

HOSPITAL SERVICE DISTRICT NO. 1a
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DRUM
 HOSPITAL ENTERPRISE FUND
 BALANCE SHEETS
 SEPTEMBER 30, 1994, 1993 AND 1992

ASSETS	1994	1993	1992
Current			
Cash and cash equivalents (Note 2)	\$ 840,761	\$ 508,308	\$ 343,486
Accounts receivable net of estimated uncollectibles \$527,808, \$493,089 and \$168,082 in 1994, 1993 and 1992, respectively (Note 4)	1,898,724	1,018,486	1,119,732
Accrued interest receivable	18,873	14,346	6,169
Inventory	212,807	219,883	197,827
Prepaid expenses	38,838	34,794	33,887
Due from specific purpose fund	<u>341,823</u>	<u>17,721</u>	<u>0</u>
Total Current Assets	2,371,213	1,808,438	1,689,322
Property, plant and equipment, less accumulated depreciation of \$2,508,668, \$2,325,148, and \$1,858,755 in 1994, 1993 and 1992, respectively (Note 5)	7,827,037	7,547,368	7,489,799
Assets whose use is limited (Note 6)	2,809,437	1,923,823	1,351,649
Other (Note 7)	<u>328,299</u>	<u>318,996</u>	<u>328,666</u>
Total Assets	<u>\$ 7,335,986</u>	<u>\$ 6,628,585</u>	<u>\$ 5,867,826</u>
LIABILITIES AND FUND BALANCE			
Current			
Accounts payable	\$ 198,804	\$ 218,937	\$ 145,705
Accrued expenses	187,037	143,961	136,818
Current portion of lease obligation	<u>5,212</u>	<u>5,836</u>	<u>6,282</u>
Total Current Liabilities	391,053	368,734	288,815
Long-Term			
Capital lease obligations (Note 8)	<u>618</u>	<u>2,632</u>	<u>2,282</u>
Total Liabilities	391,671	371,366	291,097
Fund Balance	<u>6,944,315</u>	<u>6,257,219</u>	<u>5,576,729</u>
Total Liabilities and Fund Balance	<u>\$ 7,335,986</u>	<u>\$ 6,628,585</u>	<u>\$ 5,867,826</u>

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

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHMOND, STATE OF LOUISIANA
RICHMOND PARISH HOSPITAL - BELHI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

NOTE 3 - DEPOSITS

Included in cash and cash equivalents and assets whose use is limited are cash on hand and deposits with the depository banks for checking accounts and certificates of deposits, which were secured at the balance sheet dates by federal depository insurance coverage and by pledged securities. For all deposits, the market value and carrying value are the same.

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	1996	1995	1994
Net Patient accounts receivable	\$ 1,598,880	\$ 1,295,488	\$ 1,855,551
Other accounts receivable	360	844	263
Estimated third-party paper settlements	<u>38,184</u>	<u>214,268</u>	<u>377,852</u>
	1,637,424	1,511,400	1,828,753
Less: Estimated uncollectibles	<u>337,800</u>	<u>493,008</u>	<u>509,008</u>
Total	<u>\$ 1,299,624</u>	<u>\$ 1,018,392</u>	<u>\$ 1,319,745</u>

The Hospital receives a substantial portion of its revenues from the Medicare and Medicaid programs on discounted rates. The following is a summary of Medicare and Medicaid patient revenues for the years ended September 30, 1996, 1995 and 1994.

	1996	1995	1994
Medicare and Medicaid gross patient charges	\$ 13,265,572	\$ 8,573,204	\$ 8,990,311
Contractual adjustments	<u>5,325,812</u>	<u>2,806,018</u>	<u>2,817,823</u>
Program Patient Service Revenue	<u>\$ 7,939,760</u>	<u>\$ 5,767,186</u>	<u>\$ 6,172,488</u>
Percent of Total Patient Revenues	<u>181</u>	<u>121</u>	<u>150</u>

Included in 1995 contractual adjustments is \$18,083 recovered in a lawsuit against the Louisiana Department of Health and Hospitals for claims during the period of June 1987 through June 1994. The amount is recognized in this fiscal year when it became available and measurable as a result of the settlement of the lawsuit.

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - (RPH)
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1988, 1989 AND 1994

NOTE 7 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Third-Party Payer Revenues

Contractual agreements with governmental agencies provide for reimbursement based on a fixed price per patient stay based upon the patient's primary diagnosis for Medicare inpatient services and on a fixed price per patient day for Medicaid inpatient services. Medicare and Medicaid outpatients and home health services are reimbursed based upon the lesser of reasonable cost (subject to certain limits) or charges to patients. These reimbursements are subject to audit and retroactive adjustments by each payer.

Inventory

Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market basis.

Income Taxes

The entity is a political subdivision and exempt from taxation. Additionally, the District has applied for and received approval to be recognized as an organization described under Section 501(c)(3) of the Internal Revenue Code.

Policy Year Reversals

Certain items in prior periods have been reclassified to conform with classifications in the current period.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost for purchased assets or at fair market value on the date of any donation. The Hospital uses straight-line depreciation for financial reporting and third party reimbursement. The following estimated useful lives are generally used.

Building and Improvements	5 to 40 years
Machinery and Equipment	3 to 10 years
Furniture and Fixtures	3 to 10 years

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

HOSPITAL SERVICE DISTRICT NO. 14
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DRILL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method of Accounting

The Hospital uses the accrual method of accounting. Patient service revenue is reported at the estimated net realizable amount from patients, third party payors and others for services rendered, including estimated retroactive adjustments under third party reimbursement agreements with third party payors. Retrospective adjustments are accrued on an estimated basis in the period the related settlements are determined. Expenses are recorded when incurred. Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guide set forth in the Louisiana Governmental Audit Guide, the audit and accounting guide, Health Care Organizations published by the American Institute of Certified Public Accountants, and standards set by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and money market accounts and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities over 90 days are classified as short-term investments. Cash and cash equivalents and short-term investments are stated at cost, which approximates market value. The caption "cash and cash equivalents" does not include amounts whose use is limited or temporary cash investments.

Realizable Amounts

The Hospital's estimate of realizability is based on evaluation of historical collections compared to gross revenues and monthly agings of amounts receivable to establish an allowance for uncollectible accounts.

Significant Concentration of Economic Dependence

The Hospital has an economic dependence on a small number of staff physicians. These physicians admit near 90% of the Hospital's patients.

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

Richland Parish Hospital Service District No. 1A (the Hospital or the District) was created by an ordinance of the Richland Parish Police Jury on April 18, 1989. The District is comprised of and embraces the territory contained within Ward 1 of the Parish of Richland, State of Louisiana, as constituted as of the date of the ordinance.

Effective as of October 1, 1989, Richland Parish Hospital Service District No. 1 (which operated hospitals in Delhi and Kapelle) transferred operations of the hospital in Delhi to Richland Parish Hospital Service District No. 1A, along with all related assets, liabilities, and equity.

The Hospital is a political subdivision of the Richland Parish Police Jury whose jurors are elected officials. The Hospital's commissioners are appointed by the Richland Parish Police Jury. Accordingly, Governmental Accounting Standards Board Statement No. 14 requires these financial statements to be included in those of the Richland Parish Police Jury.

Scope of Services

The Hospital provides outpatient, skilled nursing (through "swing beds"), home health and acute inpatient hospital services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - BELLI
HOSPITAL ENTERPRISES FUND
STATEMENT OF CASH FLOW (Continued)
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of property, plant and equipment	\$ 1,425	\$ 3,950	\$ 21,150
Purchases of property, plant and equipment	(382,122)	(173,122)	(1,361,462)
Purchase of physician practices	0	0	(188,322)
Payments on long-term debt	(8,854)	(8,892)	(4,897)
Interest expense	(1,385)	(856)	(1,827)
Net cash flow from capital and related financing activities	(390,936)	(188,820)	(1,335,316)
Net increase (decrease) in cash and cash equivalents	150,441	137,866	(198,288)
Cash and cash equivalents at beginning of year	290,308	152,442	350,730
Cash and cash equivalents at end of year	\$ 440,749	\$ 290,308	\$ 152,442
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	\$ 1,385	\$ 856	\$ 1,827

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

HOSPITAL SERVICE DISTRICT NO. 14
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DEBRI
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED SEPTEMBER 30, 1995 AND 1994

	1995	1995	1994
Cash Flows from Operating and Non-operating Activities:			
Excess revenues (expenses) adjustments to reconcile excess revenues (expenses) to net cash provided by operations	\$ 708,295	\$ 861,330	\$ 935,868
Non-cash items included in net income			
Depreciation	322,822	296,230	257,868
Amortization of license fees	-0-	-0-	18,333
(Gain) loss on disposal of assets	(1,455)	18,500	(2,158)
Interest income	(187,239)	(36,883)	(56,612)
Interest expense	1,320	954	1,027
Change in current assets (increase) decrease			
accounts receivable (net)	(80,223)	103,233	(53,788)
Accounts receivable -receivables	(5,899)	(7,613)	1,595
Inventory	3,886	(32,388)	(19,773)
Prepaid expenses	853	(8,803)	(7,968)
Due from specific purpose fund	(124,356)	(17,723)	-0-
Change in current liabilities increase (decrease)			
accounts payable	(49,323)	65,233	(13,913)
Accounts payables	43,886	29,528	11,595
Unearned revenues	-0-	-0-	(79,008)
Change in other assets (increase) decrease	<u>59,871</u>	<u>(418,338)</u>	<u>(129,713)</u>
Net cash flow from operating and nonoperating activities	<u>732,866</u>	<u>1,112,136</u>	<u>803,852</u>
Cash Flows from Investing activities:			
Cash invested in assets whose use is limited	(85,293)	(573,867)	(508,434)
Cash proceeds from assets whose use is limited	7,689	9,683	664,144
Interest earned	<u>227,222</u>	<u>58,683</u>	<u>58,632</u>
Net cash flow from Investing activities	<u>\$ 149,618</u>	<u>\$ (505,501)</u>	<u>\$ 214,342</u>

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

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHMOND, STATE OF LOUISIANA
 RICHMOND PARISH HOSPITAL - BELHI
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF CHANGES IN FUND BALANCE AND COMPOSITIONS
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
CHANGES IN FUND BALANCE:			
Balance, beginning of year	\$ 4,398,204	\$ 3,304,474	\$ 4,437,808
Excess of revenues over expenses for the year ended September 30	<u>208,798</u>	<u>851,510</u>	<u>128,808</u>
Balance, September 30	\$ <u>4,607,002</u>	\$ <u>4,155,984</u>	\$ <u>4,566,616</u>
COMPOSITION OF FUND BALANCE:			
Contributions:			
Transfer from Richmond Parish Hospital Service District No. 1	\$ 2,317,807	\$ 2,317,807	\$ 2,317,807
Excess of revenues over expenses	<u>4,820,505</u>	<u>4,129,281</u>	<u>3,250,761</u>
Total	\$ <u>7,138,312</u>	\$ <u>6,447,088</u>	\$ <u>5,568,568</u>

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

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 SCHEDULE OF OPERATING EXPENSES - PROFESSIONAL FEES
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Operating room	\$ -0-	\$ -0-	\$ 800
Anesthesiology	34,508	40,878	35,124
Laboratory	276,866	287,847	278,188
Physical therapy	3,918	2,120	1,777
Rural health clinic	4,933	-0-	-0-
Emergency room	-0-	2,680	99,208
Rural health	<u>3,320</u>	<u>1,260</u>	<u>6,568</u>
Total professional fees	\$ <u>418,225</u>	\$ <u>436,583</u>	\$ <u>512,435</u>

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management and the office of the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Earley, Lester & Wells

Certified Public Accountants

December 13, 1986

Board of Commissioners
Hospital Service District No. 1A
Parish of Richland, State of Louisiana
Page Two

This report is intended for the information of the Board of Commissioners, management and the office of the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Earley, Lester & Wells

Certified Public Accountants

December 18, 1996

Board of Commissioners
Hospital Service District No. 1A
Facility of Richmond, State of Louisiana
Page Two

Our audits were performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents 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 presented in all material aspects in relation to the general purpose financial statements taken as a whole.

Earley, Lester & Wells
Certified Public Accountants

December 13, 1996

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Hospital Service District No. 1a
Parish of Richland, State of Louisiana
Orlil, Louisiana

We have audited the accompanying general purpose financial statements of Hospital Service District No. 1a, Parish of Richland, (the Hospital), a component unit of the Richland Parish Police Jury, as of and for the years ended September 30, 1988, 1989 and 1990, listed in the foregoing table of contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Service District No. 1a, Parish of Richland, as of and for the years ended September 30, 1988, 1989 and 1990, and the results of its operations and cash flow for the years then ended, in conformity with generally accepted accounting principles applicable to governmental entities.

In accordance with Governmental Auditing Standards, we have also issued a report dated December 12, 1988, on our consideration of the Hospital's internal control structure and a report dated December 12, 1988, on its compliance with laws and regulations.

HOSPITAL SERVICE DISTRICT NO. 2A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the years ended September 30, 1994, 1993 and 1992.

	ASSET COST			September 30, 1996
	September 30, 1993	Additions	Deductions	
Land	\$ 115,000	\$ -0-	\$ -0-	\$ 115,000
Buildings and improvements	2,588,457	29,894	-0-	2,628,351
Major movable equipment	2,053,814	187,294	(21,900)	2,219,208
Construction in progress	5,463	188,823	(14,732)	375,684
Total	\$ 5,332,734	\$ 405,811	\$ (36,632)	\$ 5,701,913
	ACCUMULATED DEPRECIATIONS			
	September 30, 1993	Additions	Deductions	September 30, 1996
Buildings and improvements	\$ 949,298	\$ 143,732	\$ -0-	\$ 1,135,890
Major movable equipment	1,136,058	154,489	21,382	1,319,265
Total	\$ 2,309,758	\$ 312,622	\$ 21,382	\$ 2,621,002
	ASSET COST			
	September 30, 1994	Additions	Deductions	September 30, 1993
Land	\$ 115,000	\$ -0-	\$ -0-	\$ 115,000
Buildings and improvements	2,567,493	30,764	-0-	2,598,257
Major movable equipment	1,773,214	358,294	(73,134)	2,058,374
Construction in progress	923	9,318	-0-	5,463
Total	\$ 4,456,630	\$ 408,376	\$ (73,134)	\$ 4,791,872
	ACCUMULATED DEPRECIATIONS			
	September 30, 1994	Additions	Deductions	September 30, 1993
Buildings and improvements	\$ 902,298	\$ 142,082	\$ -0-	\$ 949,298
Major movable equipment	1,152,438	129,353	50,682	1,236,859
Total	\$ 2,054,736	\$ 271,435	\$ (50,682)	\$ 2,309,758

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHARD PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1994

NOTE 11 - COMPENSATED ABSENCE

Employees of the Hospital are entitled to paid days off and sick days depending on length of service. The Hospital accrued \$77,993, \$79,251 and \$84,424 of vacation pay at September 30, 1990, 1993 and 1994, respectively. It is impracticable to estimate the amount of compensation for future accrued sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of accrued sick pay when actually paid to employees.

NOTE 12 - PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the PCF, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlements for professional liability to \$200,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

The Hospital's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their service. At policy year-end, premiums are redetermined utilizing actual utilization of the hospital. The trust fund premiums to be a "Grantor Trust" and, accordingly, income and expenses are reported to member hospitals. The Hospital has not included these allocations or equity in the Trust in its financial statements which reflect cash transactions with the trust fund as insurance expense or a reduction thereof.

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HOSPITAL SERVICE DISTRICT NO. 1A
OF THE TERRITORY OF MISSOURI, STATE OF LOUISIANA
NICHOLS HOSPITAL - BELRI
HOSPITAL ESTABLISHED 1898
FOR THE YEARS ENDED APPROXIMATELY 10, 1996, 1995 AND 1994

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in accordance with state law, this report is a public document. A copy of this report has been submitted to the public and 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.

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**Independent Auditor's Report on Compliance with
Laws and Regulations Based on an Audit of
Financial Statements Performed in Accordance with
GOVERNMENT AUDITING STANDARDS issued by the GAO**

Board of Commissioners
Hospital Service District No. 1
Parish of Richland, State of Louisiana
Brihi, Louisiana 71272

We have audited the general purpose financial statements of the Richland Parish Hospital Service District No. 1 (the District) as of and for the years ended September 30, 1994, 1995 and 1996, and have issued our report thereon dated December 12, 1996.

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

Compliance with laws, regulations, contracts and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with each provision. 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.

While performing our audit, we read the responses to the questions in the System Survey and Compliance Questionnaire completed by management and adopted by the Board of Commissioners and found no evidence that would indicate that the Hospital Service District had not answered the questions correctly. However, it should be noted that our audit was not directed primarily towards the answers to the questions in the questionnaire.

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF ECHANGÉ, STATE OF LOUISIANA
 RICHARD PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 SCHEDULE OF OPERATING EXPENSES - OTHER EXPENSES
 FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

	1994	1995	1996
Contract services	\$ 203,686	\$ 289,367	\$ 277,896
Legal and accounting	57,686	60,776	73,307
Supplies	613,827	698,870	608,657
Repairs and maintenance	92,388	87,346	68,731
Utilities	111,289	80,881	100,339
Telephone	66,327	47,567	41,181
Travel	186,883	157,750	137,396
Rentals	8,061	19,285	16,636
Education	88,360	76,500	67,387
Recruitment and advertising	13,536	17,718	16,189
Clinic auxiliary expense	167,890	427,168	287,047
Miscellaneous	<u>13,150</u>	<u>25,886</u>	<u>18,662</u>
Total other expenses	<u>\$ 1,852,836</u>	<u>\$ 1,739,190</u>	<u>\$ 1,655,928</u>

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
NET PATIENT SERVICE REVENUE
FOR THE YEARS ENDED SEPTEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
Rooming Services:			
adult and pediatric	\$ 1,211,793	\$ 1,127,899	\$ 1,093,999
Being bed	<u>167,890</u>	<u>116,700</u>	<u>105,800</u>
Total Rooming Services	<u>1,379,683</u>	<u>1,244,599</u>	<u>1,199,799</u>
Other Professional Services:			
Operating room			
Inpatient	109,368	107,004	108,643
Outpatient	156,086	139,783	109,196
Being bed	<u>2,568</u>	<u>5,352</u>	<u>2,382</u>
Total	<u>268,022</u>	<u>252,089</u>	<u>219,221</u>
Anesthesia			
Inpatient	100,466	77,793	73,288
Outpatient	73,382	66,679	60,860
Being bed	<u>6,326</u>	<u>6,800</u>	<u>1,552</u>
Total	<u>179,234</u>	<u>150,272</u>	<u>135,700</u>
Radiology			
Inpatient	460,893	339,798	367,963
Outpatient	389,720	266,774	209,660
Being bed	<u>28,831</u>	<u>21,593</u>	<u>13,783</u>
Total	<u>879,444</u>	<u>628,165</u>	<u>591,406</u>
Laboratory			
Inpatient	493,518	682,138	533,658
Outpatient	188,282	133,639	96,321
Being bed	<u>69,662</u>	<u>38,638</u>	<u>36,488</u>
Total	<u>751,462</u>	<u>854,415</u>	<u>666,467</u>
Blood			
Inpatient	13,798	17,664	33,431
Outpatient	2,335	2,335	6,877
Being bed	<u>2,869</u>	<u>482</u>	<u>1,510</u>
Total	<u>19,002</u>	<u>20,481</u>	<u>41,818</u>
Total	<u>\$ 3,127,169</u>	<u>\$ 2,820,681</u>	<u>\$ 2,649,913</u>

(Continued)

SUPPLEMENTAL INFORMATION

HOSPITAL SERVICE CONTRACT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI

SPECIFIC PURPOSE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1984, 1985 AND 1986

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SPECIFIC PURPOSE FUND

The Specific Purpose Fund was established to account for proceeds of grant funds. The Hospital received an Emergency Room Renovation Grant of \$150,000 from the State of Louisiana. The funds will be used for the expansion of the Emergency Department, including the purchase of equipment. The grant is a matching grant, therefore the Hospital is required to spend an additional \$150,000 for the expansion and equipment.

METHOD OF ACCOUNTING

The Hospital uses the accrual method of accounting. Revenue is reported when earned, net of the provision for contractual adjustments based upon each payor's agreement with the Hospital. Expenditures are recorded when incurred. Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes, the 24:513 and to the guide set forth in the Louisiana Governmental Audit Guide, the Audit and Accounting Guide - Health Care Organizations, published by the American Institute of Certified Public Accountants, and standards set by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of one certificate of deposit with an original maturity of 90 days or less. Cash and cash equivalents are stated at cost, which approximates market value.

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - BILBO
 HOSPITAL ENTERPRISE FUND
 NET PATIENT SERVICE REVENUES (Continued)
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Observation room			
Outpatients	\$ 38,380	\$ 8,554	\$ 8,368
Clinic			
Outpatient	138,180	-	43,558
Kid and			
Outpatient	-	-	8,843
Rural clinic			
Outpatient	161,800	-	-
Home health			
Skilled nursing visits	2,276,600	1,762,980	1,366,600
Physical therapy visits	75,488	48,380	51,906
Occupational therapy visits	16,888	5,780	6,605
Speech therapy visits	5,608	4,216	7,608
Social service visits	3,908	4,890	8,258
Aide visits	1,238,648	1,321,568	1,228,358
Total	4,311,688	3,227,206	2,968,105
Total Other Professional Services			
Inpatient	4,711,813	3,675,381	3,681,903
Outpatient	2,823,298	1,282,819	1,481,571
Swing bed	881,316	486,674	773,889
Home health	3,238,656	3,281,793	2,813,315
Total Other Professional Services	11,665,083	8,845,813	8,802,768
Gross Patient Service Charges	13,238,666	10,881,613	9,908,383
Deductions From Revenues:			
Contractual adjustments	4,398,154	2,188,883	2,873,588
Policy discount	15,652	13,613	15,182
Total Deductions From Revenues	4,413,806	2,202,496	2,888,770
Net Patient Service Revenues	\$ 8,824,860	\$ 7,879,117	\$ 7,019,613

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

NOTE 3 - CAPITAL LEASE OBLIGATIONS (continued)

	1994	1995	1996
A lease purchase obligation for a vending machine was entered on January 6, 1994. The lease calls for 72 monthly payments of \$40, which includes principal and interest at 6% per annum. The lease is secured by the vending machine with a book value of \$1,100 as of September 30, 1994.	\$ 480	\$ 1,130	\$ 1,360
A lease purchase obligation for a mailing machine was entered on May 7, 1994. The lease calls for 3 quarterly payments of \$648, which includes principal and interest at 6% per annum. The lease is secured by the mailing machine with a book value of \$2,814 as of September 30, 1994.	<u> -0-</u> 3,457	<u> -0-</u> 13,513	<u> 2,424</u> 11,090
Less current portion:	<u> 3,827</u>	<u> 9,838</u>	<u> 8,662</u>
Capital lease obligation, excluding current portions	<u>\$ 650</u>	<u>\$ 3,675</u>	<u>\$ 2,428</u>

Following are scheduled minimum payments on the capital lease obligation for each year:

1997	\$	3,226
1998		248
1999		248
2000 and thereafter		<u> 168</u>
		3,890
Less amount representing interest		<u> 302</u>
Total	\$	<u> 3,588</u>

The assets and liabilities under capital leases are recorded at the fair value of the asset. The assets are depreciated over their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - BEULI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1986, 1985 AND 1984

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1986 1987			September 30, 1984
	September 30, 1985	Additions	Deductions	
Land	\$ 119,080	\$ -0-	\$ -0-	\$ 119,080
Buildings and improvements	1,567,936	1,814,143	14,383	3,567,696
Major movable equipment	1,495,882	151,468	79,531	1,715,938
Construction in progress	-0-	823	-0-	823
Total	\$ 3,318,366	\$ 2,186,702	\$ 184,894	\$ 5,609,356
	ACCUMULATED DEPRECIATION			
	September 30, 1985	Additions	Deductions	September 30, 1984
Buildings and improvements	\$ 468,565	\$ 147,815	\$ 14,383	\$ 600,198
Major movable equipment	1,079,163	110,852	58,532	1,122,483
Total	\$ 1,768,682	\$ 257,868	\$ 72,915	\$ 1,909,739

Property, plant and equipment was transferred from Hospital Service District No. 1 of Richland Parish as of October 1, 1984 at historical cost. The accumulated depreciation was transferred at the recorded value to maintain the existing basis of valuation and accounting.

NOTE 6 - ASSETS WHICH ARE RESTRICTED

The following assets are restricted as to use as designated below:

	1986	1985	1984
Restricted by Hospital Board			
To be used for minor additions and replacements			
Certificates of deposit	\$ 1,919,784	\$ 1,818,991	\$ 1,279,603
To be used for unemployment funds			
Certificates of deposit	53,988	53,531	50,448
Time bank deposits	28,631	28,631	27,621
Assets whose use is limited	\$ 2,002,403	\$ 1,915,153	\$ 1,351,672

HOSPITAL SERVICE DISTRICT NO. 1a
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - BELLE
 HOSPITAL ENTERPRISE FUND
 NET PATIENT SERVICE REVENUE (Continued)
 FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Respiratory therapy			
Inpatient	\$ 892,146	\$ 704,949	\$ 691,431
Outpatient	36,713	23,329	15,124
Swing bed	<u>252,176</u>	<u>138,135</u>	<u>82,689</u>
Total	<u>1,181,035</u>	<u>866,413</u>	<u>789,244</u>
Physical therapy			
Inpatient	67,662	32,648	32,323
Outpatient	84,809	73,198	64,627
Swing bed	<u>51,908</u>	<u>26,326</u>	<u>18,627</u>
Total	<u>204,379</u>	<u>132,172</u>	<u>115,577</u>
Occupational therapy			
Outpatient	<u>0</u>	<u>3,538</u>	<u>0</u>
Electrocardiology			
Inpatient	126,252	92,228	76,465
Outpatient	66,223	33,017	31,995
Swing bed	<u>1,302</u>	<u>3,622</u>	<u>182</u>
Total	<u>193,777</u>	<u>128,867</u>	<u>108,542</u>
Central supply			
Inpatient	922,428	613,638	600,484
Outpatient	113,793	112,026	122,228
Swing bed	302,132	42,248	36,259
Home health	<u>126,276</u>	<u>106,182</u>	<u>111,282</u>
Total	<u>1,464,632</u>	<u>874,104</u>	<u>870,253</u>
Pharmacy			
Inpatient	1,673,622	1,246,826	1,246,244
Outpatient	172,453	183,229	163,754
Swing bed	<u>182,826</u>	<u>215,626</u>	<u>182,682</u>
Total	<u>2,028,901</u>	<u>1,645,681</u>	<u>1,692,680</u>
Emergency room			
Inpatient	70,964	58,018	58,628
Outpatient	698,462	276,489	265,282
Swing bed	<u>0</u>	<u>12</u>	<u>322</u>
Total	<u>769,426</u>	<u>334,519</u>	<u>324,232</u>
Total	<u>\$ 4,791,628</u>	<u>\$ 3,281,322</u>	<u>\$ 2,981,668</u>

(Continued)

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - BELRI
 HOSPITAL INTERFUND FUND
 OTHER OPERATING REVENUE

FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

	1994	1993	1992
Telephone	\$ 38	\$ 343	\$ 379
Television	10,838	11,361	12,453
Cafeteria	63,224	38,585	37,518
Medical records	1,619	1,330	1,473
Warding machines	28,806	38,331	36,587
Supplies	48,388	48,290	37,800
Life insurance refund	-	15,517	1,846
Clinic management charges	831,117	829,703	559,718
Miscellaneous	<u>158</u>	<u>825</u>	<u>581</u>
Total Other Operating Revenue	\$ <u>964,054</u>	\$ <u>975,825</u>	\$ <u>647,653</u>

HOSPITAL SERVICE DISTRICT NO. 1a
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 SCHEDULE OF FEE DUES AND
 OTHER CONTRIBUTIONS PAID TO BOARD MEMBERS
 FOR THE YEARS ENDING SEPTEMBER 30, 1996, 1995 AND 1994

	----- TERM -----				
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Board Members:					
Mr. Sidney Perkins	04/18/99	04/18/97	NONE	NONE	NONE
Mr. Charles Black	04/18/99	04/18/97	NONE	NONE	NONE
Mrs. Eleanor Jones	04/18/99	04/14/99	NONE	NONE	NONE
Mr. Jimmy Hopson	04/18/99	10/01/99	NONE	NONE	NONE
Dr. Paul Gramdon	08/20/98	10/01/99	NONE	NONE	N/A
Dr. Kenneth McDonald	04/21/97	08/20/93	N/A	N/A	NONE

Martin H. Boring, CPA
Bobby E. Lester, CPA
John B. Wells, CPA
Robert G. Miller, CPA

Linda L. Wright, CPA
Paul A. Delaney, CPA
William L. Henry, CPA

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Independent Auditors' Report on Internal Control
Structure Related Matters Noted in a Financial
Statement Audit Conducted in Accordance with
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District No. 1A
Parish of Richland, State of Louisiana
Bldg. Louisiana 11212

We have audited the general purpose financial statements of the Richland Parish Hospital Service District No. 1A (the District) for the years ended September 30, 1991, 1992 and 1993, and have issued our report thereon dated December 17, 1993.

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

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of 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 financial statements of the District for the years ended September 30, 1991, 1992 and 1993, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of related 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 financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF MISSISSIPPI
 RICHLAND PARISH HOSPITAL - DELHI
 SPECIFIC PURPOSE FUND
 BALANCE SHEETS
 SEPTEMBER 30, 1998, 1995 AND 1994

ASSETS	1998	1995	1994
Cash and cash equivalents (Note 2)	\$ <u>141,812</u>	\$ <u>138,682</u>	\$ <u>138,682</u>
LIABILITIES AND FUND BALANCE			
Due to general fund	141,812	17,721	-0-
Fund Balance	<u> 0</u>	<u>118,882</u>	<u>138,682</u>
Total Liabilities and Fund Balance	\$ <u>141,812</u>	\$ <u>138,682</u>	\$ <u>138,682</u>

STATEMENTS OF CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED 1998, 1995 AND 1994

	1998	1995	1994
Balance, beginning of year	\$ 118,882	\$ 138,682	\$ -0-
Grants (Note 2)	-0-	-0-	138,682
Interest Income	5,325	4,402	-0-
Transfer to general fund	<u>(125,136)</u>	<u>(117,721)</u>	<u>-0-</u>
Balance, September 30	\$ <u> 0</u>	\$ <u>118,882</u>	\$ <u>138,682</u>

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

HOSPITAL SERVICE DISTRICT NO. 14
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1995, 1994 AND 1993

NOTE 11 - CONTINGENCIES

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that an allowance for loss contingencies is considered necessary. To the extent that resolution of contingencies result in amounts which vary from the Hospital's estimates, future earnings will be charged or credited.

The principal contingencies are described below:

Governmental Third Party Reimbursement Programs (Note 4) - The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of these programs. The amount of such adjustments cannot be determined.

Further, in order to continue receiving reimbursement from the Medicare program, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursements for Medicare patient claims which have already been paid to the Hospital.

Professional Liability Risk (Note 12) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patients' Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

The Hospital participates in the Louisiana Hospital Association Self-Insurance Workers' Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the Hospital is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF BOCHARD, STATE OF LOUISIANA
 RICHARD EUGENE HOSPITAL - DEJAC
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF REVENUES AND EXPENSES
 FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

	1996	1995	1994
Net Patient Service Revenue	\$ 8,888,858	\$ 7,873,213	\$ 3,298,548
Other Operating Revenue	<u>788,821</u>	<u>813,683</u>	<u>662,633</u>
Total Operating Revenue	<u>9,677,679</u>	<u>8,686,896</u>	<u>3,961,181</u>
Operating Expenses			
Salaries	4,941,893	4,918,748	3,460,008
Benefits and payroll taxes	442,884	348,535	291,641
Retirement (MCOA 30)	387,663	267,184	264,602
Supplies and drugs	354,817	510,376	444,882
Professional fees	638,275	638,385	372,435
Other expenses	1,847,874	1,732,199	1,484,979
Insurance	315,544	248,481	167,334
Interest expense	1,305	954	1,007
Depreciation and amortization	383,683	312,922	314,281
Provision for bad debts	<u>282,288</u>	<u>233,623</u>	<u>233,238</u>
Total Operating Expenses	<u>9,367,312</u>	<u>8,158,388</u>	<u>7,083,625</u>
Profit (Loss) from Operations	<u>310,367</u>	<u>528,508</u>	<u>877,556</u>
Nonoperating Revenue (Expense)			
Interest income on investments whose use is limited	87,343	73,788	87,112
Interest income, other	9,997	14,897	13,389
Grants	174,870	92,721	13,080
Gain (loss) on disposal of equipment	1,435	(18,582)	2,158
Contributions	<u>1,886</u>	<u> </u>	<u>5,380</u>
Total Nonoperating Revenue	<u>275,531</u>	<u>162,324</u>	<u>121,119</u>
Karens Revenues (Expense)	<u>\$ 288,228</u>	<u>\$ 863,233</u>	<u>\$ 938,846</u>

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

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - BELRI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

NOTE 8 - CAPITAL LEASES SUBSTITUTION (Continued)

The following is a summary of property held under capital leases:

	1994	1993	1992
Copiers	\$ 26,799	\$ 26,799	\$ 14,531
Vending Machine	1,500	1,500	1,500
Mailing Machine	-0-	-0-	3,150
	<u>28,299</u>	<u>28,299</u>	<u>19,181</u>
Less Accumulated depreciation:	<u>(21,848)</u>	<u>(13,328)</u>	<u>(8,856)</u>
Total	<u>\$ 6,451</u>	<u>\$ 14,971</u>	<u>\$ 10,325</u>

NOTE 9 - AFFILIATED ORGANIZATION

affiliated organizations include Richland Parish Hospital Service District No. 1, Richland Parish Hospital Service District No. 1B, and the Richland Parish Police Jury. The districts are related because they are all political subdivisions of the Richland Parish Police Jury which appoints its commissioners.

During the fiscal years ended September 30, the Hospital had the following transactions and balances with its affiliated organization, Richland Parish Hospital Service District No. 1B, the Richardson Medical Center.

	1994	1993	1992
Accounts payable	\$ 25,822	\$ 28,328	\$ 12,821
Payments	\$ 28,912	\$ 21,121	\$ 28,796
Expenses	\$ 26,818	\$ 28,328	\$ 28,512

NOTE 10 - PENSION PLAN

The Hospital elected to withdraw from the Social Security System effective as of January 1, 1993. In place of the Social Security System, the Hospital established a Defined contribution annuity plan. Employees are eligible to participate upon date of employment and, after one year of service, the employee is fully vested in the employer's matching contribution. Contributions to the plan by the Hospital are determined by the Board of Commissioners, at a minimum of 3.00% of the participant's compensation. The amounts charged to pension expense under this plan were \$297,683, \$247,184 and \$206,332 for the years ended September 30, 1994, 1993 and 1992, respectively.

HOSPITAL SERVICE DISTRICT NO. 14
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PUBLIC HOSPITAL - DEMO
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1994, 1993 AND 1992

NOTE 7 - OTHER ASSETS

Other assets consists of the following:

	1994	1993	1992
Start-up cost	\$ 87,573	\$ 121,868	\$ -0-
Medical scholarships receivable	179,203	88,883	55,844
Unamortized fee	<u>31,662</u>	<u>128,323</u>	<u>162,890</u>
	<u>\$ 298,438</u>	<u>\$ 339,074</u>	<u>\$ 328,734</u>

Start-up cost are expenses incurred in establishing a rural health clinic. These expenses are capitalized and will be amortized over a 60 month period when services begin.

Medical scholarships receivable are amounts paid to student doctors for tuition. These scholarships are an incentive to attract physicians to the local community. If the physician establishes his or her practice locally, then the scholarship is deemed as being repaid over time. Otherwise, there are provisions for the physician to repay the scholarship with interest.

Unamortized fee is an amount paid for a local physician's practice which is net of amortization over a 60 month period.

NOTE 8 - CAPITAL LEASE OBLIGATION

The following is a summary of capital lease obligations at September 30, 1994.

	1994	1993	1992
A lease purchase obligation for copiers was entered on December 1, 1990. The lease calls for 60 monthly payments of \$319 which includes principal and interest of 12.00% per annum. The lease is secured by the copiers, with a book value of \$15,350 as of September 30, 1994. During January 1995 this lease was renegotiated and two new copiers were added. The new lease purchase obligation calls for 4 quarterly payments of \$1,733 which includes principal and interest at 12.00% per annum.	\$ 4,777	\$ 14,560	\$ 3,029