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WASHINGTON PARISH HOSPITAL
SERVICE DISTRICT NO. 1

ISMA

RIVERSIDE MEDICAL CENTER

FRANKLINTON, LOUISIANA

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/2/98

Audit of Financial Statements

December 31, 1997
and
December 31, 1996

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To the Board of Commissioners
Washington Parish Hospital Service District No. 1
1478A 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, 1478A RIVERSIDE MEDICAL CENTER, a component unit of the Washington Parish Police Jury, as of and for the years ended December 31, 1997 and 1996, as listed in the table of contents. These financial statements are the responsibility of the management of WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, 1478A RIVERSIDE MEDICAL CENTER. 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 and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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, 1478A RIVERSIDE MEDICAL CENTER for the years ended December 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 1, 1997 on our consideration of WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, 1478A RIVERSIDE MEDICAL CENTER's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



A Professional Accounting Corporation

June 1, 1998

A Professional Accounting Corporation

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WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
IRBA
RIVERSIDE MEDICAL CENTER
BALANCE SHEETS

ASSETS

	December 31,	
	1997	1996
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,000,196	\$ 2,000,703
Accounts Receivable, Less Allowance for Doubtful Accounts of \$804,677 and \$611,039 in 1997 and 1996, Respectively	2,146,837	1,761,831
Inventories	173,625	176,417
Prepaid Expenses and Other Current Assets	93,603	71,895
Assets Whose Use is Limited - Required for Current Liabilities	60,000	55,000
Total Current Assets	5,563,261	4,031,836
ASSETS WHOSE USE IS LIMITED		
For Emergency Room Expenses - Taxes Receivable	618,626	595,400
For Debt Retirement		
Revenue Bonds, Series 1987 - Money Market Account	91,158	87,954
For Emergency Room Expenses - Money Market Account	8,282	66,188
Total Assets Whose Use is Limited	718,066	749,542
Less Assets Whose Use is Limited and that are Required for Current Liabilities	61,876	58,498
Noncurrent Assets Whose Use is Limited	656,190	691,044
PROPERTY, PLANT AND EQUIPMENT, NET	2,882,865	2,814,050
Total Assets	\$ 8,121,571	\$ 8,000,922

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

LIABILITIES AND EQUITY

	December 31,	
	1997	1996
CURRENT LIABILITIES		
Due to Third-Party Payors	\$ 136,800	\$ 908,150
Accounts Payable	883,599	779,798
Accounts Payables and Stock Pay	207,217	992,800
Accounts Payables	138,472	327,394
Payroll and Payroll Taxes Payable	143,798	122,343
Current Maturities of Long-Term Debt	95,868	53,387
Current Maturities of Capital Lease Obligations	4,845	4,040
Total Current Liabilities	1,805,602	3,385,161
LONG-TERM LIABILITIES		
Long-Term Debt, Excluding Current Maturities	798,400	891,273
Capital Lease Obligations, Excluding Current Maturities	—	3,580
Total Long-Term Liabilities	798,400	894,853
EQUITY		
Retained Earnings	7,942,352	5,728,959
Total Liabilities and Equity	\$ 9,547,952	\$ 9,002,867

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
 DBSA
 KATYDINE MEDICAL CENTER
 STATEMENTS OF REVENUE AND EXPENSES

	For The Years Ended December 31,	
	1997	1996
REVENUE		
Net Patient Service Revenue	\$ 11,774,131	\$ 10,159,449
Other Revenue	81,877	38,448
Total Revenue	11,856,008	10,197,897
EXPENSES		
Nursing Services	3,279,136	3,158,714
Other Professional Services	3,347,766	3,638,514
Administrative Services	2,286,484	2,198,321
General Services	944,435	981,083
Provision for Doubtful Accounts	897,145	818,879
Depreciation and Amortization	647,835	583,549
Interest Expense	81,288	81,873
Total Expenses	11,263,879	10,000,173
Operating Income	592,129	197,724
NON-OPERATING REVENUES (EXPENSES)		
Ad Valorem Taxes	619,321	620,134
Interest Income	138,467	91,876
Rental Income	24,013	24,256
Gain on Sale of Asset	-	(6,382)
Net Non-Operating Revenues	781,801	729,914
NET INCOME	\$ 1,373,930	\$ 1,427,638

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
 LHA
 RIVERSIDE MEDICAL CENTER
 STATEMENTS OF CHANGES IN RETAINED EARNINGS

	For The Years Ended	
	December 31,	
	1997	1996
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 5,718,958	\$ 4,288,998
NET INCOME	1,380,154	1,498,962
DONATED EQUIPMENT	3,258	-
RETAINED EARNINGS - END OF YEAR	\$ 7,102,370	\$ 5,787,960

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 7
 DBA
 RIVERSIDE MEDICAL CENTER
 STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES		
Net Income	\$ 1,280,354	\$ 1,498,362
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	443,825	385,369
Donated Capital	5,258	-
(Gain) on Sale of Assets	-	(5,182)
Provision for Doubtful Accounts	887,145	519,838
(Increase) in Accounts Receivable	(1,472,151)	(824,109)
Decrease in Due from Third-Party Payers	-	168,462
Increase in Inventories	2,792	8,240
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(22,458)	18,781
(Decrease) Increase in Amounts Due to Third-Party Payers	(263,712)	808,170
Increase (Decrease) in Accounts Payable	83,568	(68,087)
(Decrease) in Contracts Payable	-	(12,771)
(Decrease) in Retainage Payable	-	(23,788)
Increase (Decrease) in Payroll and Payroll Taxes Payable	21,357	(15,041)
Increase in Accrued Vacation	19,438	3,326
Increase in Accrued Expenses	19,768	34,772
Net Cash Provided by Operating Activities and Gains and Losses	<u>855,873</u>	<u>2,118,629</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(338,856)	(713,988)
Proceeds from the Sale of Property, Plant and Equipment	-	5,899
Repayments of Long-Term Debt	(57,587)	(71,234)
Repayments of Capital Lease Obligations	(3,388)	182,883
Net Cash Used for Capital and Related Financing Activities	<u>(409,831)</u>	<u>(576,430)</u>

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
 DBSA
 RIVERSIDE MEDICAL CENTER
 STATEMENTS OF CASH FLOWS (Continued)

	For The Years Ended	
	December 31,	
	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Investment in) Utilization of Assets Whose Use is Limited	____ 28,388	____ (82,400)
Net Cash Provided by (Used in) Investing Activities	____ 28,388	____ (82,400)
NET INCREASE IN CASH AND CASH EQUIVALENTS	446,410	1,210,603
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	____ 2,845,763	____ 1,635,160
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,292,173</u>	<u>\$ 2,845,763</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 52,288</u>	<u>\$ 47,894</u>

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

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
BHA
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, BHA/RIVERSIDE MEDICAL CENTER (the "Hospital") is an acute care facility created pursuant to Louisiana Revised Statutes of 1958, Title 46, Chapter 90. It is the Hospital's mission to provide its community with high quality care and education in a timely, 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) where 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
L/HA
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 financially 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 governmental unit, or the other governmental units that comprise the financial reporting entity.

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(c)(3) 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 payers. 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
DBSA
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.

INVENTORIES

Inventories 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, 1997 and 1996, the Hospital had cash and cash equivalents as follows:

	1997	1996
Demand Deposits and Certificates of Deposits	\$ 3,091,396	\$ 2,646,760
Money Market Accounts	185,748	154,128
Total Deposits	3,277,144	2,800,888
Less: Cash Included in Assets Whose Use is Limited	185,748	154,128
	<u>\$ 3,091,396</u>	<u>\$ 2,646,760</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
ITCA
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS (Continued)

Under state law, the standing 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, 1987 and 1986 are secured as follows:

	1987	1986
Total Bank Balances	<u>\$ 3,385,686</u>	<u>\$ 3,286,542</u>
Federal Deposit Insurance	\$ 200,000	\$ 200,000
Market Value of Pledged Securities	<u>3,285,686</u>	<u>4,828,000</u>
	<u>\$ 3,485,686</u>	<u>\$ 4,828,000</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.

RECLASSIFICATIONS

Certain reclassifications of previously reported amounts have been made to conform with the 1987 presentation. Such reclassifications had no effect on the excess of support and revenue over expenses.

NOTE B

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. The Hospital maintains records to identify and monitor the level of charity care it provides. The records include the amount of charges forgiven for services and supplies furnished under its charity care policy. Charges forgiven and supplies furnished, based on established rates, were \$99,855 and \$183,516 in December 31, 1987 and 1986, respectively.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
LDBA
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

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 revenues derived from patients covered by the Medicare and Medicaid programs was approximately 60% and 82% in December 31, 1997 and 1998, respectively.

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 admissions 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, 1998.
- 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 reviewed by the Medicaid fiscal intermediary through December 31, 1996.

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
DBS
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, 1997 and 1996.

	1997	1996
Gross Patient Service Revenue	\$ 22,339,079	\$ 19,672,170
Less:		
Provision for Contractual Adjustments	10,755,344	9,912,235
	\$ 11,583,735	\$ 9,759,935

NOTE E

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, by major category, at December 31, 1997 and 1996, are as follows:

	1997	1996
Land	\$ 166,257	\$ 166,257
Building and Improvements	3,935,819	3,963,708
Equipment	4,480,838	4,186,954
Equipment Under Capital Leases	796,582	796,582
	9,381,496	9,113,501
Less: Accumulated Depreciation and Amortization	6,508,643	6,865,677
	2,872,853	2,247,824
Complete Development/Construction in Progress	18,873	188,683
Property, Plant and Equipment, Net	\$ 2,853,083	\$ 2,614,235

As of December 31, 1995, the Hospital was committed to contracts approximating \$123,808 for the completion of the renovation and replacement of its heating and cooling systems. During the year ended December 31, 1996, the Hospital satisfied its contractual obligations related to the heating and cooling systems.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
 (BWA)
 RIVERSIDE MEDICAL CENTER
 NOTES TO FINANCIAL STATEMENTS

NOTE F

LONG-TERM DEBT

Long-term debt at December 31, 1993 and 1994 consisted of the following:

	1993	1994
Revenue Bonds, Series 1987, 5 1/2%, Payable in Equal, Annual Installments of \$53,219, Including Interest Through 2012	\$ 352,215	\$ 376,662
Public Improvement Bonds, Series 1993, 3.4%, 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	302,808	302,808
	855,023	679,470
Less: Current Installments	56,868	53,387
	\$ 798,155	\$ 626,083

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

1998	\$ 56,868
1999	58,887
2000	60,711
2001	65,640
2002 and Thereafter	608,647
	\$ 850,753

Interest expense incurred on long-term debt was \$52,208 and \$48,915 in 1994 and 1993, respectively.

The 1987 Revenue Bonds are secured by bonds in the amount of \$750,000, a pledge of revenues from the operation of the Hospital, and a real estate mortgage as first lien on the Hospital's facilities. As mentioned in Note A, the Hospital is required to set aside funds monthly. These deposits are to continue until the accumulated funds equal the highest annual debt service payable in any year.

WARRINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
DATA
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE F

LONG-TERM DEBT (Continued)

The proceeds from the 1955 issuance of Public Improvement Bonds were restricted for the purpose of paying the cost of acquiring and constructing improvements, renovations and replacements to the heating and cooling systems 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. The Hospital has also agreed to budget annually a sufficient sum of money to pay the principal of and the interest on the Public Improvement Bonds.

During the year ended December 31, 1985, the 1956 Public Improvement Bonds matured, with payment made from the collection of a special Ad Valorem tax levied on property within the territorial boundaries of the Hospital service district.

NOTE G

LEASES

The Hospital is obligated under a capital lease for certain medical equipment. The following is a summary of future minimum lease payments under the capital lease obligation at December 31, 1987:

Year Ending December 31,	
1988	\$ 4,685
Total Minimum Lease Payments	4,685
Less Current Maturities of Capital Lease Obligations	_____
Capital Lease Obligations, Excluding Current Maturities	\$ _____

Interest is charged at 11.891% on the capitalized lease, and totaled \$779 for the year ended December 31, 1987.

The Hospital is also obligated under certain noncancelable operating leases for various equipment. Amounts paid under these leases totaled \$87,087 and \$85,360 for the years ended December 31, 1987 and December 31, 1986, respectively.

The Hospital leases office space to certain doctors. Rental income received under these arrangements totaled \$24,083 and \$24,256 for the years ended December 31, 1987 and December 31, 1986, respectively.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
ISBA
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE H

DEFINED CONTRIBUTION PLAN

The Hospital offers to its employees a single employer defined contribution plan in accordance with Internal Revenue Code Section 407. 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 3% 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 3% contribution. Participants become vested in the employee contributions to the plan over a ten-year period. Employees contributed \$128,168 and \$128,204, respectively, during 1997 and 1998. Employer contributions were \$182,738 and \$199,660 during 1997 and 1998, respectively.

Employer contributions that are not vested to employees, together with all property and rights purchased with those amounts, and all income attributable to those amounts, are 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.

In addition, full-time employees are also granted sick pay at a rate of 3.75 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.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBSA
RIVERSIDE MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE J

CONTINGENCIES

HEB-Burton Act

Grants totaling \$162,000 were received under the Federal HEB-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. For correspondence from the Department of Health and Human Services dated May 28, 1992, it was determined that the Hospital had met its uncompensated services obligation under the HEB-Burton program.

Employee Insurance

The Hospital provides medical 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 adjustments are made at the end of the Trusts' year end and have been recorded within Accrued Depreciation on the Balance Sheet.

Malpractice Insurance

The Hospital maintains a malpractice insurance policy with a commercial insurance company. There is no deductible on this policy. The policy has a \$100,000 liability limit per incident and a \$300,000 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 \$300,000 statutory maximum exposure which currently exists under Louisiana law.

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 \$1,738,879 and \$252,425 due from the Federal Government (Medicare) at December 31, 1997 and 1996, respectively, and \$790,157 and \$132,891 due from the State of Louisiana (Medicaid) at December 31, 1997 and 1996, respectively.

To the Board of Commissioners
Washington Parish Hospital Service District No. 1
808A Riverside Medical Center
Franklin, 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, 808A RIVERSIDE MEDICAL CENTER, a component unit of the Washington Parish Police Jury, for the year ended December 31, 1997 and 1996, appears on page 1. 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 18 - 24 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.

A Professional Accounting Corporation

June 1, 1998

A Professional Accounting Corporation

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WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
DBAA
RIVERSIDE MEDICAL CENTER

SCHEDULE III
SCHEDULES OF OTHER REVENUE

	For The Years Ended	
	December 31,	
	1997	1996
OTHER REVENUE		
Cafeteria	\$ 36,296	\$ 36,508
Medical Records	487	628
Commissary	3,166	3,683
Other	<u>15,128</u>	<u>790</u>
Total Other Revenue	<u>\$ 64,677</u>	<u>\$ 38,619</u>

See independent auditor's report on supplementary information.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
 BWA

STENOGRAPHIC MEDICAL CENTER

SCHEDULE B
 SCHEDULE OF DEBITING EXPENSES

For The Year Ended
 December 31,

	1997		1998		Total
	Salaries	Supplies and Other Expenses	Salaries	Supplies and Other Expenses	
STENOGRAPHIC					
Administrative Office	\$ 297,241	\$ 1,723	\$ 289,119	\$	290,842
Medical and Hospital	491,024	70,723	731,249	62,819	863,068
Business Office	344,071	12,506	356,576	18,498	425,074
Operating Rooms	112,976	41,002	174,032	19,405	193,437
Emergency Services	159,864	21,133	179,997	999,495	1,179,492
Research	374,027	19,640	403,667	117,492	521,159
Central Service and Supply	48,171	26,176	110,710	28,343	139,053
Quality Assurance	118,251	3,382	152,228	3,382	155,610
	<u>3,218,881</u>	<u>1,086,381</u>	<u>4,275,138</u>	<u>2,099,281</u>	<u>6,374,419</u>
OTHER PROFESSIONAL SERVICES					
Anesthesiology	306,843	25,051	331,894	264,226	596,120
Laboratory	211,873	12,036	223,909	226,493	450,402
Diagnostic Imaging	74,455	15,057	89,512	74,249	163,761
Electrocardiography	2,494	12,401	14,900	3,777	18,677
Endocrinology	15,673	24,234	40,114	262,843	407,660
Pharmacy	-	726,454	726,454	-	1,452,908
Pathology	-	31,683	31,683	-	63,366
Podiatry	269,870	11,079	280,949	96,500	377,449
Speech/Occupational/Physical Therapy	186,247	69,028	255,275	159,671	414,946
Surgeon	92,328	333,775	426,103	155,498	581,601
Urology	27,447	74,922	102,369	4,791	107,160
Chemotherapy	25,269	2,542	27,811	2,444	30,255
Wound Care Center	1,282	-	1,282	2,625	3,907
	<u>3,296,214</u>	<u>1,628,692</u>	<u>4,924,906</u>	<u>1,180,523</u>	<u>6,105,429</u>

For The Year Ended
December 31,

	FVW		FVS		Total	Subtotal	FVS		Total
	Salaries	Expenses and Other	Expenses	Salaries			Expenses and Other	Expenses	
ADMINISTRATIVE SERVICES									
Administrative	21,879	370,029	400,902	26,791	427,693	26,791	394,111	420,902	847,595
Administrative Office	34,977	46,042	81,019	6,250	87,269	6,250	80,019	86,269	173,538
Accounting Office	23,227	31,202	54,429	4,200	58,629	4,200	54,429	58,629	117,258
Communications	44,284	87,889	132,173	24,798	156,971	24,798	132,173	156,971	313,942
Marketing	18,452	250,895	269,347	19,007	288,354	19,007	250,895	269,902	558,256
Services	-	263,895	263,895	-	263,895	-	263,895	263,895	537,790
Employee Benefits	-	1,048,948	1,048,948	-	1,048,948	-	1,048,948	1,048,948	2,097,896
Employee Services	-	3,337	3,337	-	3,337	-	3,337	3,337	6,674
Staff Development	20	444	464	471	935	471	464	935	1,870
Total Personnel	18,793	34,164	52,957	24,798	77,755	24,798	52,957	77,755	155,510
Personnel	28,028	4,077	32,105	28,028	60,133	28,028	4,077	32,105	66,238
Totals	262,872	3,924,892	4,187,764	253,882	4,441,646	253,882	3,887,764	4,141,646	8,583,292
GENERAL SERVICES									
Energy	82,898	138,046	220,944	87,896	308,840	87,896	212,048	300,944	608,788
Information	87,487	98,141	185,628	98,048	283,676	98,048	185,628	283,676	567,352
Maintenance	38,468	24,437	62,905	113,117	176,022	113,117	49,788	162,905	335,930
Security and Loss	-	63,974	63,974	12,882	76,856	12,882	51,092	63,974	127,948
Medical Records	132,423	34,212	166,635	118,228	284,863	118,228	48,407	166,635	341,463
Utilities	-	34,431	34,431	-	34,431	-	34,431	34,431	68,862
Totals	253,882	378,231	632,113	453,882	1,086,005	453,882	862,126	1,015,908	2,101,913
PROGRAMS FOR POLITICAL ACCOUNTS DEPENDENTS AND COMMITTEES OUTSIDE EMPLOYEES									
Totals	2,428,813	2,428,813	4,857,626	3,428,813	8,286,439	3,428,813	4,857,626	8,286,439	16,572,878

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
 BSWA
 BIRCHSIDE MEDICAL CENTER

SCHEDULE IV
 GOVERNING BOARD EXPENSES

GOVERNING BOARD EXPENSES	For The Year Ended	
	December 31,	
	2007	2006
Clifford Baker	\$ -	\$ 980
Clay DeLand	825	825
Willie Mae G. Johnson	900	750
Larawan McCain	825	980
Dorothy M. Schilling	825	980
James T. Thomas	750	825
Larwan Jenkins	825	825
Mike Covady	750	-
	\$ 5,700	\$ 5,925

See independent auditor's report on supplementary information.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
 BHA
 RIVERSIDE MEDICAL CENTER

SCHEDULE V
SCHEDULE OF ADDITIONS, REPLACEMENTS AND IMPROVEMENTS
TO PROPERTY, PLANT AND EQUIPMENT
 For The Year Ended December 31, 1997

Buildings		
PLANT	\$ 2,000	
ADMIN BLDG	<u>573,688</u>	
Total		\$ 575,688
Major Movable Equipment		
Ultrasonic/ Auto Sterilizer	5,000	
Evapor II Patient Monitor	7,810	
CPM Pharmacy Monitor	5,200	
ST IT Transceiver	700	
ST IT Transceiver	700	
Wheelchair Scale	1,641	
Casson Ink Jet Fax	600	
Outgoing Faxing	600	
Casson Ink Jet Fax	600	
Casson Ink Jet Fax	600	
Casson Ink Jet Fax	600	
Casson Ink Jet Fax	600	
EEG System	6,000	
W/V (VWD) Electric Vacuum	1,000	
Catalpa Fluorimobilization System	45,200	
CP-1400 Evic Video Endoscopy	11,000	
Nuclear Medicine Machine	264,500	
CPM Computer System	168,200	
Endoscope	<u>11,500</u>	
Total		\$29,800

See independent auditor's report on supplementary information.

**WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
LDRN
RIVERVIEW MEDICAL CENTER**

**SCHEDULE V
SCHEDULE OF ADDITIONS, REPLACEMENTS AND IMPROVEMENTS
TO PROPERTY, PLANT AND EQUIPMENT (Continued)
For The Year Ended December 31, 1997**

EMS Equipment	
Electric Bed	625
Electric Bed	625
Electric Bed	625
Electric Bed	625
Electric Bed	625
Electric Bed	625
Electric Bed	625
Electric Bed	625
Equip. & Home System	1,427
Electric Bed	625
Electric Bed	625
Electric Bed	625
3 Liter Concentrator	668
3 Liter Concentrator	668
Electric Bed	625
Electric Bed	625
Equip. & Home System	1,346
Electric Bed	625
Electric Bed	625
Electric Bed	625
3 Liter Concentrator	717
Equip Home System	1,116
Hardisk Pulse Oximeter	815
Hardisk EPKI Printer	310
Electric Bed	625
Electric Bed	625
Electric Bed	625
Electric Bed	625
Electric Bed	625
Electric Bed	625
Hydraulic L.B.	648
5 Liter Concentrator	727
3 Liter Concentrator	668
3 Liter Concentrator	668
3 Liter Concentrator	668
	<u>37,121</u>
Total	<u>37,121</u>
Total Fixed Asset Additions	<u>\$ 37,121</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, 1997

RISK COVERED	INSURER	AMOUNT OF COVERAGE	PERIOD
Workers' Compensation	Louisiana Hospital Association Workers' Compensation Self-insurance Trust Fund	\$ 1,000,000	10/97 to 10/98
Professional Liability	St. Paul Insurance Company	\$ 900,000	10/97 to 10/98
Fire	Commercial Union Insurance Company	\$ 9,834,864	10/97 to 10/98
General	St. Paul Insurance Company	\$ 3,000,000	10/97 to 10/98
Property, including Earthquake, Flood and Business Income	Commercial Union Insurance Company	\$ 10,676,550	10/97 to 10/98
Automobile	St. Paul Insurance Company	\$ 1,000,000	10/97 to 10/98
Director and Officers'	St. Paul Insurance Company	\$ 1,000,000	10/97 to 10/98
Employee Health	DEL Services, Inc.	\$ 1,000,000	01/97 to 03/98
Employee Disability	St. Paul Insurance Company	\$ 500,000	10/97 to 10/98
Boiler & Machinery	Commercial Union Insurance Company	\$ 10,000,000.00	10/97 to 10/98

See independent auditor's report on supplementary information.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners

Washington Parish Hospital Service District No. 1,
IRMA RIVERSIDE MEDICAL CENTER
Franklin, Louisiana

We have audited the general purpose financial statements of WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, IRMA RIVERSIDE MEDICAL CENTER, a component unit of the Washington Parish Police Jury, as of and for the year ended December 31, 1997, and have issued our report thereon dated June 1, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, IRMA RIVERSIDE MEDICAL CENTER's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1, IRMA RIVERSIDE MEDICAL CENTER's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts 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 over financial reporting and its operations that we consider to be material weaknesses.

A Professional Accounting Corporation

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Member of AICPA, Institute for CBS, Financial Reporting Committee (for Service and IRS) Practice Section
In compliance with the Sarbanes-Oxley Act of 2002, we have updated our internal control over financial reporting.

This report is intended for the information of the audit committee and management. However, this report is a matter of public record and its distribution is not limited.

Aditya Patel Long's Peak
A Professional Accounting Corporation

June 3, 1998