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WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
A COMPONENT UNIT OF THE  
WEST FELICIANA PARISH POLICE JURY  
ST. FRANCISVILLE, LOUISIANA  
OCTOBER 31, 1998

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 JUN 09 1999

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LARRY G. JOHNSON

CERTIFIED PUBLIC ACCOUNTANT

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A PROFESSIONAL ACCOUNTING CORPORATION

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March 23, 1999

Independent Auditor's Report

The Board of Commissioners  
West Feliciana Parish Hospital  
Service District No. 1  
St. Francisville, Louisiana

I have audited the accompanying component unit balance sheet of the

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
ST. FRANCISVILLE, LOUISIANA

at October 31, 1998, and October 31, 1997, the related component unit statement of revenue and expenses, net assets, and cash flows for the years then ended. These component unit financial statements are the responsibility of the management of the West Feliciana Parish Hospital District No. 1. My responsibility is to express an opinion on these component unit financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the West Feliciana Parish Hospital Service District No. 1 as of October 31, 1998, and October 31, 1997, the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

*Larry G. Johnson*

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
BALANCE SHEET  
OCTOBER 31, 1998, AND OCTOBER 31, 1997

A S S E T S

	<u>OCTOBER 31,</u> <u>1998</u>	<u>1997</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$604,737	\$545,118
Accounts receivable-patients, net	304,255	201,833
Accounts receivable-third party settlements	26,137	327,874
Accounts receivable-other	608,246	721,592
Inventories	83,241	82,351
Prepaid expenses	<u>80,632</u>	<u>38,253</u>
<u>Total current assets</u>	1,707,248	1,917,021
<u>ASSETS WHOSE USE IS LIMITED</u>		
By agreements with third party payors for funded depreciation	1,681,640	1,203,545
<u>PROPERTY, PLANT AND EQUIPMENT</u>	<u>1,835,751</u>	<u>1,275,637</u>
<u>Total Assets</u>	5,224,639 =====	4,396,203 =====

L I A B I L I T I E S   A N D   N E T   A S S E T S

<u>CURRENT LIABILITIES</u>		
Current maturities of long term debt	\$13,875	\$14,500
Accounts payable	199,874	88,629
Accrued expenses	<u>101,709</u>	<u>113,796</u>
<u>Total current liabilities</u>	315,458	216,925
<u>LONG TERM DEBT, less current maturities</u>	5,365	21,299
<u>DEFERRED REVENUES</u>	<u>148,460</u>	<u>176,421</u>
<u>Total liabilities</u>	469,283	414,645
<u>NET ASSETS</u>		
Unrestricted net assets	<u>4,755,356</u>	<u>3,981,558</u>
<u>Total liabilities and net assets</u>	5,224,639 =====	4,396,203 =====

Notes are an integral part of this statement.

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
STATEMENT OF REVENUE AND EXPENSES  
YEARS ENDED OCTOBER 31, 1998, AND OCTOBER 31, 1997

	YEAR ENDED OCTOBER 31, <u>1998</u> <u>1997</u>	
<u>NET PATIENT SERVICE REVENUE</u>	\$3,641,497	\$2,945,007
<u>OTHER OPERATING REVENUE - PATIENT SERVICES</u>	<u>91,923</u>	<u>75,011</u>
<u>Total patient service revenue</u>	<u>3,733,420</u>	<u>3,020,018</u>
 <u>OPERATING EXPENSES</u>		
Salaries	1,807,626	1,816,680
Supplies and other services	466,876	430,015
Purchased Services	548,869	453,613
Employee Benefits	273,188	248,286
Insurance	57,170	57,327
Emergency Room Physicians	529,350	395,843
Utilities and telephone	111,983	96,543
Other overhead expenses	345,483	287,283
Provision for bad debts	491,828	318,732
Interest expense	2,432	3,560
Depreciation	<u>181,553</u>	<u>151,750</u>
<u>Total operating expenses</u>	<u>4,816,358</u>	<u>4,259,632</u>
<u>REVENUE IN EXCESS (UNDER) EXPENSES - PATIENT SERVICES</u>	<u>(1,082,938)</u>	<u>(1,239,614)</u>
 <u>OTHER OPERATING REVENUE</u>		
Hospital sales tax	1,184,449	1,230,656
Parish maintenance tax	<u>522,659</u>	<u>524,738</u>
<u>Total other operating revenue</u>	<u>1,707,108</u>	<u>1,755,394</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	<u>624,170</u>	<u>515,780</u>
 <u>NONOPERATING REVENUE</u>		
Deferred Grants - current recognition	23,795	27,962
Rural Health Care	0	50,004
Emergency Services Grants	0	25,000
Police Jury Sales Tax	6,000	6,000
Interest income	102,088	86,992
All other	<u>17,745</u>	<u>23,481</u>
<u>Total nonoperating revenue</u>	<u>149,628</u>	<u>219,439</u>
<u>REVENUE IN EXCESS OF EXPENSES</u>	<u>773,798</u>	<u>735,219</u>
	=====	=====

Notes are an integral part of this statement.

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
STATEMENT OF NET ASSETS  
YEARS ENDED OCTOBER 31, 1998, AND OCTOBER 31, 1997

	YEAR ENDED OCTOBER 31, <u>1998</u> <u>1997</u>	
Balance at beginning of period	\$3,981,558	\$3,246,339
Revenue in excess of expenses	<u>773,798</u>	<u>735,219</u>
Balance at end of period	4,755,356 =====	3,981,558 =====

Notes are an integral part of this statement.

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
STATEMENT OF CASH FLOWS  
YEARS ENDED OCTOBER 31, 1998, AND OCTOBER 31, 1997

	YEAR ENDED OCTOBER 31,	
	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$773,798	\$735,219
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	181,553	151,750
Provisions for losses on accounts receivable	491,828	318,732
(Increase) decrease in accounts receivable-patients	(594,250)	(291,063)
(Increase) decrease in accounts receivable - third party settlements	301,737	(96,954)
(Increase) decrease in accounts receivable-other	113,346	(180,024)
(Increase) decrease in inventories	(890)	19,796
(Increase) decrease in prepaid expenses	(42,379)	(4,523)
(Decrease) increase in accounts payable	111,245	(17,890)
(Decrease) increase in accrued expenses	(12,087)	40,128
(Decrease) increase in deferred revenue	(27,961)	(27,962)
<u>Net cash provided by operating activities</u>	<u>1,295,940</u>	<u>647,209</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash invested in assets whose use is limited	(406,003)	(365,407)
Capital expenditures	(813,759)	(306,761)
<u>Net cash provided (used) by investing activities</u>	<u>(1,219,762)</u>	<u>(672,168)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on long-term debt	(16,559)	(11,707)
<u>Net cash provided (used) by financing activities</u>	<u>(16,559)</u>	<u>(11,707)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	59,619	(36,666)
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>545,118</u>	<u>581,784</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	604,737 =====	545,118 =====

Notes are an integral part of this statement.

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Report Issued Under Separate Cover

The West Feliciana Parish Hospital Service District No. 1's component unit financial statements are an integral part of the West Feliciana Parish Police Jury's comprehensive annual financial report. This report has been issued under separate cover for the West Feliciana Parish Hospital Service District No. 1, and should not be used for any other purpose. The only operations of the West Feliciana Parish Hospital Service District No. 1 are through the West Feliciana Parish Hospital.

B. Financial Reporting Entity

On February 21, 1968, the West Feliciana Parish Policy Jury passed a resolution creating the West Feliciana Parish Hospital District No. 1 (hereinafter sometimes called the "District") under the authority of Article 6, Section 19, of the 1974 Louisiana Constitution and Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, as amended. The District is composed of all the territory situated within the limits of the Parish of West Feliciana.

The governing authority of the District consists of a board of seven (7) commissioners, all of whom are qualified electors of West Feliciana Parish. The Commissioners serve with pay, per diem, and reimbursement of actual cash out-of-pocket expenses incurred in the performance of their duties.

The public purpose of the District is to secure, provide for, and protect the public health and welfare by the treatment of human ailments through the acquisition and construction of projects as authorized by Chapter 10 of Title 46 of the 1974 Louisiana Constitution, and the financing and refinancing of indebtedness to acquire, construct, renovate, improve hospitals, clinics, laboratories, a nursing home, and any other facility, building or structure which may be of use and benefit in the teaching, training or practice of medical science and treatment of human ailments, or for such other facilities as the District shall find useful in the study of, or research in, or treatment of illness or infirmities, all as is more fully set out in said Chapter 10 of Title 46 of the 1974 Louisiana Constitution.

C. Basis of Presentation

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the period. Actual results could differ from those estimates.

The accounts of the District are organized on the basis of a fund which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenses. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.



WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1998

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Enterprise Funds are used to account for operations; (a) 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; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary Funds are maintained on the accrual basis of accounting wherein revenue is recognized in the accounting period in which it is earned and becomes measurable, and expenses are recognized in the period incurred, if measurable.

D. BUDGETARY ACCOUNTING

The District's adopted budget meets the requirements of the Louisiana Local Government Budget Act as provided by Louisiana Revised Statutes 13:1301-1315.

E. CHARITY CARE

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

F. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the District considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

G. INVENTORIES

Inventories are valued at the lower of cost or market using the first-in, first-out method.

H. DEPOSITS - CASH AND CASH EQUIVALENTS

The October 31, 1998, and October 31, 1997, carrying amounts of the District's deposits were \$948,947, and \$673,180, respectively, of which \$200,000 is covered by Federal Depository Insurance. The remaining bank balances which are considered category 1 for generally accepted governmental accounting principles, were collateralized by securities held in a joint custodial account in the District's name.

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

I. ACCOUNTS RECEIVABLE

Accounts receivable from patients, insurance companies and third-party reimbursement contractual agencies are recorded at established charge rates. Certain third-party insured accounts (Medicare and Medicaid) are based on cost reimbursement agreements which generally result in the District collecting less than the established charge rates with the difference recorded as "contractual adjustments." Final determination of settlement is subject to review by appropriate authorities. Adequate allowances are provided for doubtful accounts and contractual adjustments. Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and recorded as recoveries of bad debts if subsequently collected. Net operating revenue includes only those amounts estimated by management to be collectible.

J. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, except for assets donated to the District. Donated assets are recorded at the appraised value at the date of donation.

Depreciation is recorded on a straight-line basis over the useful lives of the assets. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Maintenance, repairs, replacements and improvements of minor importance are expensed. Major replacements and improvements are capitalized.

K. NET PATIENT SERVICE REVENUE

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

L. VACATION PAY

Accumulated unpaid vacation is accrued when incurred. Employees earn and vest in vacation leave according to years of service as shown below:

<u>YEARS OF SERVICES</u>	<u>FULL-TIME EMPLOYEES</u>
Less than 5 years	6.67 hours per month
After 5 years	10.00 hours per month
After 10 years	13.33 hours per month

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. I  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

M. INCOME TAX

The District is exempt from income taxes under Internal Revenue Code Section 501(c).

NOTE 2 - NET PATIENT SERVICE REVENUE

The District has agreements with third party payors that provide payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third party payors follows:

Medicare

Inpatient acute care services rendered 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 on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through October 31, 1995.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through October 31, 1995.

Blue Cross

Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per diem rates are not subject to retroactive adjustment.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payments to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively daily rates.

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1998

NOTE 3 - ACCOUNTS RECEIVABLE - PATIENTS

Accounts receivable - patients consists of the following:

	<u>OCTOBER 31,</u> <u>1998</u>	<u>OCTOBER 31,</u> <u>1997</u>
Total patient accounts receivable	\$903,542	\$563,413
Less allowance for uncollectible accounts	(599,287)	(361,580)
	304,255	201,833
	=====	=====

The following summarizes the activity in the allowance for uncollectible accounts:

	<u>OCTOBER 31,</u> <u>1998</u>	<u>OCTOBER 31,</u> <u>1997</u>
Balance, at beginning of year	\$361,580	\$341,581
Recoveries	100,809	89,265
Amounts charged to expenses	491,828	318,732
Accounts charged off	(354,930)	(387,998)
Balance, at end of period	599,287	361,580
	=====	=====

NOTE 4 - ACCOUNTS RECEIVABLE - OTHER

Accounts receivable - other consists of the following:

	<u>OCTOBER 31,</u> <u>1998</u>	<u>OCTOBER 31,</u> <u>1997</u>
Uncollected sales tax revenue for the months of October and September	\$154,330	\$232,457
Accrued maintenance tax revenue	450,000	470,833
All other	<u>3,916</u>	<u>18,302</u>
	608,246	721,592
	=====	=====

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1998

NOTE 5 - ASSETS WHOSE USE IS LIMITED

Assets whose use is limited under agreements with third party payors for funded depreciation are summarized as follows:

	<u>OCTOBER 31,</u> <u>1998</u>	<u>OCTOBER 31,</u> <u>1997</u>
<u>U. S. TREASURY DIRECT</u>		
Treasury bills maturing 12-03-98 through 01-28-99 yielding 3.85% - 4.80%	\$1,240,594	
Treasury bills maturing 11-20-97 through 01-29-98 yielding 4.91% - 5.08%		\$1,042,622
<u>Certificates of Deposit</u>		
Various banks maturing 12-12-98 and 01-12-99 - Interest rate 5.25% and 4.78%	200,000	
Various banks maturing 12-09-97 - Interest rate of 6.50%		100,000
<u>Savings Account</u>		
Bank of Commerce 3.11% and 4.12%	<u>241,046</u>	<u>60,923</u>
	<u>1,681,640</u>	<u>1,203,545</u>
	=====	=====

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	<u>OCTOBER 31,</u> <u>1998</u>	<u>OCTOBER 31,</u> <u>1997</u>
Land	\$157,158	\$46,017
Building and improvements	1,385,400	903,962
Equipment	2,245,179	1,986,759
Construction in progress	<u>93,568</u>	<u>202,900</u>
	3,881,305	3,139,638
Allowance for depreciation	<u>2,045,554</u>	<u>1,864,001</u>
<u>Total Property and equipment</u>	<u>1,835,751</u>	<u>1,275,637</u>
	=====	=====

NOTE 7 - OTHER OPERATING REVENUE

The District receives tax revenue from sales tax and property tax collected on purchases and property assessments in West Feliciana Parish. The sales tax is to be used for the operation of the Hospital and the property tax is to be used for operation and maintenance of the Hospital.

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1998

NOTE 8 - LONG-TERM DEBT

Long-term debt consist of a note payable to Citicorp in monthly installments of \$1,383 including interest at 7.25% through May 2000, collateralized by lab equipment. Maturities of notes payable for each year follows:

October 31, 1999	\$13,875
October 31, 2000	5,365

NOTE 9 - RETIREMENT PLAN

The District has executed the Variable Annuity Life Insurance Company (VALIC) prototype Profit Sharing Plan with Cash or Deferred Arrangement Option Non Standardized Adoption Agreement No 3. This defined contribution plan (457) provides benefits to substantially all employees. The District contributes \$1 for each \$1 the employees defer up to 4% of the employees compensation. Total expenses were \$46,442 and \$39,816 respectively.

NOTE 10 - INSURANCE RISKS

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self insurance of (1) hospital professional liability and comprehensive general liability, and (2) statutory workers' compensation. The Hospital carries commercial insurance for all other risks of loss. As of the balance sheet date, the District has no malpractice claims exceeding its coverage.

NOTE 11 - COMMITMENT

The District has an unadvanced line of credit with both local banks for \$75,000 each at an annual rate not to exceed 6.0%

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

The District is located in St. Francisville, Louisiana, and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Revenue from patients and third-party payors were as follows:

	YEAR ENDED OCTOBER 31,	
	1998	1997
Medicare and Medicaid	54%	56%
Commercial, Blue Cross and all other	46%	44%
	100%	100%
	===	===

March 23, 1999

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Commissioners  
West Feliciana Parish Hospital  
Service District No. 1  
St. Francisville, Louisiana

Members of the Board:

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole of West Feliciana Parish Hospital Service District No. 1 as of and for the year ended October 31, 1998, and October 31, 1997, which is presented in the preceding section of this report. The supplemental information presented is for the purposes of additional analysis and is not a required part of the component unit financial statements. Such information has been subjected to the audit procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

*Zany Johnson*

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
STATEMENTS OF OPERATING REVENUE  
YEARS ENDED OCTOBER 31, 1998, AND OCTOBER 31, 1997

	YEAR ENDED OCTOBER 31,	
	1998	1997
<u>PATIENT SERVICE REVENUE</u>		
Nursing Services	\$291,109	\$208,896
Home Health	592,072	633,729
Emergency services	144,593	118,585
Emergency services - physicians' fees	392,628	301,341
Central services	263,859	232,319
Laboratory	576,074	581,317
Blood Bank	521	3,073
Radiology - diagnostic	317,003	304,240
Radiology - physicians' fees	101,176	81,875
Ambulance service	489,010	321,505
Respiratory therapy	265,854	159,528
Pharmacy	369,833	252,887
Physical therapy	277,759	148,824
Anesthesiology	6,009	6,335
Electrocardiology	84,631	65,812
EEG	467	
Nuclear medicine	16,470	4,552
Speech therapy	126	1,147
Social services	1,071	1,147
Ultrasound	15,970	17,018
Dr. Parrish's office	387	
Dr. Oubre's office	64,553	2,817
Dr. McAnally's office	32,058	176,393
<u>Total patient service revenue</u>	4,303,233	3,623,340
Less contractual adjustments	661,736	678,333
<u>Net patient service revenue</u>	3,641,497	2,945,007
 <u>OTHER OPERATING REVENUE</u>		
Office rents	\$29,600	\$22,000
Dietary revenue including sheriff	60,284	50,854
Medical records and insurance fees	675	1,133
Vending machine commissions	1,364	1,024
<u>Total other operating revenue</u>	91,923	75,011



WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
STATEMENTS OF OPERATING EXPENSES  
YEARS ENDED OCTOBER 31, 1998, AND OCTOBER 31, 1997

	YEAR ENDED OCTOBER 31,	
	1998	1997
<u>SALARIES</u>		
Nursing	\$501,496	\$469,396
Home Health	263,737	281,709
Laboratory technicians	118,030	121,152
Dietary management	67,434	61,154
Respiratory therapy	101,712	87,338
All other	7,340	
Radiology	76,845	75,593
Business Office	135,432	119,775
Administrative	31,782	24,309
Plant Operations	58,415	53,777
Medical records	42,408	40,449
Housekeeping	45,179	42,428
Ambulance	198,387	128,466
Dr. Oubre's office	121,273	44,242
Dr. McAnally's office	38,156	198,563
E/R Physicians		68,329
	1,807,626	1,816,680
<u>Total salaries</u>	1,807,626	1,816,680

PURCHASED SERVICES

Pharmacy	\$36,600	\$27,969
Respiratory therapy	11,186	6,476
Laboratory	73,495	69,680
Administrative	70,462	83,120
Laundry/linen	31,033	22,129
EKG	12,653	7,971
Plant operations	17,033	19,651
Radiology	10,987	6,551
Physical therapy	149,703	75,612
Anesthesia	5,360	5,860
Ultrasound	5,179	2,850
Dietary	3,120	3,238
Security		22,394
Dr. Parrish	201	401
Dr. McAnally	157	1,508
Social services	1,900	1,901
Radiologist physician fees	104,219	77,859
Nuclear medicine	4,661	2,466
Home Health	9,390	15,692
All other	1,530	285
	548,869	453,613
<u>Total purchased services</u>	548,869	453,613

WEST FELICIANA PARISH HOSPITAL  
SERVICE DISTRICT NO. 1  
STATEMENTS OF OPERATING EXPENSES  
YEARS ENDED OCTOBER 31, 1998, AND OCTOBER 31, 1997

	YEAR ENDED OCTOBER 31,	
	1998	1997
<u>SUPPLIES AND OTHER EXPENSES</u>		
Laboratory	\$81,294	\$79,029
Blood bank	2,557	2,862
Home Health	20,162	22,052
Nursing	22,314	15,230
Radiology	19,629	16,947
Pharmacy	69,897	73,165
Central services	47,061	46,065
Business office	15,603	22,182
Dietary	32,585	26,551
Plant operations	57,147	45,578
Housekeeping	29,176	14,690
Physical therapy	3,344	4,687
Medical records	4,570	4,878
Administrative	5,840	3,829
Respiratory therapy	31,238	24,051
Dr. Oubre's office	12,974	8,416
Dr. McAnally's office	4,160	19,493
All other	3,711	310
Dr. Parrish's office	3,614	
<u>Total supplies and other expenses</u>	466,876	430,015
 <u>OTHER OVERHEAD EXPENSES</u>		
Home Health	\$39,948	\$39,768
Ambulance	46,155	28,837
Laboratory	16,731	12,016
Radiology	8,993	11,061
Pharmacy	156	137
Nursing services	1,608	3,710
Medical records	453	388
Business office	25,326	24,656
Plant operations	110	
Dietary	3,672	2,704
Collection fees	37,056	43,108
Audit and legal fees	28,940	16,980
Postage	13,399	13,201
Equipment rental	6,689	7,024
Dues and subscriptions	13,365	9,638
Physician recruitment and other office	63,844	36,562
All other administrative	39,038	37,493
<u>Total other overhead expenses</u>	345,483	287,283



LARRY G. JOHNSON

CERTIFIED PUBLIC ACCOUNTANT

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A PROFESSIONAL ACCOUNTING CORPORATION

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March 23, 1999

Board of Commissioners  
West Feliciana Parish Hospital  
Service District No. 1  
St. Francisville, Louisiana

Members of the Board:

I have audited the accompanying component unit financial statements of

**WEST FELICIANA PARISH HOSPITAL**  
**SERVICE DISTRICT NO. 1**  
**ST. FRANCISVILLE, LOUISIANA**

as of and for the year ended October 31, 1998, and have issued my report thereon dated March 23, 1999.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the West Feliciana Parish Hospital Service District No. 1 is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests indicate that, with respect to the items tested, the West Feliciana Parish Hospital Service District No. 1 complied, in all material respects, with the provisions referred to in the preceding paragraph except as explained below.

**Finding:** State law requires the audit report to be issued no later than six months after year end. This report was issued after that date.

**Explanation:** West Feliciana Parish Hospital was not able to complete its Hospital and Hospital Health Care Complex Cost Report Certification and Settlement Summary until the software of the KPMG Compu-Max Micro System was corrected. HCFA and the Legislative Auditor allowed an extension of time until May 31, 1999, for these filings. The Hospital met both extension deadlines.

With respect to items not tested, nothing came to my attention that caused me to believe that the District had not complied, in all material respects, with those provisions.

The recommendations that were mentioned in our letter dated January 30, 1998, with respect to the October 31, 1997 audit were adhered to and the findings that existed then have been corrected.

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

Very truly yours,

LARRY JOHNSON - APAC

By: *Larry Johnson*



LARRY G. JOHNSON

CERTIFIED PUBLIC ACCOUNTANT

A PROFESSIONAL ACCOUNTING CORPORATION

March 23, 1999

Board of Commissioners  
West Feliciana Parish Hospital  
Service District No. 1  
St. Francisville, Louisiana

Members of the Board:

I have audited the accompanying component financial statements of the

**WEST FELICIANA PARISH HOSPITAL**  
**SERVICE DISTRICT NO. 1**  
**ST. FRANCISVILLE, LOUISIANA**

as of and for the year ended October 31, 1998, and have issued my report thereon dated March 23, 1999.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

In planning and performing my audit of the component unit financial statements of the West Feliciana Parish Hospital Service District No. 1 for the year ended October 31, 1998, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide assurance on the internal control structure.

The management of the West Feliciana Parish Hospital Service District No. 1 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

For the purpose of this report, internal control consist of the following five interrelated components:

1. The control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring

SAS No. 78 requires the auditor to obtain a sufficient understanding of the interrelated components to plan the audit. This understanding is used to identify types of potential misstatements, factors that affect the risk of material misstatement and design of substantive test.

I noted a matter involving the internal control structure and its operation that I considered to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements.

I noted the following reportable condition:

Segregation of Duties

During my review of the internal control structure, I noted a lack of segregation of duties of accounting functions due to the limited number of personnel. The same individual records transactions and reconciles the accounts and there is also an overlapping of duties in deposits and accounts receivable.

Management is aware of this situation and continues to develop procedures to review these transactions on a routine basis.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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.

My consideration of the internal structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I do not believe the reportable condition described above is a material weakness.

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

Very truly yours,

LARRY JOHNSON - APAC

By: *Larry Johnson*