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HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND OFFICIAL
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996 COPY

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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 audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/10/99

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Hospital Service District No. 1A
Parish of Richland, State of Louisiana
Delhi, 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, 1998, 1997 and 1996, 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 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 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

Board of Commissioners
Hospital Service District No. 1A
Parish of Richland, State of Louisiana
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The Hospital has omitted such disclosures. We do not provide assurance that the Hospital is or will be year 2000 ready, that the Hospital's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Hospital does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general-purpose 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 September 30, 1998, 1997 and 1996, and the results of its operations and the cash flows 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 11, 1998, on our consideration of the Hospital's internal control structure and on its compliance with laws and regulations.

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 respects in relation to the general purpose financial statements taken as a whole.

Easley, Lester & Wells
Certified Public Accountants

December 11, 1998

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 BALANCE SHEETS - UNRESTRICTED FUNDS
 SEPTEMBER 30, 1998, 1997 AND 1996

<u>ASSETS</u>	1998	1997	1996
Current			
Cash and cash equivalents (Note 2)	\$ 582,514	\$ 407,372	\$ 660,761
Accounts receivable net of estimated uncollectibles \$541,000, \$527,000 and \$557,000 in 1998, 1997 and 1996, respectively (Note 4)	1,659,684	1,697,600	1,098,724
Accrued interest receivable	39,996	26,657	18,075
Inventory	191,349	205,806	212,837
Prepaid expenses	32,120	37,204	38,939
Due from specific purpose fund	<u>-0-</u>	<u>-0-</u>	<u>141,877</u>
Total Current Assets	2,505,663	2,374,639	2,171,213
Property, plant and equipment, less accumulated depreciation of \$3,033,577, \$2,596,768 and \$2,506,668, in 1998, 1997 and 1996, respectively (Note 5)	2,837,619	2,967,323	2,827,057
Assets whose use is limited (Note 6)	3,121,371	2,651,463	2,003,437
Other (Note 7)	<u>235,615</u>	<u>318,178</u>	<u>328,293</u>
Total Assets	<u>\$ 8,700,268</u>	<u>\$ 8,311,603</u>	<u>\$ 7,330,000</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Current			
Accounts payable	\$ 559,710	\$ 260,070	\$ 190,804
Accrued expenses	234,101	220,697	187,037
Current portion of lease obligation	<u>-0-</u>	<u>-0-</u>	<u>5,017</u>
Total Current Liabilities	793,811	480,767	382,858
Long-Term			
Capital lease obligations (Note 8)	<u>-0-</u>	<u>-0-</u>	<u>640</u>
Total Liabilities	793,811	480,767	383,498
Fund Balance - Unrestricted	<u>7,906,457</u>	<u>7,830,836</u>	<u>6,946,502</u>
Total Liabilities and Fund Balance	<u>\$ 8,700,268</u>	<u>\$ 8,311,603</u>	<u>\$ 7,330,000</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF OPERATIONS - UNRESTRICTED FUNDS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	1998	1997	1996
Revenue			
Net patient service revenue	\$ 9,424,841	\$ 10,072,005	\$ 8,826,058
Grants	-0-	75,000	174,870
Gain (loss) on disposal of assets	7,142	(6,280)	1,435
Contributions	170	800	1,864
Other operating revenue	<u>591,613</u>	<u>877,384</u>	<u>964,051</u>
 Total Revenue	 <u>10,023,766</u>	 <u>11,018,909</u>	 <u>9,968,278</u>
Expenses			
Salaries	5,147,452	5,137,734	4,901,852
Benefits and payroll taxes	528,739	669,236	442,884
Pension plan (Note 10)	303,907	307,702	297,663
Supplies and drugs	532,281	550,500	554,917
Professional fees	583,788	464,334	419,275
Other expenses	1,768,052	2,024,434	1,847,874
Insurance	209,477	248,890	215,566
Interest expense	-0-	209	1,305
Depreciation and amortization	526,056	466,494	383,683
Provision for bad debts	<u>507,353</u>	<u>390,773</u>	<u>302,200</u>
 Total Expenses	 <u>10,107,105</u>	 <u>10,260,306</u>	 <u>9,367,219</u>
 Operating Income (Loss)	 <u>(83,339)</u>	 <u>758,603</u>	 <u>601,059</u>
Nonoperating Income (Loss)			
Interest income on investments whose use is limited	144,204	114,868	97,242
Interest income, other	<u>14,756</u>	<u>10,863</u>	<u>9,997</u>
 Total Nonoperating Income (Loss)	 <u>158,960</u>	 <u>125,731</u>	 <u>107,239</u>
 Excess of Revenue over Expenses	 <u>\$ 75,621</u>	 <u>\$ 884,334</u>	 <u>\$ 708,298</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF CHANGES IN FUND BALANCE - UNRESTRICTED FUNDS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	1998	1997	1996
CHANGES IN FUND BALANCE:			
Balance, beginning of year	\$ 7,830,836	\$ 6,946,502	\$ 6,238,204
Excess of revenue over expenses	<u>75,621</u>	<u>884,334</u>	<u>708,298</u>
Fund balance, September 30	<u>\$ 7,906,457</u>	<u>\$ 7,830,836</u>	<u>\$ 6,946,502</u>
COMPOSITION OF FUND BALANCE:			
Contributions			
Transfer from Richland Parish Hospital Service District No. 1	\$ 2,117,907	\$ 2,117,907	\$ 2,117,907
Excess of revenue over expenses	<u>5,788,550</u>	<u>5,712,929</u>	<u>4,828,595</u>
Total	<u>\$ 7,906,457</u>	<u>\$ 7,830,836</u>	<u>\$ 6,946,502</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
STATEMENTS OF CASH FLOWS - UNRESTRICTED FUNDS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Cash Flows from Operating Activities:			
Operating income (loss)	\$ (83,339)	\$ 758,603	\$ 601,059
Interest expense considered capital financing activity	-0-	209	1,305
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	452,025	405,433	322,622
(Gain) loss on disposal of assets	(7,142)	6,280	(1,435)
Provision for bad debts	507,353	390,773	302,200
Change in current assets (increase) decrease			
Accounts receivable	(469,437)	(989,649)	(382,428)
Accrued interest receivable	(13,339)	(8,582)	(3,829)
Inventory	14,457	7,031	3,026
Prepaid expenses	5,084	1,735	855
Due from specific purpose fund	-0-	141,877	(124,156)
Change in current liabilities increase (decrease)			
Accounts payable	299,640	69,266	(40,123)
Accrued expenses	13,404	33,660	43,096
Change in other assets (increase)decrease	<u>82,563</u>	<u>10,115</u>	<u>10,671</u>
Net cash provided by operating activities	<u>801,269</u>	<u>826,751</u>	<u>732,863</u>
Cash Flows from Investing Activities:			
Cash invested in assets whose use is limited	(382,000)	(652,168)	(95,293)
Cash proceeds from assets whose use is limited	(87,908)	4,142	7,689
Interest earned	<u>158,960</u>	<u>125,731</u>	<u>107,239</u>
Net cash provided by investing activities	\$ <u>(310,948)</u>	\$ <u>(522,295)</u>	\$ <u>19,635</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
STATEMENTS OF CASH FLOWS - UNRESTRICTED FUNDS (Continued)
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sales of property, plant and equipment	\$ 8,200	\$ 7,020	\$ 1,435
Acquisition of capital assets	(323,379)	(558,999)	(582,311)
Principal payments on long-term debt	-0-	(5,657)	(9,856)
Interest paid on long-term debt	<u>-0-</u>	<u>(209)</u>	<u>(1,305)</u>
Net cash used by capital and related financing activities	<u>(315,179)</u>	<u>(557,845)</u>	<u>(592,037)</u>
Net increase (decrease) in cash and cash equivalents	175,142	(253,389)	160,461
Cash and cash equivalents, beginning of year	<u>407,372</u>	<u>660,761</u>	<u>500,300</u>
Cash and cash equivalents, end of year	<u>\$ 582,514</u>	<u>\$ 407,372</u>	<u>\$ 660,761</u>
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	<u>\$ -0-</u>	<u>\$ 209</u>	<u>\$ 1,305</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

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 Rayville) 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. As the governing authority of the Parish, for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the Hospital. Accordingly, the Hospital was determined to be a component unit of the Richland Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The Hospital provides outpatient, skilled nursing (through "swing-beds"), home health, psychiatric 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 - DELHI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

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 amounts from patients, third party payors and others for services rendered, including estimated retroactive adjustments under third party reimbursement agreements with third party payors. Retroactive 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 24:514 and to the guide set forth in the Louisiana Governmental Audit Guide, the AICPA 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.

Credit Risk

The District provides medical care primarily to Richland Parish residents and grants credit to patients substantially all of whom are local residents.

The Hospital's estimate of collectibility is based on evaluation of historical collections compared to gross charges and an analysis of aged accounts 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 over 90% of the Hospital's patients.

Third Party Payor 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

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 payor.

Inventory

Inventories are 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.

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 20 years
Furniture and Fixtures	3 to 20 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.

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. Of the \$3,703,885 total deposits at September 30, 1998, \$3,519,799 was secured at balance sheet date by federal depository insurance coverage and by pledged securities. Of the \$3,058,835 total deposits at September 30, 1997, \$3,043,336 was secured at balance sheet date by federal depository insurance coverage and by pledged securities. At September 30, 1996, all deposits were secured. For all deposits, the market value and carrying value are the same.

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Net patient accounts receivable	\$ 1,906,531	\$ 1,820,413	\$ 1,598,880
Other accounts receivable	374	489	260
Estimated third-party payor settlements	<u>293,779</u>	<u>403,698</u>	<u>56,584</u>
	2,200,684	2,224,600	1,655,724
Estimated uncollectibles	<u>(541,000)</u>	<u>(527,000)</u>	<u>(557,000)</u>
Total	<u>\$ 1,659,684</u>	<u>\$ 1,697,600</u>	<u>\$ 1,098,724</u>

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

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Medicare and Medicaid gross patient charges	\$ 11,023,255	\$ 12,863,626	\$ 11,265,572
Contractual adjustments	<u>4,219,875</u>	<u>(4,906,544)</u>	<u>(4,275,810)</u>
Program patient service revenue	<u>\$ 6,803,380</u>	<u>\$ 7,957,082</u>	<u>\$ 6,989,762</u>
Percent of total patient revenues	<u>72%</u>	<u>79%</u>	<u>79%</u>

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

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.

	<u>ASSET COST</u>			September 30, <u>1998</u>
	September 30, <u>1997</u>	<u>Additions</u>	<u>Deductions</u>	
Land	\$ 115,000	\$ -0-	\$ -0-	\$ 115,000
Buildings and improvements	3,096,222	5,141	-0-	3,101,363
Major movable equipment	2,352,869	282,338	16,274	2,618,933
Construction in progress	<u>-0-</u>	<u>35,900</u>	<u>-0-</u>	<u>35,900</u>
Total	<u>\$ 5,564,091</u>	<u>\$ 323,379</u>	<u>\$ 16,274</u>	<u>\$ 5,871,196</u>

	<u>ACCUMULATED DEPRECIATION</u>			September 30, <u>1998</u>
	September 30, <u>1997</u>	<u>Additions</u>	<u>Deductions</u>	
Buildings and improvements	\$ 1,318,749	\$ 188,065	\$ -0-	\$ 1,506,814
Major movable equipment	<u>1,278,019</u>	<u>263,960</u>	<u>15,216</u>	<u>1,526,763</u>
Total	<u>\$ 2,596,768</u>	<u>\$ 452,025</u>	<u>\$ 15,216</u>	<u>\$ 3,033,577</u>

	<u>ASSET COST</u>			September 30, <u>1997</u>
	September 30, <u>1996</u>	<u>Additions</u>	<u>Deductions</u>	
Land	\$ 115,000	\$ -0-	\$ -0-	\$ 115,000
Buildings and improvements	2,628,313	467,909	-0-	3,096,222
Major movable equipment	2,214,809	466,693	328,633	2,352,869
Construction in progress	<u>375,603</u>	<u>91,706</u>	<u>467,309</u>	<u>-0-</u>
Total	<u>\$ 5,333,725</u>	<u>\$ 1,026,308</u>	<u>\$ 795,942</u>	<u>\$ 5,564,091</u>

	<u>ACCUMULATED DEPRECIATION</u>			September 30, <u>1997</u>
	September 30, <u>1996</u>	<u>Additions</u>	<u>Deductions</u>	
Buildings and improvements	\$ 1,135,030	\$ 183,719	\$ -0-	\$ 1,318,749
Major movable equipment	<u>1,371,638</u>	<u>222,253</u>	<u>315,872</u>	<u>1,278,019</u>
Total	<u>\$ 2,506,668</u>	<u>\$ 405,972</u>	<u>\$ 315,872</u>	<u>\$ 2,596,768</u>

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 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
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 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>ASSET COST</u>			September 30, <u>1996</u>
	September 30, <u>1995</u>	<u>Additions</u>	<u>Deductions</u>	
Land	\$ 115,000	\$ -0-	\$ -0-	\$ 115,000
Buildings and improvements	2,598,457	29,856	-0-	2,628,313
Major movable equipment	2,053,816	182,294	21,302	2,214,808
Construction in progress	<u>5,443</u>	<u>388,893</u>	<u>18,732</u>	<u>375,604</u>
Total	<u>\$ 4,772,716</u>	<u>\$ 601,043</u>	<u>\$ 40,034</u>	<u>\$ 5,333,725</u>

	<u>ACCUMULATED DEPRECIATION</u>			September 30, <u>1996</u>
	September 30, <u>1995</u>	<u>Additions</u>	<u>Deductions</u>	
Buildings and improvements	\$ 969,298	\$ 165,732	\$ -0-	\$ 1,135,030
Major movable equipment	<u>1,236,050</u>	<u>156,890</u>	<u>21,302</u>	<u>1,371,638</u>
Total	<u>\$ 2,205,348</u>	<u>\$ 322,622</u>	<u>\$ 21,302</u>	<u>\$ 2,506,668</u>

Property, plant and equipment was transferred from Hospital Service District No. 1 of Richland Parish as of October 1, 1989 at historical cost. The accumulated depreciation was transferred at the recorded value to continue the existing basis of valuation and accounting.

NOTE 6 - ASSETS WHOSE USE IS LIMITED

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

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Restricted by Hospital Board:			
To be used for asset additions and replacements			
Certificates of deposit	\$ 3,074,147	\$ 2,567,037	\$ 1,924,784
To be used for unemployment funds			
Certificates of deposit	-0-	55,749	53,982
LHA trust deposits	<u>47,224</u>	<u>28,677</u>	<u>24,671</u>
Assets whose use is limited	<u>\$ 3,121,371</u>	<u>\$ 2,651,463</u>	<u>\$ 2,003,437</u>

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 7 - OTHER ASSETS

Other assets consist of the following:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Start-up cost	\$ 48,782	\$ 73,178	\$ 97,573
Medical scholarships receivable	168,500	190,000	139,053
Unamortized fees	<u>18,333</u>	<u>55,000</u>	<u>91,667</u>
<i>Total</i>	<u>\$ 235,615</u>	<u>\$ 318,178</u>	<u>\$ 328,293</u>

Start-up costs are expenses incurred in establishing a rural health clinic. These expenses were capitalized and are being amortized over a 60 month period.

Medical scholarships receivables 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 fees is an amount paid for a local physician's practice which is net of amortization over a 60 month period.

NOTE 8 - CAPITAL LEASE OBLIGATIONS

The following is a summary of capital lease obligations:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
A lease purchase obligation for copiers was entered on December 1, 1991. 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 \$6,365 as of September 30, 1998. During January 1995 this lease was renegotiated and two new copiers were added. The new lease purchase obligation calls for 8 quarterly payments of \$2,731 which includes principal and interest at 12.00% per annum.	\$ -0-	\$ -0-	\$ 4,777

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 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 8 - CAPITAL LEASE OBLIGATIONS (Continued)

	<u>1998</u>	<u>1997</u>	<u>1996</u>
A lease purchase obligation for a vending machine was entered on January 6, 1994. The lease calls for 75 monthly payments of \$40, which includes principal and interest at 0% per annum.	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>880</u>
	-0-	-0-	5,657
Less current portion	<u>-0-</u>	<u>-0-</u>	<u>5,017</u>
Capital lease obligation, excluding current portion	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>640</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.

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

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Copiers	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>36,799</u>
Vending machine	<u>-0-</u>	<u>-0-</u>	<u>1,500</u>
	-0-	-0-	38,299
Less accumulated depreciation	<u>-0-</u>	<u>-0-</u>	<u>(21,846)</u>
Total	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>16,453</u>

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

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 who appoints their 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, dba Richardson Medical Center.

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Beginning amount due to Richardson Medical Center	\$ 27,759	\$ 25,893	\$ 20,228
Expenses incurred by the Hospital and payable by the Hospital	46,003	38,006	34,638
Payments by the Hospital to Richardson Medical Center	<u>(62,812)</u>	<u>(36,140)</u>	<u>(28,973)</u>
Ending amount due to Richardson Medical Center	\$ <u>10,950</u>	\$ <u>27,759</u>	\$ <u>25,893</u>

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 7.5% of the participant's compensation. The amounts charged to pension expense under this plan were \$303,907, \$307,702 and \$297,663 for the years ended September 30, 1998, 1997 and 1996, respectively.

NOTE 11 - COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid days off and sick days depending on length of service. The Hospital accrued \$99,863, \$99,793 and \$77,991 of vacation pay at September 30, 1998, 1997 and 1996, respectively. It is impracticable to estimate the amount of compensation for future unvested sick pay and, accordingly, no liability has been recorded in the accompanying financial statements. The Hospital's policy is to recognize the cost of unvested sick pay when actually paid to employees.

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

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 settlement for professional liability to \$100,000 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 census. At policy year-end, premiums are redetermined utilizing actual utilization of the hospital. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated 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.

NOTE 13 - CONTINGENCIES

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that no allowances for loss contingencies is considered necessary. To the extent that resolution of contingencies results 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 those programs. The amount of such adjustments cannot be determined.

Further, in order to continue receiving reimbursement from the Medicare programs, 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 determination. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

HOSPITAL SERVICE DISTRICT NO. 1A
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HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

NOTE 13 - CONTINGENCIES - (Continued)

Professional Liability Risk (Note 12) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's 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 Workmen's 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.

The Hospital also participates in the Louisiana Hospital Association Self-Insurance Employee Benefits Trust Fund. If the fund's assets are not adequate to cover the claims made against it, the Hospital will be assessed its prorata 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 RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 SPECIFIC PURPOSE FUND
 BALANCE SHEETS - RESTRICTED FUNDS
 SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
ASSETS			
Cash and cash equivalents (Note 2)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>141,877</u>
LIABILITIES AND FUND BALANCE			
Due to general fund	\$ -0-	\$ -0-	\$ 141,877
Fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities and Fund Balance	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>141,877</u>

STATEMENTS OF CHANGES IN FUND BALANCE - RESTRICTED FUNDS
 YEARS ENDED 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Balance, beginning of year	\$ -0-	\$ -0-	\$ 118,881
Grants (Note 1)	-0-	-0-	-0-
Interest income	-0-	-0-	5,275
Transfer to general fund	<u>-0-</u>	<u>-0-</u>	<u>(124,156)</u>
Balance, September 30	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
SPECIFIC PURPOSE FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

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 \$130,000 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 will be required to spend an additional \$130,000 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 Statute 24:514 and to the guide set forth in the Louisiana Governmental Audit Guide, the AICPA 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 consist 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.

SUPPLEMENTAL INFORMATION

HOSPITAL SERVICE DISTRICT NO. 1A
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
RICHLAND PARISH HOSPITAL - DELHI
HOSPITAL ENTERPRISE FUND
NET PATIENT SERVICE REVENUE
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	1998	1997	1996
Routine Services:			
Adult and pediatric	\$ 1,216,878	\$ 1,264,129	\$ 1,211,783
Swing bed	<u>168,750</u>	<u>190,875</u>	<u>167,000</u>
Total Routine Services	<u>1,385,628</u>	<u>1,455,004</u>	<u>1,378,783</u>
Other Professional Services:			
Operating room			
Inpatient	122,846	145,419	189,389
Outpatient	201,690	208,815	155,004
Swing bed	<u>4,871</u>	<u>6,991</u>	<u>8,568</u>
Total	<u>329,407</u>	<u>361,225</u>	<u>352,961</u>
Anesthesia			
Inpatient	56,810	65,294	101,464
Outpatient	57,969	75,668	72,302
Swing bed	<u>2,148</u>	<u>3,544</u>	<u>6,174</u>
Total	<u>116,927</u>	<u>144,506</u>	<u>179,940</u>
Radiology			
Inpatient	494,765	536,570	460,893
Outpatient	540,346	450,264	389,725
Swing bed	<u>23,587</u>	<u>37,003</u>	<u>28,827</u>
Total	<u>1,058,698</u>	<u>1,023,837</u>	<u>879,445</u>
Laboratory			
Inpatient	426,172	442,327	493,511
Outpatient	368,525	221,539	188,281
Swing bed	<u>44,293</u>	<u>47,965</u>	<u>49,467</u>
Total	<u>838,990</u>	<u>711,831</u>	<u>731,259</u>
Blood			
Inpatient	21,584	17,064	13,245
Outpatient	8,324	7,003	2,255
Swing bed	<u>3,429</u>	<u>940</u>	<u>3,869</u>
Total	<u>\$ 33,337</u>	<u>\$ 25,007</u>	<u>\$ 19,369</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 (Continued)
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	1998	1997	1996
Respiratory therapy			
Inpatient	\$ 1,326,426	\$ 1,196,253	\$ 992,186
Outpatient	94,431	75,430	36,712
Swing bed	<u>278,519</u>	<u>317,604</u>	<u>245,194</u>
Total	<u>1,699,376</u>	<u>1,589,287</u>	<u>1,274,092</u>
Physical therapy			
Inpatient	49,714	88,091	67,662
Outpatient	125,357	155,063	84,909
Swing bed	<u>38,589</u>	<u>51,071</u>	<u>51,906</u>
Total	<u>213,660</u>	<u>294,225</u>	<u>204,477</u>
Occupational therapy			
Inpatient	744	-0-	-0-
Outpatient	<u>2,440</u>	<u>1,344</u>	<u>-0-</u>
Total	<u>3,184</u>	<u>1,344</u>	<u>-0-</u>
Electrocardiology			
Inpatient	173,271	142,362	126,257
Outpatient	81,565	113,481	66,222
Swing bed	<u>1,933</u>	<u>6,844</u>	<u>1,302</u>
Total	<u>256,769</u>	<u>262,687</u>	<u>193,781</u>
Central supply			
Inpatient	544,236	612,264	522,420
Outpatient	232,845	229,011	115,793
Swing bed	84,756	140,708	102,133
Home health	<u>105,514</u>	<u>221,626</u>	<u>124,974</u>
Total	<u>967,351</u>	<u>1,203,609</u>	<u>865,320</u>
Pharmacy			
Inpatient	1,853,980	1,818,097	1,673,822
Outpatient	359,865	366,317	172,653
Swing bed	<u>356,981</u>	<u>426,646</u>	<u>383,876</u>
Total	<u>\$ 2,570,826</u>	<u>\$ 2,611,060</u>	<u>\$ 2,230,351</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 (Continued)
YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	1998	1997	1996
Partial-day psychiatric program			
Outpatient	\$ 420,150	\$ 456,750	\$ -0-
Cardio rehabilitation			
Outpatient	237,285	32,700	-0-
Emergency room			
Inpatient	68,417	87,397	70,964
Outpatient	495,070	549,263	408,462
Swing bed	-0-	180	-0-
Total	563,487	636,840	479,426
Observation room			
Outpatient	21,610	14,938	10,580
Clinic			
Outpatient	500,568	190,118	158,180
Rural health clinic			
Outpatient	883,786	267,492	161,220
Home health			
Skilled nursing visits	803,508	2,139,960	2,276,400
Physical therapy visits	43,680	64,080	75,480
Occupational therapy visits	14,760	5,520	16,080
Speech therapy visits	9,120	1,320	5,400
Social service visits	10,350	12,150	3,900
Aide visits	607,018	1,638,420	1,734,420
Total	1,488,436	3,861,450	4,111,680
Hospital physician			
Inpatient	\$ 5,466	\$ -0-	\$ -0-

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 NET PATIENT SERVICE REVENUE (Continued)
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Total Other Professional Services			
Inpatient	\$ 5,144,431	\$ 5,151,138	\$ 4,711,813
Outpatient	4,631,826	3,415,196	2,022,298
Swing bed	839,106	1,039,496	881,316
Home health	<u>1,593,950</u>	<u>4,083,076</u>	<u>4,236,654</u>
Total Other Professional Services	<u>12,209,313</u>	<u>13,688,906</u>	<u>11,852,081</u>
Gross Patient Service Charges	<u>\$ 13,594,941</u>	<u>\$ 15,143,910</u>	<u>\$ 13,230,864</u>
Deductions from Revenue:			
Contractual adjustments	\$ 4,389,099	\$ 5,045,968	\$ 4,390,154
Policy discount	65,352	25,937	14,652
Uncompensated care reimbursement	<u>(284,351)</u>	<u>-0-</u>	<u>-0-</u>
Total Deductions from Revenue	<u>4,170,100</u>	<u>5,071,905</u>	<u>4,404,806</u>
Net Patient Service Revenue	<u>\$ 9,424,841</u>	<u>\$ 10,072,005</u>	<u>\$ 8,826,058</u>

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 OTHER OPERATING REVENUE
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Telephone	\$ 123	\$ 199	\$ 28
Television	10,130	9,626	10,839
Cafeteria	44,526	41,955	43,026
Medical records	1,325	1,968	1,639
Vending machines	27,430	30,302	28,806
Rentals	31,160	49,200	48,380
LHA insurance refund	22,276	6,870	-0-
Clinic management charges	454,115	736,921	831,137
Miscellaneous	<u>528</u>	<u>343</u>	<u>196</u>
Total other operating revenue	<u>\$ 591,613</u>	<u>\$ 877,384</u>	<u>\$ 964,051</u>

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 SCHEDULE OF OPERATING EXPENSES - SALARIES AND BENEFITS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Administration	\$ 489,622	\$ 426,227	\$ 382,908
Plant operations and maintenance	88,073	89,339	87,242
Housekeeping	109,091	108,005	88,917
Dietary	117,848	111,952	102,979
Inservice	38,724	36,057	37,338
Central supply	16,404	7,858	-0-
Pharmacy	107,706	105,409	87,566
Medical records	131,658	91,608	73,294
Nursing services	907,630	806,640	896,721
Operating room	144,249	175,876	183,529
Anesthesiology	7,794	8,343	8,196
Radiology	106,261	102,864	94,652
Laboratory	13,506	6,361	8,497
Respiratory therapy	160,763	169,405	171,239
Physical therapy	72,764	46,004	34,569
EKG	39,214	31,864	25,990
Partial-day psychiatric program	112,277	120,778	-0-
Cardio rehabilitation	220,177	24,258	-0-
Rural health clinic	568,394	301,188	320,422
Emergency room	621,958	679,597	701,854
Home health	638,777	1,351,766	1,295,243
Clinic and physicians offices	<u>434,562</u>	<u>336,335</u>	<u>300,696</u>
 Total salaries	 <u>5,147,452</u>	 <u>5,137,734</u>	 <u>4,901,852</u>
 Payroll taxes	 117,278	 69,364	 69,058
Hospital insurance	386,900	575,645	356,240
Other	<u>24,561</u>	<u>24,227</u>	<u>17,586</u>
 Total benefits	 <u>528,739</u>	 <u>669,236</u>	 <u>442,884</u>
 Total salaries and benefits	 <u>\$ 5,676,191</u>	 <u>\$ 5,806,970</u>	 <u>\$ 5,344,736</u>

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
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Anesthesiology	\$ 21,314	\$ 26,380	\$ 34,608
Laboratory	356,368	374,211	374,846
Physical therapy	3,420	2,903	3,938
Partial-day psychiatric program	20,896	43,518	-0-
Cardio rehabilitation	29,104	200	-0-
Rural health clinic	-0-	-0-	4,533
Emergency room	81,920	15,268	-0-
Home health	13,164	1,854	1,350
Hospital physician guarantee	<u>57,602</u>	<u>-0-</u>	<u>-0-</u>
 Total professional fees	 <u>\$ 583,788</u>	 <u>\$ 464,334</u>	 <u>\$ 419,275</u>

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 HOSPITAL ENTERPRISE FUND
 SCHEDULE OF OPERATING EXPENSES - OTHER EXPENSES
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Contract services	\$ 266,151	\$ 211,524	\$ 221,436
Management fees - psychiatric partial hospitalization	87,500	159,000	2,250
Legal and accounting	68,791	66,479	57,606
Supplies	544,294	575,642	613,817
Repairs and maintenance	113,532	117,870	91,708
Utilities	99,102	97,070	111,209
Telephone	77,178	73,253	66,322
Travel - home health	65,633	165,527	175,804
Travel - other	20,802	22,265	9,059
Rentals	38,383	29,087	6,041
Education	66,808	77,487	88,240
Recruitment and advertising	13,166	15,743	13,534
Clinic ancillary expense	265,081	368,951	357,098
Miscellaneous	<u>41,631</u>	<u>44,536</u>	<u>33,750</u>
 Total other expenses	 <u>\$ 1,768,052</u>	 <u>\$ 2,024,434</u>	 <u>\$ 1,847,874</u>

HOSPITAL SERVICE DISTRICT NO. 1A
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA
 RICHLAND PARISH HOSPITAL - DELHI
 SCHEDULE OF PER DIEM AND
 OTHER COMPENSATION PAID TO BOARD MEMBERS
 YEARS ENDED SEPTEMBER 30, 1998, 1997 AND 1996

	-----TERM-----		1998	1997	1996
	BEGAN	ENDING			
Board Members:					
Mr. Sidney Perkins	04/18/89	04/15/99	NONE	NONE	NONE
Mr. Charles Black	04/18/89	04/15/01	NONE	NONE	NONE
Mrs. Eleanor Jones	04/18/89	04/14/99	NONE	NONE	NONE
Mr. Jimmy Hopson	04/18/89	10/05/99	NONE	NONE	NONE
Dr. Paul Grandon	08/20/93	10/05/99	NONE	NONE	NONE

Marvin H. Easley, CPA
Bobby G. Lester, CPA
John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA

William C. Huddleston II, CPA
Paul G. Mathews, CPA

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District No. 1A
Parish of Richland, State of Louisiana
Delhi, Louisiana 71232

We have audited the financial statements of the Richland Parish Hospital Service District No. 1A (the District or the Hospital) for the years ended September 30, 1998, 1997 and 1996, and have issued our report thereon dated December 11, 1998, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues. We conducted our audits 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 the District'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 those 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 the District'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 amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a

Board of Commissioners
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Parish of Richland, State of Louisiana
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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 operation that we consider to be material weaknesses.

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.

Easley, Lester & Wells

Certified Public Accountants

December 11, 1998

RICHLAND PARISH HOSPITAL
AUDITORS' COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

Compliance

Prior Year

Finding: The District's deposits with one financial institution exceeded the Federal Depository Insurance limits and the securities pledged in the name of the District.

Recommendation: We recommend obtaining additional pledged securities and monitor deposits on a monthly basis.

Response: Deposits will be monitored monthly and additional securities have been obtained.

Resolution: This matter has not been resolved.

Finding: The District acquired radiology equipment with credit terms exceeding ninety days without the approval of the State Bond Commission.

Recommendation: We recommend obtaining State Bond commission approval on debt exceeding ninety days.

Response: Future purchases with credit terms will not exceed ninety days without the approval of the State Bond Commission.

Resolution: This matter has been resolved.

Finding: The District did not acquire bids on purchase of equipment subject to the Louisiana Bid Law.

Recommendation: We recommend acquiring bids and opening the bids during a public meeting of the Board of Commissioners for purchases of equipment subject to the Louisiana Bid Law.

Response: Future bids will be acquired in accordance with Louisiana Bid Law, then opened and appropriate action taken and noted during meeting(s) of the Board of Commissioners.

Resolution: This matter has been resolved.

Current Year

None

RICHLAND PARISH HOSPITAL
AUDITOR'S COMMENTS AND RECOMMENDATIONS
YEAR ENDED SEPTEMBER 30, 1998

Internal Controls

Prior Year

Finding: Major purchase of equipment and the related approval by the Board of Commissioners were not reflected in the minutes of the Board of Commissioner's meetings.

Recommendation: We recommend the Board establish a dollar threshold for items to be approved by the Board before the District makes the purchase.

Response: The Board has established a dollar threshold in accordance to the Louisiana Bid Law.

Resolution: This matter has been resolved.

Finding: Timecards for employees being paid overtime did not include daily entries of when work began and ended.

Recommendation: We recommend that all employees being paid overtime enter the time(s) they start and stop work each day. Those not being paid overtime should enter the total time worked. All employees should complete time entries daily, as they occur.

Response: Employees will complete time entries daily as they occur and time cards reflecting over-time will have the beginning and ending time documented.

Resolution: This matter has not been resolved.

Current Year

None

