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WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

FINANCIAL STATEMENTS

AUGUST 31, 1998 AND 1997

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 FEB 7 0 1999

P&N

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

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Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
West Ascension Parish Hospital Service District
of Ascension Parish, Louisiana
Donaldsonville, Louisiana

We have audited the accompanying financial statements of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, a component unit of the Ascension Parish Council, as of and for the years ended August 31, 1998 and 1997, as listed in the 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 the standards applicable to financial audits contained in *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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana as of August 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 8, the West Ascension Parish Hospital Service District of Ascension Parish changed its method of accounting for investments in 1998 as required by the provisions of Governmental Accounting Standards Board No. 31.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 1998 on our consideration of West Ascension Parish Hospital Service District of Ascension Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules on page 14 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 22, 1998

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

BALANCE SHEETS
AUGUST 31, 1998 AND 1997

ASSETS

	<u>1998</u>	<u>(Restated)</u> <u>1997</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 152,867	\$ 220,460
Certificates of deposit	3,523,160	3,277,767
Patient accounts receivable, (net of estimated uncollectibles of \$600,867 in 1998 and \$486,391 in 1997)	605,269	606,471
Inventory	149,362	135,469
Sales tax receivable	138,422	211,405
Estimated third-party payor settlements	52,393	113,444
Investments	2,032,928	1,519,751
Other current assets	69,156	67,877
Total current assets	6,723,557	6,152,644
 <u>PROPERTY AND EQUIPMENT</u> - net	966,843	923,309
TOTAL ASSETS	\$ 7,690,400	\$ 7,075,953

LIABILITIES AND RETAINED EARNINGS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 125,440	\$ 188,756
Accrued expenses	50,663	46,972
Total current liabilities	176,103	235,728
 <u>RETAINED EARNINGS</u>		
Unrestricted	7,514,297	6,840,225
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 7,690,400	\$ 7,075,953

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF OPERATIONS
YEARS ENDED AUGUST 31, 1998 AND 1997

	<u>1998</u>	<u>(Restated)</u> <u>1997</u>
<u>REVENUE</u>		
Net Patient Service Revenues	\$ 3,233,663	\$ 3,279,287
<u>OPERATING EXPENSES:</u>		
Salaries and benefits	1,435,087	1,349,550
Professional contracted services	942,564	963,250
Medical supplies and drugs	525,084	515,557
Other operating	381,583	404,213
Provision for bad debts	540,479	423,643
Provision for depreciation	106,059	93,685
Total operating expenses	<u>3,930,856</u>	<u>3,749,898</u>
<u>LOSS FROM OPERATIONS</u>	(697,193)	(470,611)
<u>NON OPERATING REVENUES:</u>		
Sales tax	990,047	952,556
Interest income	381,218	272,528
Grant revenue	-	25,000
Total non operating revenues	<u>1,371,265</u>	<u>1,250,084</u>
<u>REVENUES AND GAINS IN EXCESS OF EXPENSES</u>	<u>\$ 674,072</u>	<u>\$ 779,473</u>

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CHANGES IN RETAINED EARNINGS
YEARS ENDED AUGUST 31, 1998 AND 1997

	1998	(Restated) 1997
Retained earnings, beginning of year	\$ 6,840,225	\$ 6,057,292
Retroactive adjustment resulting from application of GASB 31	-	3,460
Retained earnings, beginning of year - as adjusted	6,840,225	6,060,752
Revenues and gains in excess of expenses	674,072	779,473
Retained earnings, end of year	\$ 7,514,297	\$ 6,840,225

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 1998 AND 1997

	<u>1998</u>	<u>(Restated)</u> <u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from patients and other third-party payors	\$ 2,755,437	\$ 2,798,026
Cash payments to suppliers for goods and services	(2,061,591)	(1,962,326)
Cash payments to employees for services	(1,292,887)	(1,199,171)
Net cash used by operating activities	<u>(599,041)</u>	<u>(363,471)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Sales taxes received	1,063,030	885,812
Grants received	-	25,000
Net cash provided by non-capital financing activities	<u>1,063,030</u>	<u>910,812</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisitions of capital assets	(149,593)	(260,451)
Cash received from sales of capital assets	700	-
Net cash used by capital and related financing activities	<u>(148,893)</u>	<u>(260,451)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net (increase) in certificates of deposit	(245,393)	(571,764)
Net (increase) in investments	(513,177)	(30,123)
Interest on investments	375,881	272,009
Net cash used by investing activities	<u>(382,689)</u>	<u>(329,878)</u>
Net (decrease) in cash	(67,593)	(42,988)
Cash at beginning of year	<u>220,460</u>	<u>263,448</u>
Cash at end of year	<u>\$ 152,867</u>	<u>\$ 220,460</u>

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 1998 AND 1997

	<u>1998</u>	<u>(Restated)</u> <u>1997</u>
<u>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES</u>		
Loss from operations	\$ (697,193)	\$ (470,611)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Depreciation	106,059	93,685
(Gain) loss on disposition of assets	(700)	1,220
Provision for uncollectible accounts, contractual adjustments, and courtesy allowances	1,752,158	1,527,220
Changes in assets and liabilities:		
(Increase) in receivables	(1,750,956)	(1,637,245)
(Increase) in inventory	(13,893)	(16,546)
Decrease in estimated third-party payor settlements	61,051	52,407
Decrease in other current assets	4,058	2,037
Increase (decrease) in accounts payable	(63,316)	68,169
Increase in accrued expenses payable	3,691	16,193
Total adjustments	<u>98,152</u>	<u>107,140</u>
Net cash used by operating activities	<u>\$ (599,041)</u>	<u>\$ (363,471)</u>

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

West Ascension Parish Hospital Service District of Ascension Parish, Louisiana (Prevost Memorial Hospital) was created by a resolution of the Ascension Parish Council on May 2, 1963 under provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950.

Basis of Presentation

The accompanying component unit financial statements of the West Ascension Parish Hospital Service District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental 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 Ascension Parish Council is the financial reporting entity for Ascension Parish. The financial reporting entity consists of (a) the primary government (council), (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.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Ascension Parish Council 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 council 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 council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Reporting Entity

Because the council appoints all members to the district's Board of Commissioners, the district was determined to be a component unit of the Ascension Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Net Patient Service Revenue

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

Statement of Operations

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as nonoperating revenues.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Property and equipment donated for hospital operations are recorded as additions at fair value at the date of receipt.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. The buildings and improvements are being depreciated over 25 to 50 years, land improvements over 20 years, and equipment over 5 to 20 years. Maintenance and repairs are charged to expense and betterments are capitalized. Gains and losses from sales or retirements are recognized in the period of disposition.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies (continued)**

Inventory

Inventory is valued at the lower of cost (using the first-in, first-out method) or market.

Allowance for Uncollectible Accounts

An allowance for uncollectible patient accounts receivable is maintained. It is based on historical data and management's assessment of the collectibility of accounts receivable.

Donations

Donations are recorded at market value at the time of donation.

Use of Estimates

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Accounting

The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Cash and Certificates of Deposit

Cash includes petty cash and demand deposit accounts. Under state law, the district may deposit funds and invest in Certificates of Deposit within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Investments

The district may also invest in bonds, debentures and other indebtedness which are fully guaranteed by the United States, issued or guaranteed by federal agencies backed by full faith and credit of the United States and issued or guaranteed by United States government instrumentalities which are federally sponsored. Investments are stated at fair value.

Investment income includes interest earned, realized gains and losses and unrealized gains and losses (changes in fair value).

Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued on or before November 30, 1989.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Risk Management

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 workers' compensation and liability insurance. The management of the trust funds has complete control over the rate setting process. The Hospital continues to carry commercial insurance for all other risks of loss.

2. **Sales Tax**

In a general election held on November 5, 1980, the voters of the District approved a one-half percent sales tax. The net proceeds from this tax can be used for the expansion and/or operation of the Hospital.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

3. **Cash and Certificates of Deposit**

At August 31, the district had cash and Certificates of Deposit totaling \$3,676,027 and \$3,498,227, respectively as follows:

	<u>1998</u>	<u>1997</u>
Petty Cash	\$ 325	\$ 325
Demand deposit	<u>152,542</u>	<u>220,135</u>
Total	152,867	220,460
Certificates of Deposit	<u>3,523,160</u>	<u>3,277,767</u>
Total Deposits	<u>\$ 3,676,027</u>	<u>\$ 3,498,227</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year end, the carrying amount of the Hospital's deposits were \$3,676,027 and the bank balance was \$3,684,562. Of the bank balance, \$760,915 was covered by federal depository insurance, \$1,387,713 was covered by collateral held by the pledging bank's agent in the Hospital's name (Category 2) and \$1,535,934 was covered by collateral held by the pledging bank's agent in the bank's name (Category 3).

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

4. Net Patient Service Revenues

The Hospital has agreements with third-party payors that provide for payments to the Hospital 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 Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 1996.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed 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 by the Medicaid fiscal intermediary through August 31, 1995.

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

5. Investments

At August 31, the investments of the district consisted of United States Treasury Bonds, United States Treasury Notes, Federal National Mortgage Association Notes, and Federal Home Loan Mortgage Corporation Notes. The securities are held by the investment company's trust department in the name of the district (GASB Category 2).

Investment income at August 31, consisted of the following:

	1998	1997
Interest Income	\$ 110,265	\$ 91,244
Changes in Market Value	63,177	24,854
	\$ 173,442	\$ 116,098



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. Property and Equipment

A summary of property and equipment at August 31, follows.

	<u>1998</u>	<u>1997</u>
Land	\$ 14,042	\$ 14,042
Buildings and grounds	1,803,458	1,638,613
Fixed equipment	837,605	812,827
Furniture and fixtures	33,257	33,257
Construction in progress	-	44,292
	<u>2,688,362</u>	<u>2,543,031</u>
Less accumulated depreciation	<u>1,721,519</u>	<u>1,619,722</u>
Property and equipment, net	<u>\$ 966,843</u>	<u>\$ 923,309</u>

7. Concentrations of Credit Risk

The Hospital is located in Donaldsonville, Louisiana. The Hospital grants credit without collateral to its patients, most of whom are local residents. Revenue from patients and third party payors were as follows:

	<u>1998</u>
Medicare and Medicaid	58.4%
Blue Cross	2.4
Commercial	23.2
Private Pay	<u>16.0</u>
	<u>100.0</u>

8. Retroactive Adjustment

GASB 31 – Accounting and Financial Reporting for Certain Investments and for External Investment Pools has been applied to the August 31, 1997 financial statements. GASB 31 requires investments to be recorded at fair value. As a result of the application of this GASB statement, beginning retained earnings has been adjusted to record investments at fair value as of August 31, 1996.

	<u>1997</u>
Retained earnings at beginning of year as previously reported	\$ 6,057,292
Adjustments to record investments at fair value	<u>3,460</u>
Retained earnings, as adjusted	<u>\$ 6,060,752</u>



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT

OF ASCENSION PARISH, LOUISIANA

SUPPLEMENTAL SCHEDULES

AUGUST 31, 1998 AND 1997



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

Schedule I

SCHEDULES OF PATIENT SERVICE REVENUES
YEARS ENDED AUGUST 31, 1998 AND 1997

	<u>1998</u>	<u>(Restated)</u> <u>1997</u>
Nursing services:		
Routine service (daily service charge)	\$ 270,000	\$ 292,810
Operating rooms	24,304	20,720
Emergency room	1,744,280	470,914
Recovery room	5,610	4,760
Therapy	344,351	438,009
Central services and supply	123,735	205,127
	<u>2,512,280</u>	<u>1,432,340</u>
Other services:		
Laboratory	908,976	1,101,466
Pharmacy	328,192	475,656
Radiology	223,085	438,803
Emergency room physicians	13,858	436,019
Pathology	3,323	1,475
Medical transcription fees	4,071	3,379
EKG	80,310	164,680
Physical therapy	333	6,430
Gastrology	59,400	35,640
Ultrasound	34,350	42,125
Mammography	27,960	29,855
Medicaid disproportionate share	189,690	79,880
Miscellaneous	33,632	66,666
Cost report settlements	25,882	68,450
	<u>1,933,062</u>	<u>2,950,524</u>
Total patient service revenues	4,445,342	4,382,864
Adjustments	<u>(1,211,679)</u>	<u>(1,103,577)</u>
Net Patient Service Revenue	<u>\$ 3,233,663</u>	<u>\$ 3,279,287</u>





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

Board of Commissioners
West Ascension Parish Hospital Service District
Donaldsonville, Louisiana

We have audited the financial statements of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, component unit of the Ascension Parish Council, as of and for the year ended August 31, 1998 and have issued our report thereon dated October 22, 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 West Ascension Parish Hospital Service District's 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 West Ascension Parish Hospital Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect West Ascension Parish Hospital Service District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

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

Postlethwaite & Nettavill

Donaldsonville, Louisiana
October 22, 1998



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of West Ascension Parish Hospital Service District of Ascension Parish, Louisiana.
2. One reportable condition disclosed during the audit of the financial statements is reported in Part B. of this schedule. This condition is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of West Ascension Parish Hospital Service District of Ascension Parish, Louisiana were disclosed during the audit.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

1. Internal Control

Condition: There is a lack of segregation of duties due to the limited number of accounting personnel.

Criteria: Segregation of duties should be adequate to provide effective internal control.

Effect: The segregation of duties is inadequate to provide effective internal control.

Recommendation: No action is recommended.

Response: We concur in the finding.