond Commission. However, if the lease has a "nonappropriation clause", approval of the State Bond Commission may not be necessary. A nonappropriation clause is a statement within the lease agreement whereby the lease is void if the Hospital does not appropriate money to pay the required lease rentals in future years.

A nonappropriation clause should be included for all capital leases entered into in the future. However, if there is doubt as to whether a lease requires approval by the State Bond Commission, approval should be sought.

MAJOR MOVABLE EQUIPMENT

At December 31, 1995, the total of Major Movable Equipment as per the fixed asset subledger did not agree with the total of Major Movable Equipment as per the general ledger. The balance per the subledger and the balance per the general ledger are as follows:

Balance per Subledger at December 31, 1995	\$ 3,453,853
Balance per General Ledger at December 31, 1995	<u>3,446,073</u>
Difference	<u>\$ 7,780</u>

Although this difference was not deemed to be material to the financial statements taken as a whole, management should take measures to identify the cause of the difference. Once the cause of the difference has been identified, the appropriate adjustment should be made either to the subledger or to the general ledger.

REVIEW PAYROLL REGISTER PRIOR TO PAYROLL CHECKS BEING PREPARED

The payroll register is not being reviewed by the appropriate level of management prior to the preparation of the payroll checks. Since both the accounting manager and the payroll clerk have access to the payroll system, the risk exists that payroll information (hours worked, rate of pay, etc.) could be altered without being detected by management.

In order to reduce this risk, management should be provided with the payroll register along with the payroll checks. The register should be reviewed for reasonableness. In addition, management should select a small sample of employees and test the key information, such as hours worked and rate of pay, reported in the payroll register. The key information would be tested by obtaining the time cards and personnel files for the employees selected.

If the information in the payroll register appears appropriate, management should sign off on the payroll register. This approval would signify that payroll appears reasonable and that payroll checks can be distributed.

CONSIDER STRENGTHENING POLICY ON PETTY CASH

The policy on petty cash should clearly state that the petty cash fund is to be used to reimburse approved expenses incurred by employees on behalf of the Hospital, and that the petty cash fund will not be used to provide cash advances to any employee.

If there is an emergency situation and petty cash is advanced to an employee, the cashier should maintain a record of how much petty cash was advanced to the employee and the date in which the fund was reimbursed.

EXCEPTIONS NOTED IN DISBURSEMENTS TESTING

As part of our procedures to test compliance with the Hospital's internal control structure, we selected a sample of disbursements from the Hospital's operating account and reviewed the documentation supporting the disbursement. In performing these procedures we noted two exceptions. These exceptions are not deemed to be significant deficiencies in the operation of the internal control structure, however, these exceptions are as follows:

1. In one instance, a paid invoice was not properly canceled. Through the use of a rubber ink stamp, paid invoices are stamped "PAID". Proper cancellation of invoices reduces the risk that a previously paid invoice could be paid again.
2. In one instance, a purchase order lacked proper approval. In order to reduce the risk of unauthorized purchases, it is essential to have purchase requisitions approved by appropriate personnel

In addition to the exceptions noted above, we also noted that check requests for patient refunds are not approved by management prior to the check being prepared. Per the Business Office manager, approval of the check request is performed when the prepared check is signed. Although this does not appear to be an exception to the Hospital's internal control structure, we recommend that all check requests, including those for patient refunds, be submitted to management for approval prior to the check being prepared.

By submitting the check request to management prior to preparing the check, management will have the opportunity to review the purpose of the check request. If there are any questions in regards to the check request, management can discuss these with the appropriate personnel prior to the check being prepared, thus preventing an unauthorized check from being issued.

EXCEPTIONS NOTED IN CONTROLS OVER PAYROLL

In addition to testing controls in regards to disbursements from the Hospital's operating account, we also selected a sample from the Hospital's Payroll Account and tested compliance with internal controls. As part of our procedures, we obtained the personnel files for employees selected and reviewed the files to determine whether the file contained documentation necessary to support the existence of the employee as well as the rate of pay reflected in the payroll register. We noted two exceptions, which are described as follows:

1. In one instance, there was no documentation supporting the employee's rate of pay. Although the pay rate appeared reasonable in regards to the employee's position, the personnel file should contain documentation, approved by management, indicating the employee's rate of pay.
2. In one instance, an employee's personnel file did not contain the employee's application. Per our review of other documentation (such as the signed W-4 Form), we were able to satisfy ourselves that the individual was indeed an employee of the Hospital. We recommend that all personnel files contain the original application submitted by the employee to the Hospital.

This report is intended solely for the information and use of the audit committee, management, and others within the organization.

We appreciate the confidence you have placed in us by allowing us to serve **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER**. If we can assist you in any way with the above, please do not hesitate to contact us.

La Porte, Selert, Roney & Hand

A Professional Accounting Corporation

May 28, 1996

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To the Board of Commissioners
Washington Parish Hospital Service District No. 1
D/B/A Riverside Medical Center
Franklinton, Louisiana

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER**, a component unit of the Washington Parish Police Jury, as of and for the year ended December 31, 1995, as listed in the table of contents. These financial statements are the responsibility of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER's** management. Our responsibility is to express an opinion on these financial statements based on our audit. The general purpose financial statements of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER** as of December 31, 1994, were audited by other auditors whose report dated March 27, 1995, expressed an unqualified opinion on those statements.

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 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 **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER** as of December 31, 1995, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 1996 on our consideration of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER**'s internal control structure and a report dated May 28, 1996 on its compliance with laws and regulations.

La Bete, Selert, Roney & Hard

A Professional Accounting Corporation

May 28, 1996

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
BALANCE SHEETS

ASSETS

	December 31,	
	1995	1994
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,416,140	\$ 376,539
Accounts Receivable, Less Allowance for Doubtful Accounts of \$611,439 and \$444,377 in 1995 and 1994, respectively	1,248,341	1,051,611
Due from Third-Party Payors	160,462	-
Assets Whose Use is Limited - Required for Current Liabilities	56,509	94,712
Inventories	184,660	202,406
Prepaid Expenses and Other Current Assets	81,879	90,877
Total Current Assets	3,147,991	1,816,145
ASSETS WHOSE USE IS LIMITED		
For Debt Retirement		
Public Improvement Bonds, Series 1976 - Money Market Account	-	46,489
Ad Valorem Taxes Receivable	-	99,991
Revenue Bonds, Series 1987 - Money Market Account	78,752	69,614
Public Improvement Bonds, Series 1995 - Money Market Account	75,798	-
For Emergency Room Expenses - Receivable	507,154	421,041
For Emergency Room Expenses - Money Market Account	8,454	105,926
Total Assets Whose Use is Limited	670,158	743,061
Less Assets Whose Use is Limited and that are Required for Current Liabilities	56,509	94,712
Noncurrent Assets Whose Use is Limited	613,649	648,349
PROPERTY, PLANT AND EQUIPMENT, NET	2,483,461	2,619,415
Total Assets	\$ 6,245,101	\$ 5,083,909

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND EQUITY

	December 31,	
	1995	1994
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 51,226	\$ 92,120
Current Maturities of Capital Lease Obligations	64,905	128,555
Accounts Payable	447,877	222,791
Contracts Payable	37,731	-
Retainage Payable	23,700	-
Due to Third-Party Payors	-	94,922
Payroll and Payroll Taxes Payable	137,282	127,414
Accrued Vacation and Sick Pay	194,466	178,869
Accrued Expenses	92,932	99,894
Total Current Liabilities	<u>1,050,119</u>	<u>944,565</u>
LONG-TERM LIABILITIES		
Long-Term Debt, Excluding Current Maturities	908,664	599,888
Capital Lease Obligations, Excluding Current Maturities	<u>5,722</u>	<u>59,261</u>
Total Long-Term Liabilities	<u>914,386</u>	<u>659,149</u>
EQUITY		
Retained Earnings	<u>4,280,596</u>	<u>3,480,195</u>
Total Liabilities and Equity	<u>\$ 6,245,101</u>	<u>\$ 5,083,909</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES

	For The Years Ended	
	December 31,	
	1995	1994
REVENUE		
Net Patient Service Revenue	\$ 9,888,393	\$ 9,058,131
Other Revenue	<u>34,609</u>	<u>105,537</u>
Total Revenue	<u>9,923,002</u>	<u>9,163,668</u>
EXPENSES		
Nursing Services	3,094,760	3,074,970
Other Professional Services	2,740,892	2,502,544
General Services	875,961	805,000
Administrative Services	2,018,100	2,238,172
Provision for Doubtful Accounts	490,008	331,712
Depreciation and Amortization	431,191	440,509
Interest Expense	<u>50,583</u>	<u>67,889</u>
Total Expenses	<u>9,701,495</u>	<u>9,460,796</u>
Operating Income (Loss)	<u>221,507</u>	<u>(297,128)</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad Valorem Taxes	534,731	564,283
Interest on Public Improvement Bonds	-	(1,636)
Interest Income	27,817	21,425
Rental Income	16,779	18,045
Gain on Sale of Asset	-	100
Loss on Disposal of Assets	(19,566)	-
Other	<u>1,533</u>	<u>-</u>
Net Non-Operating Revenues	<u>561,294</u>	<u>602,217</u>
NET INCOME	<u>\$ 782,801</u>	<u>\$ 305,089</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
STATEMENTS OF CHANGES IN RETAINED EARNINGS

	For The Years Ended	
	December 31,	
	1995	1994
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 3,480,195	\$ 3,175,106
NET INCOME	782,801	305,089
DONATED EQUIPMENT	17,600	-
RETAINED EARNINGS - END OF YEAR	\$ 4,280,596	\$ 3,480,195

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	December 31,	
	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES		
Net Income	\$ 782,801	\$ 305,089
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	431,190	440,509
(Gain) on Sale of Assets	-	(100)
Loss on Disposal of Assets	19,566	-
Provision for Doubtful Accounts	490,008	331,712
Decrease (Increase) in Accounts Receivable	(686,738)	135,662
(Increase) in Due from Third-Party Payors	(160,462)	-
(Increase) Decrease in Inventories	17,746	(1,140)
Decrease in Prepaid Expenses and Other Current Assets	8,998	16,087
(Decrease) in Amounts Due to Third-Party Payors	(94,922)	(248,767)
(Decrease) Increase in Accounts Payable	225,086	(139,873)
Increase in Payroll and Payroll Taxes Payable	9,868	8,135
(Decrease) Increase in Accrued Vacation	15,597	(20,302)
(Decrease) in Accrued Expenses	<u>(6,962)</u>	<u>(10,848)</u>
Net Cash Provided by Operating Activities	<u>1,051,776</u>	<u>816,164</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Property, Plant and Equipment	(52,085)	(41,422)
Proceeds from the Sale of Property, Plant and Equipment	-	100
Cash Paid for Construction in Progress	(150,577)	-
Proceeds from Borrowings	360,000	-
Repayment of Long-Term Debt	(92,123)	(91,066)
Repayment of Capital Lease Obligations	<u>(150,293)</u>	<u>(143,319)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(85,078)</u>	<u>(275,707)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Investment in) Utilization of Assets Whose Use is Limited	<u>72,903</u>	<u>(357,788)</u>
Net Cash Provided by (Used in) Investing Activities	<u>72,903</u>	<u>(357,788)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,039,601	182,669
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>376,539</u>	<u>193,870</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,416,140</u>	<u>\$ 376,539</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
STATEMENTS OF CASH FLOWS (Continued)

	For The Years Ended December 31,	
	1995	1994
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 47,894</u>	<u>\$ 48,598</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment Acquired Through Capital Leases		
Value of Equipment Acquired	\$ 34,010	\$ -
Less: Amount Financed Through Capital Lease	<u>33,109</u>	<u>-</u>
Cash Down Payment for Equipment	<u>\$ 901</u>	<u>\$ -</u>
Construction in Progress		
Total Construction in Progress Incurred	\$ 229,609	\$ -
Less:		
Amount Included in Contracts Payable	37,731	-
Amount Included in Retainage Payable	23,701	-
Equipment Donated but not Placed in Service as of December 31	<u>17,600</u>	<u>-</u>
Cash Paid for Construction in Progress	<u>\$ 150,577</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER (the Hospital) is an acute care facility created pursuant to Louisiana Revised Statutes of 1950, Title 46, Chapter 10. It is the Hospital's mission to provide its community with high quality care and education in a friendly, caring and professional manner.

The administration of the Hospital is governed by a Board of Commissioners consisting of members appointed by the Washington Parish Police Jury. The operations of the Hospital are recorded as proprietary fund type - enterprise fund. Enterprise funds are used to account for operations that are (a) financed primarily by user charges, or (b) when the governing body has decided that determination of net income is appropriate. The accrual basis of accounting is used by the Hospital. The significant accounting policies used by the Hospital in preparing and presenting its financial statements are summarized as follows:

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Hospital have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Washington Parish Police Jury is the financial reporting entity for Washington Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY (Continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints all of the members of the Hospital's governing board and has the ability to impose its will on the Hospital, the Hospital was determined to be a component unit of the Washington Parish Police Jury. The accompanying financial statements present information only on the funds maintained by the Hospital and do not present information on the police jury, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

CHARITY CARE

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

INCOME TAXES

The Hospital is a governmental unit which has registered itself as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code.

NET PATIENT SERVICE REVENUE

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

STATEMENT OF REVENUES AND EXPENSES

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as revenues and expenses. Incidental transactions are reported as gains and losses.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include funds set aside by the Board of Commissioners for the payment of emergency room expenses and to satisfy deposit requirements of the Hospital's debt agreements.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Donated equipment is recorded at fair value at date of donation, which is then treated as cost. Equipment under capital leases is stated at the lower of the present value of minimum lease payments at the beginning of the lease term or fair value at the inception of the lease.

Depreciation of property, plant and equipment is calculated on the straight-line method over the estimated useful life of the assets. Equipment held under capital leases is amortized on the straight-line method over the shorter of the lease term or estimated useful life of the asset.

INVENTORY

Inventory of drugs and supplies are stated at the lower of cost (first-in, first-out) or market.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits, money market accounts and certificates of deposit with an original maturity of three months or less, excluding amounts whose use is limited by Board designation.

At December 31, 1995 and December 31, 1994, the Hospital had cash and cash equivalents as follows:

	<u>1995</u>	<u>1994</u>
Demand Deposits and Certificates of Deposits	\$ 1,391,140	\$ 351,327
Money Market Accounts	<u>188,004</u>	<u>247,241</u>
Total Deposits	1,579,144	598,568
Less Cash Included in Assets Whose Use is Limited	<u>163,004</u>	<u>222,029</u>
	<u>\$ 1,416,140</u>	<u>\$ 376,539</u>

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS (Continued)

Under state law, the resulting bank balances of these deposits must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the Federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. Total deposits at December 31, 1995 and December 31, 1994 are secured as follows:

	<u>1995</u>	<u>1994</u>
Total Bank Balance	\$ <u>1,744,500</u>	\$ <u>1,080,322</u>
Federal Deposit Insurance	\$ 300,000	\$ 100,000
Market Value of Pledged Securities	<u>1,528,661</u>	<u>1,224,803</u>
	<u>\$ 1,828,661</u>	<u>\$ 1,324,803</u>

NON-DIRECT RESPONSE ADVERTISING

The Hospital expenses advertising costs as incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B

CHARITY CARE

The Hospital maintains records to identify and monitor the level of charity care it provides. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges foregone and supplies furnished, based on established rates, were \$61,742 and \$57,624 in December 31, 1995 and December 31, 1994, respectively.

NOTE C

MAJOR SOURCES OF REVENUE

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. Gross patient revenue derived from patients covered by the Medicare and Medicaid programs was approximately 64% and 68% in December 31, 1995 and December 31, 1994, respectively.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE D

NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts realizable from major third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- Medicare - Inpatient acute care services and defined capital costs related to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology. The Hospital is paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited or reviewed by the Medicare fiscal intermediary through December 31, 1993.
- Medicaid - Effective July 1, 1994, inpatient services, including capital costs, are reimbursed at a prospectively determined rate-per-diem.

Through June 30, 1994, inpatient and outpatient services rendered to Medicaid program beneficiaries were reimbursed based upon a cost reimbursement methodology. The Hospital was paid at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited or review by the Medicaid fiscal intermediary through December 31, 1992.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, preferred provider organizations and community employers. Payment methodology under these agreements includes prospectively determined rates-per-discharge and discounts from established charges.

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS**

NOTE D

NET PATIENT SERVICE REVENUE (Continued)

Presented below is a summary of net patient service revenue for the years ended December 31, 1995 and December 31, 1994.

	<u>1995</u>	<u>1994</u>
Gross Patient Service Revenue	\$ 18,844,360	\$ 16,542,178
Less:		
Provision for Contractual Adjustments	<u>8,955,967</u>	<u>7,484,047</u>
	<u>\$ 9,888,393</u>	<u>\$ 9,058,131</u>

NOTE E

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, by major category, at December 31, 1995 and December 31, 1994, are as follows:

	<u>1995</u>	<u>1994</u>
Land	\$ 160,411	\$ 160,411
Building and Improvements	3,560,675	3,588,496
Equipment	3,452,836	3,428,848
Equipment Under Capital Leases	<u>796,582</u>	<u>762,572</u>
	7,970,504	7,940,327
Less Accumulated Depreciation and Amortization	<u>5,716,652</u>	<u>5,320,912</u>
Construction in Progress	<u>229,609</u>	<u>-</u>
Property, Plant and Equipment, Net	<u>\$ 2,483,461</u>	<u>\$ 2,619,415</u>

Construction contracts of approximately \$360,000 exist for the renovation and replacement of the Hospital's heating and cooling system. At December 31, 1995, the remaining commitment on these contracts approximated \$123,000.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE F

LONG-TERM DEBT

Long-term debt at December 31, 1995 and December 31, 1994 consisted of the following:

	<u>1995</u>	<u>1994</u>
Revenue Bonds, Series 1987, 5%, Payable in Equal, Annual Installments of \$53,220, Including Interest Through 2012	\$ 599,890	\$ 622,008
Public Improvement Bonds, Series 1995, 5.4%, Annual Principal Installments Due November 1 of Each Year, Semi-Annual Installments of Interest Due May 1 and November 1 of Each Year Through 2005	360,000	-
Public Improvement Bonds, Series 1976, 7.0%, with Remaining Annual Principal Installments of \$70,000 Through 1995	-	70,000
	959,890	692,008
Less Current Installments	<u>51,226</u>	<u>92,120</u>
	<u>\$ 908,664</u>	<u>\$ 599,888</u>

Scheduled principal repayments on long-term debt are as follows:

1996	\$ 51,226
1997	53,387
1998	56,606
1999	59,887
2000	63,231
2001 and Thereafter	<u>675,553</u>
	<u>\$ 959,890</u>

Interest expense incurred on long-term debt was \$33,797 and \$33,619 in 1995 and 1994, respectively.

The 1987 Revenue Bonds are collateralized by a \$1,000,000 mortgage on the Hospital's land, building and improvements. The 1987 Revenue Bonds require the Hospital to maintain revenue (as defined in the bond resolution) in each year, after paying all reasonable and necessary expenses of operations and maintaining the Hospital, at least equal to 120% of the largest amount of principal and interest payable on the bond in any future fiscal year. At December 31, 1995 and December 31, 1994, the Hospital was in compliance with this requirement.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE F

LONG-TERM DEBT (Continued)

The proceeds from the 1995 issuance of Public Improvement Bonds are restricted for the purpose of paying the cost of acquiring and constructing improvements, renovations and replacements to the heating and cooling system of the Hospital. The Public Improvement Bonds are secured by a pledge and dedication of the excess of annual revenues of the Hospital above statutory, necessary and usual charges in each of the fiscal years during which the Certificates are outstanding.

During the year ended December 31, 1995, the 1976 Public Improvement Bonds matured. Payment of the 1976 Public Improvement Bonds was made from the collection of a special Ad Valorem tax levied on properties within the territorial boundaries of the Hospital service district. As of December 31, 1994, tax revenue dedicated to the payment of debt service on the bonds totaled \$99,991.

NOTE G

LEASES

The Hospital is obligated under capital leases for certain medical equipment. The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments under capital lease obligations as of December 31, 1995:

Year Ending December 31,	
1996	\$ 68,942
1997	3,232
1998	<u>3,231</u>
Total Minimum Lease Payments	75,405
Less Amount Representing Interest	<u>4,778</u>
Present Value of Minimum Lease Payments	70,627
Less Current Maturities of Capital Lease Obligations	<u>64,905</u>
Capital Lease Obligations, Excluding Current Maturities	<u>\$ 5,722</u>

Interest rates on capitalized leases vary from 7.45% to 12.55% and are imputed based on the lower of the Hospital's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return. Interest expense incurred for capitalized leases during 1995 and 1994 amounted to \$11,456 and \$21,996, respectively.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE G

LEASES (Continued)

The Hospital is also obligated under certain noncancelable operating leases for medical and computer equipment. Future lease payments at December 31, 1995 to be paid in 1996 are \$5,333. Amounts paid under these leases totaled \$29,797 and \$25,524 during the years ended December 31, 1995 and December 31, 1994, respectively.

The Hospital leases office space to certain doctors during 1995 and 1994. Rental income received under these arrangements was \$16,779 and \$18,045 for the years December 31, 1995 and December 31, 1994, respectively.

NOTE H

DEFINED CONTRIBUTION PLAN

The Hospital offers to its employees a single employer defined contribution plan in accordance with Internal Revenue Code Section 457. Substantially all employees who have completed one year of service are eligible to participate. Those employees who choose to participate are required to contribute a minimum of 5% of their current earnings (as defined in the plan agreement) but are allowed to make voluntary contributions of up to 10% of earnings. The Hospital is required to match the employees' mandatory 5% contribution. Participants become vested in the employer contributions to the plan over a ten-year period. Employees contributed \$110,321 and \$114,023, respectively, during 1995 and 1994. Employer contributions were \$81,480 and \$108,481 during 1995 and 1994, respectively.

Compensation deferred under the plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Hospital (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Hospital's general creditors. Participants' rights under the plan are equal to those of general creditors of the Hospital in an amount equal to the fair market value of the deferred account for each participant.

The Hospital has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Funds are invested in fixed interest-bearing assets. The Hospital believes that it is unlikely that it will be required to use the assets to satisfy the claims of general creditors in the future.

NOTE I

ACCRUED VACATION AND SICK PAY

Full-time employees are granted vacation in varying amounts (maximum 20 days per year) as established by Hospital policy. Unused vacation days earned, up to a maximum of 160 hours per year (20 days per year), may be carried forward indefinitely and accumulated with a maximum limit of 320 hours (40 days per year). In the event of termination, an employee is reimbursed for accumulated vacation days.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE I

ACCRUED VACATION AND SICK PAY (Continued)

In addition, full-time employees are also granted sick pay at a rate of 3.08 hours per pay period (maximum 80 hours per year) as established by Hospital policy. Unused sick pay, up to a maximum of 480 hours, may be accumulated and carried forward indefinitely. The Hospital will pay each employee one-half of their current hourly rate for all sick pay hours earned in excess of 480. In the event of termination, those employees with 20 years or more of service, will be reimbursed for each earned hour of sick time, not to exceed 480 hours, at one-half their current hourly rate.

NOTE J

CONTINGENCIES

Hill-Burton Act

Grants totaling \$582,000 were received under the Federal Hill-Burton Act for equipment and construction of the Hospital, subject to an agreement that if, during a period of 20 years, there is an unapproved change in ownership, or the Hospital ceases to be a nonprofit entity, the grant will be repaid. The acceptance of this grant requires the Hospital to provide a reasonable amount of free or below-cost care to indigent patients. Per correspondence from the Department of Health and Human Services dated May 29, 1992, it was determined that the Hospital had met its uncompensated services obligation under the Hill-Burton program.

Employee Insurance

The Hospital provides health insurance and workers compensation benefits to its employees through the Louisiana Hospital Association Employee Benefit Trust and Worker's Compensation Group Self-Insurance Trust. These arrangements provide for the Hospital to make premium payments to the Trusts during the year based on prior year's experience. Claims are paid directly by the Trusts. Retrospective settlements are made at the end of the Trusts' year end and have been recorded within Accrued Expenses on the Balance Sheet.

Malpractice Insurance

The Hospital maintains a malpractice insurance policy with a commercial insurance company. There is no deductible on the policy. The policy has a \$100,000 liability limit per incident and a \$900,000 aggregate liability limit per year. For malpractice claims in excess of \$100,000, the Hospital participates in the State of Louisiana Patient Compensation Fund. This fund provides malpractice insurance coverage up to the \$500,000 statutory maximum exposure which currently exists under Louisiana law.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE K

BUSINESS AND CREDIT CONCENTRATIONS

The Hospital grants credit to patients, substantially all of whom are local residents. The Hospital generally does not require collateral or other security extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross and commercial insurance policies).

The Hospital had receivables, net of contractual provisions and allowances, of \$464,862 and \$660,108 due from the Federal Government (Medicare) at December 31, 1995 and 1994, respectively, and \$160,933 and \$88,864 due from the State of Louisiana (Medicaid) at December 31, 1995 and 1994, respectively.

NOTE L

FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and Cash Equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Assets Whose Use is Limited: These assets consist primarily of cash and Ad Valorem Taxes Receivable. The carrying amount reported in the balance sheet approximates fair value.

The carrying amount and fair value of the Hospital's financial instruments at December 31, 1995 are as follows:

	<u>Amount</u>	<u>Carrying Fair Value</u>
Cash and Cash Equivalents	\$ 1,416,140	\$ 1,416,140
Assets Whose Use is Limited	670,158	670,158

The carrying amount and fair value of the Hospital's financial instruments at June 30, 1994 are as follows:

	<u>Amount</u>	<u>Carrying Fair Value</u>
Cash and Cash Equivalents	\$ 376,539	\$ 376,539
Assets Whose Use is Limited	743,061	743,061

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE M

SUBSEQUENT EVENTS

On January 5, 1996, the Hospital entered into an agreement with the Louisiana Department of Health and Hospitals in the amount of \$50,714 whereby the Hospital agrees to use the funds to help defray the costs incurred for emergency room services. Per the agreement, the funds must be expended by December 30, 1996.



To the Board of Commissioners
Washington Parish Hospital Service District No. 1
D/B/A Riverside Medical Center
Franklinton, Louisiana

Independent Auditor's Report
on Supplementary Information

Our report on our audit of the general purpose financial statements of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER**, a component unit of the Washington Parish Police Jury, for the year ended December 31, 1995, appears on pages 1 - 2. That audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information that follows on pages 21 - 26 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The general purpose financial statements of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER** for the year ended December 31, 1994, presented on pages 3 - 7, were audited by other auditors whose report dated March 27, 1995, expressed an unqualified opinion on those financial statements. Their report, as of the same date, on the supplementary information for the year ended December 31, 1994 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 1994, taken as a whole.

LaPorte, Sehart, Romig & Hand

A Professional Accounting Corporation

May 28, 1996

A Professional Accounting Corporation
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WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER

SCHEDULE I
SCHEDULE OF GROSS PATIENT SERVICE REVENUE

For The Years Ended
December 31,

	1995			1994		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
DAILY PATIENT SERVICES						
Medical and Surgical	\$ 2,022,861	\$ -	\$ 2,022,861	\$ 2,035,522	\$ -	\$ 2,035,522
Intensive Care	486,505	-	486,505	420,310	-	420,310
	<u>2,509,366</u>	<u>-</u>	<u>2,509,366</u>	<u>2,455,832</u>	<u>-</u>	<u>2,455,832</u>
OTHER NURSING SERVICES						
Operating and Recovery Rooms	153,398	426,252	579,650	176,585	400,363	576,948
Central Services and Supply	1,019,101	771,034	1,790,135	893,612	663,937	1,557,549
Emergency Services	286,416	863,964	1,150,380	223,119	655,671	878,790
Home Health	-	1,114,789	1,114,789	-	1,100,930	1,100,930
	<u>1,458,915</u>	<u>3,176,039</u>	<u>4,634,954</u>	<u>1,293,316</u>	<u>2,820,901</u>	<u>4,114,217</u>
OTHER PROFESSIONAL SERVICES						
Respiratory Therapy	1,484,642	71,365	1,556,007	1,246,670	44,870	1,291,540
Laboratory	1,769,310	960,325	2,729,635	1,403,619	806,258	2,209,877
Electrocardiology	432,559	144,395	576,954	381,690	117,323	499,013
Electroencephalography	8,493	6,408	14,901	13,501	4,382	17,883
Radiology	946,847	1,194,461	2,141,308	891,544	1,060,675	1,952,219
Pharmacy	2,198,361	532,412	2,730,773	2,171,878	415,768	2,587,646
Anesthesiology	88,525	282,712	371,237	85,948	249,997	335,945
Physical Therapy	234,819	581,722	816,541	121,583	339,779	461,362
Dialysis	32,978	729,706	762,684	15,632	601,012	616,644
	<u>7,196,534</u>	<u>4,503,506</u>	<u>11,700,040</u>	<u>6,332,065</u>	<u>3,640,064</u>	<u>9,972,129</u>
Totals	<u>\$ 11,164,815</u>	<u>\$ 7,679,545</u>	<u>\$ 18,844,360</u>	<u>\$ 10,081,213</u>	<u>\$ 6,460,965</u>	<u>\$ 16,542,178</u>

See independent auditor's report on supplementary information.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER

SCHEDULE II
SCHEDULES OF OTHER REVENUE

OTHER REVENUE	For The Years Ended December 31,	
	1995	1994
	Grant Income	\$ -
Cafeteria	30,894	25,999
Medical Records	349	900
Concessions	3,043	3,173
Other	<u>323</u>	<u>465</u>
Total Other Operating Revenue	<u>\$ 34,609</u>	<u>\$ 105,537</u>

See independent auditor's report on supplementary information.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER

SCHEDULE III
SCHEDULES OF OPERATING EXPENSES

	For The Years Ended					
	1995		1994			
	Salaries	Supplies and Other Expenses	Total	Salaries	Supplies and Other Expenses	Total
NURSING SERVICES						
Administrative Office	\$ 296,163	\$ 3,060	\$ 299,223	\$ 286,569	\$ 1,401	\$ 287,970
Medical and Surgical Intensive Care	655,426	33,761	689,187	641,571	80,034	721,605
Operating Rooms	319,362	14,116	333,478	330,878	29,309	360,187
Emergency Services	127,108	28,518	155,626	145,021	26,146	171,167
Home Health	266,590	527,104	793,694	271,848	508,621	780,469
Central Service and Supplies	315,861	120,106	435,967	272,609	122,135	394,744
Quality Assurance	38,288	285,333	323,621	44,126	253,695	297,821
	<u>61,490</u>	<u>2,474</u>	<u>63,964</u>	<u>58,864</u>	<u>2,143</u>	<u>61,007</u>
	<u>2,080,288</u>	<u>1,014,472</u>	<u>3,094,760</u>	<u>2,051,486</u>	<u>1,023,484</u>	<u>3,074,970</u>
OTHER PROFESSIONAL SERVICES						
Respiratory Therapy	174,442	57,187	231,629	184,440	53,005	237,445
Laboratory	237,615	247,800	485,415	236,528	216,371	452,899
Electrocardiology	22,232	149,364	171,596	14,794	137,087	151,881
Electroencephalography	1,506	3,843	5,349	1,224	4,216	5,440
Radiology	255,275	187,018	442,293	258,807	210,382	469,189
Pharmacy	-	670,270	670,270	-	585,778	585,778
Anesthesiology	112,916	59,746	172,662	150,290	8,784	159,074
Physical Therapy	151,410	58,464	209,874	83,308	60,676	143,984
Dialysis	120,095	229,303	349,398	115,452	181,402	296,854
Wound Care Center	-	2,406	2,406	-	-	-
	<u>1,075,491</u>	<u>1,665,401</u>	<u>2,740,892</u>	<u>1,044,843</u>	<u>1,457,701</u>	<u>2,502,544</u>

See independent auditor's report on supplementary information.

For The Years Ended
December 31.

	1995		1994	
	Supplies and Other Expenses		Supplies and Other Expenses	
	Salaries	Total	Salaries	Total
GENERAL SERVICES				
Dietary	98,549	215,568	116,781	240,012
Maintenance	98,603	218,494	94,372	150,826
Housekeeping	86,132	101,719	75,145	87,442
Laundry and Linen	24,886	37,956	25,121	38,146
Medical Records	115,240	139,927	109,472	130,516
Utilities	-	162,297	-	158,058
	<u>423,410</u>	<u>875,961</u>	<u>420,891</u>	<u>805,000</u>
ADMINISTRATIVE SERVICES				
Administrative	20,878	380,621	16,963	444,797
Business Office	159,274	229,468	166,050	244,466
Accounting Office	39,288	75,735	37,609	62,493
Communications	32,451	97,706	28,274	73,097
Marketing	4,363	31,458	-	24,497
Insurance	-	333,096	-	373,961
Employee Benefits	-	746,588	-	894,653
Employee Activities	-	6,176	(190)	3,158
Staff Development	35,336	39,872	34,789	41,772
Data Processing	18,757	41,750	15,718	36,597
Personnel	33,336	35,630	33,018	38,681
Totals	<u>343,683</u>	<u>2,018,100</u>	<u>332,231</u>	<u>2,238,172</u>
PROVISION FOR DOUBTFUL ACCOUNTS				
	-	490,008	-	331,712
DEPRECIATION AND AMORTIZATION				
	-	431,191	-	440,509
INTEREST EXPENSE				
	-	50,583	-	67,889
	<u>\$ 3,922,872</u>	<u>\$ 9,701,495</u>	<u>\$ 3,849,451</u>	<u>\$ 9,460,796</u>

See independent auditor's report on supplementary information.

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER**

**SCHEDULE IV
GOVERNING BOARD EXPENSES**

GOVERNING BOARD EXPENSES	For The Years Ended December 31,	
	1995	1994
	Clifford Bahm	\$ 825
Glyn Breland	675	825
Ellis Byrd	750	825
Willie Mae G. Johnson	900	825
Lawrence McGuire	825	900
Dorothy M. Schilling	900	900
Harold Thomas	600	825
James T. Thomas	<u>300</u>	<u>500</u>
	<u>\$ 5,775</u>	<u>\$ 6,000</u>

See independent auditor's report on supplementary information.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER

SCHEDULE V
SCHEDULE OF ADDITIONS, REPLACEMENTS AND IMPROVEMENTS
TO PROPERTY, PLANT AND EQUIPMENT
For The Year Ended December 31, 1995

Fixed Equipment		
3 Compartment Sink	\$ 2,035	
Onan Generator	20,378	
2 BTU Air Conditioner	1,322	
Small A/C	375	
Fire Alarm Panel	<u>835</u>	
Total Fixed Equipment		24,945
 Major Movable Equipment		
130 Gastroscope	15,811	
Pulse Oximeter	1,679	
600F Senographe	25,000	
Fax (Home Health)	795	
Kodak Camera	1,795	
Lanier Dictating Equipment	9,010	
2 DynaScope Transmitter	1,409	
Pagewriter 2001	<u>4,750</u>	
Total Major Movable Equipment		<u>60,249</u>
Total Fixed Asset Additions		<u>\$ 85,194</u>

See independent auditor's report on supplementary information.

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
D/B/A
RIVERSIDE MEDICAL CENTER**

**SCHEDULE VI
SCHEDULE OF INSURANCE POLICIES
For The Year Ended December 31, 1995**

RISK COVERED	INSURER	COVERAGE	PERIOD
Workers' Compensation	Louisiana Hospital Association Workers' Compensations Self-Insurance Trust Fund	\$ 1,000,000	1/1/95 to 1/1/96
Professional Liability	St. Paul Insurance Company	\$ 900,000	2/2/95 to 2/2/96
Fire	Commercial Union Insurance Company	\$ 9,587,897	2/1/95 to 2/2/96
General	St. Paul Insurance Company	\$ 1,000,000	2/2/95 to 2/2/96
Property, Including Earthquake, Flood and Business Income	Commercial Union Insurance Company	\$ 14,772,105	2/2/95 to 2/2/96
Automobile	St. Paul Insurance Company	\$ 1,000,000	2/2/95 to 2/2/96
Director and Officers'	St. Paul Insurance Company	\$ 1,000,000	2/2/95 to 2/2/96
Employee Health	DBL Services, Inc.	\$ 1,000,000	5/1/95 to 4/30/96
Emergency Department Specialists	St. Paul Insurance Company	\$ 1,500,000	6/30/95 to 6/30/96
Employee Dishonesty	St. Paul Insurance Company	\$ 500,000	2/2/95 to 2/2/96

See independent auditor's report on supplementary information.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF THE GENERAL PURPOSE
FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Washington Parish Hospital Service District No. 1,
D/B/A Riverside Medical Center
Franklinton, Louisiana

We have audited the general purpose financial statements of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER**, a component unit of the Washington Parish Police Jury, for the year ended December 31, 1995, and have issued our report thereon dated May 28, 1996.

We have 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 **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE 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 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 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 **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER** for the year ended December 31, 1995, 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.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER**, in a separate letter dated May 28, 1996.

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

La Brite, Schmitz, Loney & Hand

A Professional Accounting Corporation

May 28, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Washington Parish Hospital Service District No. 1
D/B/A Riverside Medical Center
Franklinton, Louisiana

We have audited the general purpose financial statements of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER**, a component unit of the Washington Parish Police Jury, for the year ended December 31, 1995, and have issued our report thereon dated May 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *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 **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER** is the responsibility of the Hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, 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 *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance that we have reported to the management of **WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, D/B/A RIVERSIDE MEDICAL CENTER** in a separate letter dated May 28, 1996.

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

LaPorte, Sehart, Romig & Hand

A Professional Accounting Corporation

May 28, 1996

A Professional Accounting Corporation

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