

RICHLAND PARISH HOSPITAL - DELHI  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2005, 2004 AND 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 2-8-06



**LESTER, MILLER & WELLS**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

**HOSPITAL SERVICE DISTRICT NO. 1A**  
**OF THE PARISH OF RICHLAND, STATE OF LOUISIANA**  
**d/b/a RICHLAND PARISH HOSPITAL - DELHI**  
**HOSPITAL ENTERPRISE FUND**  
**YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003**

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**HOSPITAL SERVICE DISTRICT NO. 1A  
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
d/b/a RICHLAND PARISH HOSPITAL - DELHI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the annual financial report of Richland Parish Hospital Service District No. 1A (the Hospital) presents background information and management's analysis of the Hospital's financial performance during the fiscal year ended September 30, 2005. Please read it in conjunction with the financial statements in this report.

**Financial Highlights**

- The Hospital's total assets increased approximately \$847,000 during fiscal year 2005 compared to an increase of \$936,000 and a decrease of \$26,000 in fiscal years 2004 and 2003, respectively. The increase in fiscal year 2005 was primarily in capital assets.
- During the year, the Hospital's total operating revenues increased approximately \$102,000 in fiscal year 2005 compared to an increase of \$1,811,000 and a decrease of \$136,000 in fiscal years 2004 and 2003, respectively.
- The Hospital received reimbursement of Uncompensated Care under the State's Medicaid Program in the amount of \$820,713 in 2005 as compared to \$1,309,394 and \$514,204 received in 2004 and 2003, respectively. In 2004, the Hospital received a retroactive payment of \$336,000 for uncompensated care reimbursement related to its rural health clinic services. The uncompensated care reimbursement received in 2003 did not include payments for rural health clinic services.
- The Hospital received \$311,700 in payments from a cooperative endeavor agreement which provides home health services to the Hospital's service area in fiscal year 2005 as compared to \$199,489 and \$277,747 received in 2004 and 2003, respectively.

**Required Financial Statements**

The basic financial statements of the Hospital report information about the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The balance sheets include all of the Hospital's assets and liabilities and provide information about the nature and amount of investments in resources (assets) and the obligations to Hospital creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Hospital, and assessing the liquidity and financial flexibility of the Hospital. All of the current year's revenues and expenses are accounted for in the statements of revenue, expenses, and changes in net assets. This statement measures improvements in the Hospital's operations over the past years and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Hospital's cash from operations, investing, and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

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 MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Analysis of the Hospital**

The balance sheets and the statements of revenue, expenses, and changes in net assets report information about the Hospital's activities. These two statements report the net assets of the Hospital and changes in them. Increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

**Net Assets**

A summary of the Hospital's balance sheets are presented in Table 1 below:

TABLE 1  
 Condensed Balance Sheets  
 (in thousands)

	September 30,			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Total Current Assets	\$ 2,626	\$ 3,297	\$ 2,918	\$ 3,388
Capital Assets - Net	3,135	2,430	2,560	2,670
Board Designated Investments	2,441	2,643	2,711	2,149
Other Investments	1,811	778	-0-	-0-
Other Assets	<u>16</u>	<u>34</u>	<u>57</u>	<u>65</u>
 Total Assets	 \$ <u>10,029</u>	 \$ <u>9,182</u>	 \$ <u>8,246</u>	 \$ <u>8,272</u>
 Current Liabilities	 \$ 809	 \$ 561	 \$ 550	 \$ 599
Long-Term Debt	<u>500</u>	<u>405</u>	<u>462</u>	<u>517</u>
 Total Liabilities	 1,309	 966	 1,012	 1,116
 Net Assets	 <u>8,720</u>	 <u>8,216</u>	 <u>7,234</u>	 <u>7,156</u>
 Total Liabilities and Net Assets	 \$ <u>10,029</u>	 \$ <u>9,182</u>	 \$ <u>8,246</u>	 \$ <u>8,272</u>

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 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
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 MANAGEMENT'S DISCUSSION AND ANALYSIS

**Summary of Revenue, Expenses and Changes in Net Assets**

TABLE 2  
 Condensed Statements of Revenue, Expenses and Changes in Net Assets  
 (in thousands)

	Year Ended September 30,			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Patient Service Revenue	\$ 12,480	\$ 12,221	\$ 10,759	\$ 10,785
Other Revenue	<u>943</u>	<u>1,100</u>	<u>751</u>	<u>861</u>
<b>Total Operating Revenue</b>	<u>13,423</u>	<u>13,321</u>	<u>11,510</u>	<u>11,646</u>
Salaries and Benefits	8,015	7,742	7,412	7,449
Other Expenses	3,393	3,335	2,760	2,779
Depreciation and Amortization	350	380	356	380
Provision for Bad Debts	<u>1,288</u>	<u>933</u>	<u>967</u>	<u>698</u>
<b>Total Operating Expenses</b>	<u>13,046</u>	<u>12,390</u>	<u>11,495</u>	<u>11,306</u>
Operating Income	377	931	15	340
Nonoperating Income	<u>127</u>	<u>51</u>	<u>62</u>	<u>48</u>
Excess of Revenue over Expenses	504	982	77	388
Net Assets - Beginning of Year	<u>8,216</u>	<u>7,234</u>	<u>7,157</u>	<u>6,769</u>
Net Assets - End of Year	\$ <u>8,720</u>	\$ <u>8,216</u>	\$ <u>7,234</u>	\$ <u>7,157</u>

**Sources of Revenue**

Operating Revenue

During fiscal year 2005, the Hospital derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Hospital's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes cafeteria sales, joint venture, pharmacy sales to employees, vending machine and other miscellaneous services.

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 MANAGEMENT'S DISCUSSION AND ANALYSIS

**Sources of Revenue (Continued)**

Operating Revenue (Continued)

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended September 30, 2005 and 2004

**TABLE 3**  
**Payor Mix by Percentage**

	Year Ended September 30,		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Medicare	53%	64%	64%
Medicaid	17%	16%	16%
Commercial Insurance	24%	14%	14%
Self-Pay	<u>6%</u>	<u>6%</u>	<u>6%</u>
 Total Patient Revenue	 <u>100%</u>	 <u>100%</u>	 <u>100%</u>

**Operating and Financial Performance**

The following summarizes the Hospital's statements of revenue, expenses and changes in net assets between 2005 and 2004:

Overall activity at the Hospital, as measured by combined acute patient and psychiatric patient discharges, increased to 1,365 discharges in 2005 from 1,345 discharges in 2004. Combined patient days decreased to 5,615 in 2005 from 6,518 in 2004. As a result, the average length of stay for acute care patients was 3.0 days and psychiatric patients 10.2 days.

Salaries increased by \$293,000 from the prior year. The majority of the increase is in the rural health clinic, which had 9.3 percent increase in visits.

The cost of professional fees increased by approximately \$144,535. This increase is primarily due to the utilization of contract emergency room physicians, whereas in the past all emergency room physicians were on salary.

The provision for bad debts increased by approximately \$355,000 from \$933,000 in fiscal year 2004 to \$1,288,000 in fiscal year 2005.

HOSPITAL SERVICE DISTRICT NO. 1A  
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 MANAGEMENT'S DISCUSSION AND ANALYSIS

**Operating and Financial Performance (Continued)**

TABLE 4  
 Patient and Hospital Statistical Data

	Year Ended September 30,		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Discharges:			
Adult and pediatric	1,088	1,038	977
Swing bed	201	226	148
Psychiatric care	76	81	85
Patient days:			
Adult and pediatric	3,316	3,442	3,294
Medicare (included in adult and pediatric)	1,973	2,391	2,345
Medicaid (included in adult and pediatric)	849	650	613
Swing bed	1,524	2,024	1,128
Psychiatric care	775	1,052	897
Emergency room visits	5,021	4,944	4,968
Average daily census:			
Adult and pediatric	9.1	9.4	9.0
Swing bed	4.2	5.5	3.1
Psychiatric care	2.1	2.9	2.5
Average length of stay:			
All patients	3.0	3.3	3.4
Medicare patients	3.2	3.6	3.5
Medicaid patients	3.0	3.4	3.2
Swing bed	7.6	9.0	7.6
Psychiatric care	10.2	13.0	10.6
Percentage of total acute patient days:			
Medicare	59%	69%	71%
Medicaid	26%	19%	19%
Rural health clinic visits	27,174	24,851	24,475
Full-time equivalents (FTEs)	176.1	175.4	174.8

HOSPITAL SERVICE DISTRICT NO. 1A  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

**Capital Assets**

Table 5 summarizes major additions to capital assets:

TABLE 5  
Major Hospital Additions

	Year Ended September 30, <u>2005</u>
Expansion and renovation of kitchen and cafeteria	\$ 501,000
Radiology equipment	181,000
Mammogram unit	74,000
Mobile office unit and parking lot improvements	<u>56,000</u>
 Total	 \$ <u>812,000</u>

**Long-Term Debt**

At year-end, the Hospital had \$599,000 in short-term and long-term debt. This has increased by \$136,000 in fiscal year 2005. In the current year the Hospital acquired new equipment under capital lease obligations totaling \$207,000. The Hospital paid \$70,000 in principal payments on outstanding debt for the fiscal year. More detailed information about the Hospital's long-term liabilities is presented in the notes to the basic financial statements.

**Contacting the Hospital's Financial Manager**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hospital administration.





## **LESTER, MILLER & WELLS**

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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 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, 2005, 2004, and 2003, as 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 auditing standards generally accepted in the United States of America 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 Hospital Service District No. 1A, Parish of Richland, as of September 30, 2005, 2004, and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2005, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the Hospital's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Board of Commissioners  
Hospital Service District No 1A  
Parish of Richland, State of Louisiana  
Delhi, Louisiana  
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Management's discussion and analysis on pages "i" through "vi" is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Lester, Miller & Wells*

Certified Public Accountants  
December 28, 2005



HOSPITAL SERVICE DISTRICT NO. 1A  
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
d/b/a RICHLAND PARISH HOSPITAL - DELHI  
HOSPITAL ENTERPRISE FUND  
BALANCE SHEETS  
SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b><u>ASSETS</u></b>			
Current			
Cash and cash equivalents (Notes 2 & 3)	\$ 133,342	\$ 1,489,970	\$ 529,942
Accounts receivable, net (Note 4)	1,900,674	1,355,654	1,721,829
Estimated third-party payor settlements	118,864	84,110	315,710
Due from joint venture	83,433	61,958	81,666
Accrued interest receivable	85,468	31,762	20,443
Inventory	276,606	246,876	233,971
Prepaid expenses	<u>27,716</u>	<u>26,981</u>	<u>14,476</u>
Total Current Assets	2,626,103	3,297,311	2,918,037
Property, plant, and equipment, net (Note 5)	3,134,850	2,429,796	2,560,317
Investments	1,733,144	700,000	-0-
Investment in joint venture	77,419	77,419	-0-
Assets whose use is limited (Note 6)	2,440,636	2,643,251	2,710,600
Other (Note 7)	<u>16,592</u>	<u>34,061</u>	<u>57,039</u>
Total Assets	\$ <u>10,028,744</u>	\$ <u>9,181,838</u>	\$ <u>8,245,993</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Current			
Accounts payable	\$ 269,051	\$ 204,433	\$ 237,532
Accrued expenses	440,789	287,803	208,779
Estimated third-party payor settlements	-0-	11,492	48,674
Current portion of long-term debt	<u>98,679</u>	<u>57,300</u>	<u>54,750</u>
Total Current Liabilities	808,519	561,028	549,735
Long-Term			
Capital lease obligations	155,054	-0-	-0-
Certificates of indebtedness (Note 8)	<u>345,150</u>	<u>405,150</u>	<u>462,450</u>
Total Liabilities	<u>1,308,723</u>	<u>966,178</u>	<u>1,012,185</u>
Net Assets			
Invested in capital assets, net of related debt	3,134,850	2,429,796	2,560,317
Restricted	201,207	144,416	144,416
Unrestricted	<u>5,383,964</u>	<u>5,641,448</u>	<u>4,529,075</u>
Total Net Assets	<u>8,720,021</u>	<u>8,215,660</u>	<u>7,233,808</u>
Total Liabilities and Net Assets	\$ <u>10,028,744</u>	\$ <u>9,181,838</u>	\$ <u>8,245,993</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO 1A  
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
d/b/a RICHLAND PARISH HOSPITAL - DELHI  
HOSPITAL ENTERPRISE FUND  
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS  
YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Revenue</b>			
Net patient service revenue	\$ 12,479,810	\$ 12,220,306	\$ 10,759,389
Gain (loss) on disposal of assets	2,730	394,419	-0-
Grants	220,745	171,847	158,674
Property tax revenue	126,521	114,753	112,832
Other operating revenue	<u>593,426</u>	<u>418,803</u>	<u>479,850</u>
Total Revenue	<u>13,423,232</u>	<u>13,320,128</u>	<u>11,510,745</u>
<b>Expenses</b>			
Salaries	6,942,109	6,649,169	6,518,018
Employee benefits	1,072,940	1,040,708	854,759
Supplies and drugs	534,091	605,750	560,705
Professional fees	242,019	97,484	94,736
Other expenses	2,271,878	2,328,192	1,835,240
Insurance	322,152	333,184	283,385
Interest expense	23,524	22,594	25,127
Depreciation	340,153	324,215	352,819
Amortization	9,630	55,311	3,612
Provision for bad debts	<u>1,287,549</u>	<u>932,994</u>	<u>967,089</u>
Total Expenses	<u>13,046,045</u>	<u>12,389,601</u>	<u>11,495,490</u>
Operating Income (Loss)	<u>377,187</u>	<u>930,527</u>	<u>15,255</u>
<b>Nonoperating Income (Loss)</b>			
Interest income on investments whose use is limited	69,585	46,934	58,250
Interest income, other	<u>57,589</u>	<u>4,391</u>	<u>3,678</u>
Total Nonoperating Income (Loss)	<u>127,174</u>	<u>51,325</u>	<u>61,928</u>
Excess of Revenue over Expenses	504,361	981,852	77,183
Net Assets Beginning of Year	<u>8,215,660</u>	<u>7,233,808</u>	<u>7,156,625</u>
Net Assets End of Year	\$ <u>8,720,021</u>	\$ <u>8,215,660</u>	\$ <u>7,233,808</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1A  
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
d/b/a RICHLAND PARISH HOSPITAL - DELHI  
HOSPITAL ENTERPRISE FUND  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<i>Cash flows from operating activities:</i>			
Cash received from patients and third-party payors	\$ 10,600,995	\$ 11,847,905	\$ 10,065,609
Other receipts from operations	936,686	748,089	827,281
Cash payments to employees and for employee-related cost	(7,916,861)	(7,663,586)	(7,389,265)
Cash payments for other operating expenses	<u>(3,344,525)</u>	<u>(3,437,016)</u>	<u>(2,833,098)</u>
Net cash provided (used) by operating activities	<u>276,295</u>	<u>1,495,392</u>	<u>670,527</u>
<i>Cash flows from investing activities:</i>			
Cash invested in assets whose use is limited	(92,784)	(1,366,591)	(561,591)
Cash proceeds from assets whose use is limited	295,399	1,433,940	-0-
Cash invested in certificates of deposit	(1,033,144)	(700,000)	-0-
Interest income	<u>127,174</u>	<u>51,325</u>	<u>61,928</u>
Net cash provided (used) by investing activities	<u>(703,355)</u>	<u>(581,326)</u>	<u>(499,663)</u>
<i>Cash flows from capital and related financing activities:</i>			
Proceeds from sales of property, plant and equipment	2,730	317,000	-0-
Acquisition of property, plant and equipment	(838,677)	(193,694)	(242,743)
Principal payments on long-term debt	(70,097)	(54,750)	(52,300)
Interest expense	<u>(23,524)</u>	<u>(22,594)</u>	<u>(25,127)</u>
Net cash provided (used) by capital and related financing activities:	<u>(929,568)</u>	<u>45,962</u>	<u>(320,170)</u>
Net increase (decrease) in cash and cash equivalents	(1,356,628)	960,028	(149,306)
Beginning cash and cash equivalents	<u>1,489,970</u>	<u>529,942</u>	<u>679,248</u>
Ending cash and cash equivalents	\$ <u>133,342</u>	\$ <u>1,489,970</u>	\$ <u>529,942</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1A  
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
d/b/a RICHLAND PARISH HOSPITAL - DELHI  
HOSPITAL ENTERPRISE FUND  
STATEMENTS OF CASH FLOWS (Continued)  
YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 377,187	\$ 930,527	\$ 15,255
Interest expense considered capital financing activity	23,524	22,594	25,127
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:			
Depreciation	340,153	324,215	352,819
Amortization	9,630	55,311	3,612
(Gain) loss on disposal of assets	(2,730)	(394,419)	-0-
Provision for bad debts	1,287,549	932,994	967,089
Change in current assets (increase) decrease			
Patient accounts receivable, net	(1,832,569)	(566,819)	(928,040)
Estimated third-party payor settlements	(34,754)	231,600	229,222
Due to (from) joint venture	(21,475)	19,708	71,724
Accrued interest receivable	(53,706)	(11,319)	(9,017)
Inventory	(29,730)	(12,905)	(7,035)
Prepaid expenses	(735)	(12,505)	(2,953)
Change in current liabilities (increase) decrease			
Accounts payable	64,618	(33,099)	(79,136)
Accrued expenses	152,986	79,024	22,621
Estimated third-party payor settlements	(11,492)	(37,182)	5,038
Change in other assets (increase) decrease	<u>7,839</u>	<u>(32,333)</u>	<u>4,201</u>
Net cash provided by operating activities	\$ <u>276,295</u>	\$ <u>1,495,392</u>	\$ <u>670,527</u>
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	\$ <u>23,049</u>	\$ <u>23,022</u>	\$ <u>21,076</u>
Equipment purchased under capital lease obligations	\$ <u>206,530</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1A  
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
d/b/a RICHLAND PARISH HOSPITAL - DELHI  
HOSPITAL ENTERPRISE FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

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 District provides outpatient, skilled nursing (through "swing-beds"), home health (by joint venture effective August 1, 2002), 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.

Basis of Accounting

The Hospital uses the accrual method of accounting. Under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, the Hospital has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989. 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 in the United States of America.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District has an economic dependence on a small number of staff physicians. These physicians admit over 90% of the Hospital's patients. The Hospital also has an economic dependence on Medicare and Medicaid as sources of payments as shown in the table in Note 12. Changes in federal or state legislation or interpretations of rules have a significant impact on the Hospital.

Net Patient Service Revenue

The District has entered into agreements with third-party payors, including government programs, health insurance companies, and managed care health plans, under which the Hospital is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates, or discounts from established charges.

Revenues are recorded at estimated amounts due from patients and third-party payors for the Hospital services provided. Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Inventory

Inventories are stated at the lower of cost determined by the first-in, first-out, or market basis.

Income Taxes

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



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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Buildings 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.

Revenue and Expenses

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are included in income or loss from operations; all peripheral transactions are reported as a component of nonoperating income.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - DEPOSITS AND INVESTMENTS

Investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in direct obligations of the United States Government and its agencies pledged by its full faith and credit, certificates of deposit and savings accounts which are secured by FDIC or pledge of securities, and government backed mutual or trust funds.

The Hospital's cash and investments are categorized to give an indication of the level of risk assumed at September 30, 2005, 2004 and 2003. Category (1) includes investments that are insured, or registered in the Hospital's name, or for which the securities are held by the Hospital or its agent in the Hospital's name. Category (2) includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Hospital's name. Category (3) includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or

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**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

agent, but not in the Hospital's name. Balances were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name at September 30, 2005, 2004 and 2003.

**NOTE 4 - ACCOUNTS RECEIVABLE**

A summary of accounts receivable is presented below:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Patient accounts receivable	\$ 2,502,146	\$ 1,776,726	\$ 2,334,178
Other accounts receivable	<u>(6,472)</u>	<u>5,928</u>	<u>4,651</u>
	2,495,674	1,782,654	2,338,829
Estimated uncollectibles	<u>(595,000)</u>	<u>(427,000)</u>	<u>(617,000)</u>
Total	\$ <u>1,900,674</u>	\$ <u>1,355,654</u>	\$ <u>1,721,829</u>

The following is a summary of the mix of receivables from patients and third-party payors at September 30:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Medicare	47%	4%	12%
Medicaid	7%	6%	20%
Commercial and other third-party payors	32%	75%	57%
Patients	<u>14%</u>	<u>15%</u>	<u>11%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

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**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>2005</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Land	\$ 159,695	\$ -0-	\$ -0-	\$ 159,695
Buildings and improvements	4,026,458	70,472	-0-	4,096,930
Major movable equipment	3,369,508	267,244	-0-	3,636,752
Equipment under lease obligations	-0-	206,530	-0-	206,530
Construction in progress	<u>32,506</u>	<u>500,961</u>	<u>-0-</u>	<u>533,467</u>
 Total	 7,588,167	 1,045,207	 -0-	 8,633,374
Accumulated depreciation	<u>5,158,371</u>	<u>340,153</u>	<u>-0-</u>	<u>5,498,524</u>
 Net	 <u>\$ 2,429,796</u>	 <u>\$ 705,054</u>	 <u>\$ -0-</u>	 <u>\$ 3,134,850</u>

	<u>2004</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Land	\$ 115,000	\$ 44,695	\$ -0-	\$ 159,695
Buildings and improvements	3,916,696	1,700	(108,062)	4,026,458
Major movable equipment	3,281,436	96,072	8,000	3,369,508
Construction in progress	<u>89,341</u>	<u>51,227</u>	<u>108,062</u>	<u>32,506</u>
 Total	 7,402,473	 193,694	 8,000	 7,588,167
Accumulated depreciation	<u>4,842,156</u>	<u>324,215</u>	<u>8,000</u>	<u>5,158,371</u>
 Net	 <u>\$ 2,560,317</u>	 <u>\$ (130,521)</u>	 <u>\$ -0-</u>	 <u>\$ 2,429,796</u>

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**NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT (Continued)**

	Beginning Balance	2003		Ending Balance
		Additions	Dispositions	
Land	\$ 115,000	\$ -0-	\$ -0-	\$ 115,000
Buildings and improvements	3,899,097	17,599	-0-	3,916,696
Major movable equipment	3,145,633	135,803	-0-	3,281,436
Construction in progress	-0-	89,341	-0-	89,341
<b>Total</b>	<b>7,159,730</b>	<b>242,743</b>	<b>-0-</b>	<b>7,402,473</b>
Accumulated depreciation	4,489,337	352,819	-0-	4,842,156
<b>Net</b>	<b>\$ 2,670,393</b>	<b>\$ (110,076)</b>	<b>\$ -0-</b>	<b>\$ 2,560,317</b>

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**

	2005	2004	2003
Restricted by Hospital Board:			
To be used for asset additions and replacements			
Certificates of deposit	\$ 2,239,429	\$ 2,498,835	\$ 2,566,184
LHA trust deposits	201,207	144,416	144,416
<b>Assets whose use is limited</b>	<b>\$ 2,440,636</b>	<b>\$ 2,643,251</b>	<b>\$ 2,710,600</b>

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**NOTE 7 - OTHER ASSETS**

Other assets consist of the following:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Start-up cost	\$ -0-	\$ 9,630	\$ 12,941
Medical scholarships receivable	<u>16,592</u>	<u>24,431</u>	<u>44,098</u>
 Total	 <u>\$ 16,592</u>	 <u>\$ 34,061</u>	 <u>\$ 57,039</u>

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

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

**NOTE 8 - LONG-TERM DEBT**

Following is a summary of long-term debt at September 30:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
4.7 percent Series 2002 Certificates of Indebtedness, due February 1, 2011, collateralized by a pledge and dedication of the District's ad valorem tax revenues through 2010.	\$ 405,150	\$ 462,450	\$ 517,200
Capital lease obligations, at varying rates of imputed interest from 3.75 percent to 3.95 percent collateralized by leased equipment	<u>193,733</u>	<u>-0-</u>	<u>-0-</u>
Total long-term debt	598,883	462,450	517,200
Less current maturities of long-term debt	<u>98,679</u>	<u>57,300</u>	<u>54,750</u>
 Long-term debt	 <u>\$ 500,204</u>	 <u>\$ 405,150</u>	 <u>\$ 462,450</u>

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**NOTE 8 - LONG-TERM DEBT (Continued)**

Scheduled principal and interest payments of bonds payable and payments on capital lease obligations are as follows:

	Long-term Debt Principal	Long-term Debt Interest	Capital Lease Obligations
2006	\$ 60,000	\$ 17,632	\$ 45,640
2007	62,850	14,745	45,640
2008	65,800	11,722	45,640
2009	68,900	8,556	45,640
2010	72,100	5,243	30,185
2011	<u>75,500</u>	<u>1,774</u>	<u>-0-</u>
Totals	\$ <u>405,150</u>	\$ <u>59,672</u>	212,745
Less amount representing interest on capital lease obligations			<u>19,012</u>
Total			\$ <u>193,733</u>

**NOTE 9 - AFFILIATED ORGANIZATION**

Affiliated organizations include Richland Parish Hospital Service District No. 1, Richland Parish Hospital Service District No. 1B, and the Richland Parish Police Jury. The districts are related because they are all political subdivisions of the Richland Parish Police Jury 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>2005</u>	<u>2004</u>	<u>2003</u>
Beginning amount due to Richardson Medical Center	\$ (1,762)	\$ 1,192	\$ -0-
Expenses incurred by the Hospital and payable by the Hospital	16,411	19,965	22,652
Payments by the Hospital to Richardson Medical Center	<u>(14,649)</u>	<u>(22,919)</u>	<u>(21,460)</u>
Ending amount due to Richardson Medical Center	\$ <u>-0-</u>	\$ <u>(1,762)</u>	\$ <u>1,192</u>

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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 6.2% of the participant's compensation. The amounts charged to pension expense under this plan were \$416,761, \$392,392 and \$393,502 for the years ended September 30, 2005, 2004 and 2003, 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 \$147,708, \$132,392 and \$130,106 of vacation pay at September 30, 2005, 2004 and 2003, 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 District's policy is to recognize the cost of unvested sick pay when actually paid to employees.

NOTE 12 - PATIENT SERVICE REVENUE

The District has agreements with third-party payors that provide for 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. Certain outpatient services related to Medicare beneficiaries are paid based on a set fee per diagnosis with a hold harmless provision for cost reimbursement until January 1, 2006, unless legislation is passed to extend this provision. The additional payments received under the hold harmless provision was \$291,215, \$403,146, and \$490,724 for the years ended September 30, 2005, 2004, and 2003, respectively. Swing bed routine services are reimbursed based on a prospectively determined rate per patient day and other services such as geriatric psychiatry are reimbursed based upon a cost reimbursement methodology (subject to a target amount per discharge).

Medicaid - Inpatient services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. 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 the Medicaid fiscal intermediary.

Commercial - The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates.

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**NOTE 12 - PATIENT SERVICE REVENUE (Continued)**

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>2005</u>	<u>2004</u>	<u>2003</u>
Medicare and Medicaid gross patient charges	\$ 13,592,414	\$ 13,911,627	\$ 13,086,057
Contractual adjustments, including uncompensated care reimbursement	<u>(4,623,500)</u>	<u>(4,354,734)</u>	<u>(4,876,488)</u>
Program patient service revenue	\$ <u>8,968,914</u>	\$ <u>9,556,893</u>	\$ <u>8,209,569</u>
Percent of total patient gross charges	<u>76%</u>	<u>80%</u>	<u>82%</u>
Percent of total patient revenues	<u>72%</u>	<u>78%</u>	<u>76%</u>

The Hospital received interim amounts of \$820,713, \$1,309,394 and \$514,204 for Medicaid and self-pay uncompensated care services for the years ended September 30, 2005, 2004, and 2003, respectively. The interim amounts received are based upon uncompensated cost incurred in previous years. Current regulations require retroactive audit of the claimed uncompensated cost and comparison to the interim amounts paid by Medicaid in each fiscal year. Any overpayments will be recouped by Medicaid and the Hospital has not made any provisions for such recoupments. Management contends interim amounts paid reasonably estimate final settlement. To the extent management's estimates differ from actual results, the differences will be used to adjust income for the period when differences arise.

**NOTE 13 - 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 re-determined 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.



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**NOTE 14 - CONTINGENCIES**

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that no allowances for loss contingencies are 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 12) - 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 program, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims which have already been paid to the Hospital.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as privacy, licensure, accreditation, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Professional Liability Risk (Note 13) - 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 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

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NOTE 14 - CONTINGENCIES (Continued)

Louisiana Hospital Association Trust Fund. The District has acquired stop-loss insurance to cover individual claims exceeding \$20,000 or aggregate claims exceeding \$1,000,000 per year.

NOTE 15 - JOINT VENTURE

The Hospital entered into a cooperative endeavor agreement on August 15, 2001, with Delhi Homecare, LLC. The agreement's intention is to ensure that home health services are readily available to the residents of the Hospital's district. The Hospital participates in profits and losses equal to seventy-one percent (71%) within its service area. Outside of the Hospital's service area, the participation is lowered to twenty-nine percent (29%). The Hospital's liability for losses is limited to the amount of the annual rent paid by Delhi Homecare, LLC. The Hospital does not have an equity interest in the cooperative endeavor, therefore accounts for this arrangement using the cost method. The Hospital terminated its cooperative endeavor agreement effective October 1, 2003, with Delhi Homecare, LLC and entered into a new agreement. Under the terms of the new agreement, the Hospital agreed to change its profit sharing percentage from seventy-one percent (71%) and twenty-nine percent (29%) to thirty-three percent (33%) in exchange for \$315,000 and a thirty-three percent (33%) equity interest in Delhi Homecare, LLC. The \$315,000 plus the \$77,419 of equity interest acquired by the Hospital has been reported as a gain on sale of assets.

NOTE 16 - COMMITMENTS

The Hospital has entered into a construction contract during the year ended September 30, 2004, which totaled \$566,135, including charge orders as of September 30, 2005. The Hospital paid \$449,573 towards the commitment as of September 30, 2005.

NOTE 17 - SUBSEQUENT EVENTS

Effective October 1, 2005, the Hospital converted to a critical access hospital status for Medicare reimbursement based on cost rather than a prospectively determined rate

**SUPPLEMENTARY INFORMATION**

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	<u>2005</u>	<u>2004</u>	<u>2003</u>
Routine Services:			
Adult and pediatric	\$ 1,036,383	\$ 1,059,967	\$ 1,085,284
Swing bed	274,860	363,240	203,580
Psychiatric unit	<u>657,900</u>	<u>905,250</u>	<u>762,450</u>
Total Routine Services	<u>1,969,143</u>	<u>2,328,457</u>	<u>2,051,314</u>
Other Professional Services:			
Operating room			
Inpatient acute	61,424	25,528	35,343
Outpatient	<u>893,344</u>	<u>117,316</u>	<u>185,321</u>
Total	<u>954,768</u>	<u>142,844</u>	<u>220,664</u>
Anesthesia			
Inpatient acute	-0-	310	310
Outpatient	<u>-0-</u>	<u>2,170</u>	<u>2,170</u>
Total	<u>-0-</u>	<u>2,480</u>	<u>2,480</u>
Radiology			
Inpatient acute	381,293	422,527	364,493
Outpatient	929,831	928,427	919,462
Swing bed	53,270	62,697	44,461
Psychiatric unit	<u>15,974</u>	<u>31,183</u>	<u>26,205</u>
Total	<u>1,380,368</u>	<u>1,444,834</u>	<u>1,354,621</u>
Laboratory			
Inpatient acute	576,408	497,258	541,977
Outpatient	1,559,402	1,310,664	1,117,836
Swing bed	64,270	75,956	53,656
Psychiatric unit	<u>34,626</u>	<u>40,517</u>	<u>40,981</u>
Total	<u>2,234,706</u>	<u>1,924,395</u>	<u>1,754,450</u>
Blood			
Inpatient acute	84,770	78,926	58,596
Outpatient	4,160	-0-	4,001
Swing bed	<u>6,855</u>	<u>11,107</u>	<u>7,588</u>
Total	\$ <u>95,785</u>	\$ <u>90,033</u>	\$ <u>70,185</u>

HOSPITAL SERVICE DISTRICT NO. 1A  
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
d/b/a RICHLAND PARISH HOSPITAL - DELHI  
HOSPITAL ENTERPRISE FUND  
NET PATIENT SERVICE REVENUE (Continued)  
YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Respiratory therapy			
Inpatient acute	\$ 912,271	\$ 876,424	\$ 963,206
Outpatient	150,964	98,938	98,386
Swing bed	348,967	530,343	320,403
Psychiatric unit	<u>21,034</u>	<u>20,907</u>	<u>12,439</u>
Total	<u>1,433,236</u>	<u>1,526,612</u>	<u>1,394,434</u>
Physical therapy			
Inpatient acute	29,685	16,539	19,618
Outpatient	310,992	336,407	263,815
Swing bed	<u>48,377</u>	<u>79,188</u>	<u>46,136</u>
Total	<u>389,054</u>	<u>432,134</u>	<u>329,569</u>
Occupational therapy			
Inpatient acute	8,345	5,976	7,277
Outpatient	225,616	197,717	153,352
Swing bed	<u>33,686</u>	<u>50,543</u>	<u>27,682</u>
Total	<u>267,647</u>	<u>254,236</u>	<u>188,311</u>
Speech therapy			
Inpatient acute	-0-	-0-	150
Outpatient	<u>-0-</u>	<u>-0-</u>	<u>4,920</u>
Total	<u>-0-</u>	<u>-0-</u>	<u>5,070</u>
Electrocardiology			
Inpatient acute	133,026	115,758	134,066
Outpatient	136,579	118,024	135,683
Swing bed	2,604	3,472	1,812
Psychiatric unit	<u>11,284</u>	<u>12,028</u>	<u>12,684</u>
Total	<u>283,493</u>	<u>249,282</u>	<u>284,245</u>
Central supply			
Inpatient acute	56,842	76,815	100,683
Outpatient	50,977	41,390	51,096
Swing bed	34,628	39,811	26,193
Psychiatric unit	<u>3,468</u>	<u>2,153</u>	<u>2,144</u>
Total	\$ <u>145,915</u>	\$ <u>160,169</u>	\$ <u>180,116</u>

HOSPITAL SERVICE DISTRICT NO 1A  
OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
d/b/a RICHLAND PARISH HOSPITAL - DELHI  
HOSPITAL ENTERPRISE FUND  
NET PATIENT SERVICE REVENUE (Continued)  
YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Pharmacy			
Inpatient acute	\$ 1,456,171	\$ 1,460,942	\$ 1,505,145
Outpatient	656,373	635,191	684,712
Swing bed	536,508	674,427	355,296
Psychiatric unit	<u>116,732</u>	<u>147,718</u>	<u>109,320</u>
Total	<u>2,765,784</u>	<u>2,918,278</u>	<u>2,654,473</u>
IOP/PHP Psychiatric therapy sessions			
Outpatient	<u>928,000</u>	<u>979,200</u>	<u>1,023,000</u>
Cardio rehabilitation			
Outpatient	<u>203,520</u>	<u>168,625</u>	<u>212,075</u>
Certified diabetic education			
Outpatient	<u>19,060</u>	<u>14,435</u>	<u>15,920</u>
Emergency room			
Inpatient acute	199,202	185,477	189,974
Outpatient	1,111,611	1,055,615	1,045,023
Psychiatric unit	<u>665</u>	<u>565</u>	<u>1,196</u>
Total	<u>1,311,478</u>	<u>1,241,657</u>	<u>1,236,193</u>
Observation room			
Outpatient	<u>12,906</u>	<u>7,056</u>	<u>6,252</u>
Rural health			
Clinic	<u>3,358,114</u>	<u>3,140,194</u>	<u>2,875,151</u>
School-based			
Clinic	<u>60,949</u>	<u>59,255</u>	<u>39,399</u>
Mental health rehabilitation			
Clinic	<u>21,925</u>	<u>197,975</u>	<u>122,450</u>
Transportation			
Outpatient	\$ <u>24,349</u>	\$ <u>29,075</u>	\$ <u>6,721</u>

HOSPITAL SERVICE DISTRICT NO. 1A  
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
 d/b/a RICHLAND PARISH HOSPITAL - DELHI  
 HOSPITAL ENTERPRISE FUND  
 NET PATIENT SERVICE REVENUE (Continued)  
 YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Other Professional Services			
Inpatient acute	\$ 3,899,437	\$ 3,762,480	\$ 3,920,838
Outpatient	7,217,684	6,040,250	5,929,745
Clinics	3,440,988	3,397,424	3,037,000
Swing bed	1,129,165	1,527,544	883,227
Psychiatric unit	<u>203,783</u>	<u>255,071</u>	<u>204,969</u>
 Total Other Professional Services	 <u>15,891,057</u>	 <u>14,982,769</u>	 <u>13,975,779</u>
 Gross Patient Service Charges	 <u>17,860,200</u>	 <u>17,311,226</u>	 <u>16,027,093</u>
Deductions from Revenue:			
Contractual allowances	6,150,973	6,382,722	5,768,186
Policy discount	50,130	17,592	13,722
Uncompensated care reimbursement	<u>(820,713)</u>	<u>(1,309,394)</u>	<u>(514,204)</u>
 Total Deductions from Revenue	 <u>5,380,390</u>	 <u>5,090,920</u>	 <u>5,267,704</u>
 Net Patient Service Revenue	 <u>\$ 12,479,810</u>	 <u>\$ 12,220,306</u>	 <u>\$ 10,759,389</u>

HOSPITAL SERVICE DISTRICT NO. 1A  
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
 d/b/a RICHLAND PARISH HOSPITAL - DELHI  
 HOSPITAL ENTERPRISE FUND  
 OTHER OPERATING REVENUE  
 YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Pharmacy sales to employees	\$ 35,909	\$ 35,979	\$ 33,772
Television	-0-	272	5,987
Cafeteria	80,967	79,373	63,873
Medical records	5,581	4,889	6,112
Vending machines	31,836	31,702	30,086
Rentals	44,200	26,000	24,300
Joint venture	311,700	199,489	277,747
LHA insurance refund	56,791	-0-	-0-
Miscellaneous	<u>26,442</u>	<u>41,099</u>	<u>37,973</u>
 Total other operating revenue	 \$ <u>593,426</u>	 \$ <u>418,803</u>	 \$ <u>479,850</u>



HOSPITAL SERVICE DISTRICT NO. 1A  
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
 d/b/a RICHLAND PARISH HOSPITAL - DELHI  
 HOSPITAL ENTERPRISE FUND  
 SCHEDULE OF OPERATING EXPENSES – SALARIES AND BENEFITS  
 YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Administration	\$ 718,594	\$ 634,141	\$ 608,811
Plant operations and maintenance	72,909	72,778	87,003
Housekeeping	107,786	108,100	103,750
Dietary	154,177	146,365	136,178
Inservice	53,723	41,720	40,529
Central supply	11,539	12,323	13,496
Pharmacy	143,207	153,793	148,944
Medical records	177,336	179,364	174,806
Nursing services - Inpatient acute	859,873	834,808	782,437
Nursing services - Geriatric psychiatric	317,745	389,940	422,002
Operating room	62,391	32,272	38,124
Radiology	179,054	163,431	180,301
Laboratory	377,951	350,725	300,591
Respiratory therapy	187,777	154,703	145,308
Physical therapy	201,467	193,075	166,940
EKG	26,908	27,098	33,100
IOP/PHP - Psychiatric therapy	240,434	275,241	353,576
Cardio rehabilitation	114,360	102,694	106,193
Certified diabetic education	37,946	34,530	33,113
Rural health clinic	1,901,455	1,739,046	1,640,132
Emergency room	765,389	754,890	732,324
Home health	-0-	6,933	5,847
School based health clinic	162,399	160,162	148,711
Mental health rehabilitation clinic	-0-	7,373	99,988
Transportation	<u>67,689</u>	<u>73,664</u>	<u>15,814</u>
 Total salaries	 <u>6,942,109</u>	 <u>6,649,169</u>	 <u>6,518,018</u>
 Hospital insurance	 540,843	 538,021	 352,415
Retirement plan	416,761	392,392	393,502
Payroll taxes	94,989	92,320	87,414
Other	<u>20,347</u>	<u>17,975</u>	<u>21,428</u>
 Total benefits	 <u>1,072,940</u>	 <u>1,040,708</u>	 <u>854,759</u>
 Total salaries and benefits	 \$ <u>8,015,049</u>	 \$ <u>7,689,877</u>	 \$ <u>7,372,777</u>

HOSPITAL SERVICE DISTRICT NO 1A  
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
 d/b/a RICHLAND PARISH HOSPITAL - DELHI  
 HOSPITAL ENTERPRISE FUND  
 SCHEDULE OF OPERATING EXPENSES – PROFESSIONAL FEES  
 YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

	<u>2005</u>		<u>2004</u>		<u>2003</u>
Nursing services - Geriatric psychiatric	\$ -0-	\$	250	\$	-0-
Radiology	5,242		1,435		451
Laboratory	68,194		19,731		8,250
Physical therapy	30		61		200
IOP/PHP - Psychiatric therapy sessions	62,400		62,467		72,101
Emergency room	98,473		-0-		-0-
Rural health clinic	-0-		100		2,075
Mental rehabilitation	3,000		12,000		12,000
Home health	-0-		-0-		(701)
EKG	<u>4,680</u>		<u>1,440</u>		<u>360</u>
 Total professional fees	 \$ <u>242,019</u>	 \$	 <u>97,484</u>	 \$	 <u>94,736</u>

**HOSPITAL SERVICE DISTRICT NO. 1A**  
**OF THE PARISH OF RICHLAND, STATE OF LOUISIANA**  
**d/b/a RICHLAND PARISH HOSPITAL - DELHI**  
**HOSPITAL ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES – OTHER EXPENSES**  
**YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Contract services	\$ 408,748	\$ 568,436	\$ 335,183
Legal and accounting	45,807	122,198	83,589
Supplies	1,061,462	1,044,792	907,358
Repairs and maintenance	232,917	192,318	108,846
Utilities	139,556	135,473	120,912
Telephone	55,081	54,801	80,732
Travel - home health	52	-0-	55
Travel - other	43,832	29,539	20,591
Rentals	123,350	60,834	64,060
Education	27,026	31,064	41,048
Recruitment and advertising	76,023	41,593	23,628
Dues and subscriptions	14,273	7,359	6,033
Miscellaneous	<u>43,751</u>	<u>39,785</u>	<u>43,205</u>
 Total other expenses	 \$ <u>2,271,878</u>	 \$ <u>2,328,192</u>	 \$ <u>1,835,240</u>

HOSPITAL SERVICE DISTRICT NO. 1A  
 OF THE PARISH OF RICHLAND, STATE OF LOUISIANA  
 d/b/a RICHLAND PARISH HOSPITAL - DELHI  
 HOSPITAL ENTERPRISE FUND  
 SCHEDULE OF PER DIEM AND  
 OTHER COMPENSATION PAID TO BOARD MEMBERS  
 YEARS ENDED SEPTEMBER 30, 2005, 2004, AND 2003

----- TERM -----

Board Members:	<u>BEGAN</u>	<u>ENDING</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Mr. Charles Black	04/18/89	06/06/11	NONE	NONE	NONE
Mrs Eleanor Jones	04/18/89	05/07/07	NONE	NONE	NONE
Mr. Jimmy Hopson	04/18/89	09/15/09	NONE	NONE	NONE
Dr Paul Grandon	08/20/93	09/15/09	NONE	NONE	NONE
Mr Nathan Monroe	05/07/01	05/07/09	NONE	NONE	NONE



**LESTER, MILLER & WELLS**

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

3600 Bayou Rapides Rd · Alexandria LA 71303

Members:

American Institute of CPA's

Society of Louisiana CPA's

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Robert G. Miller, CPA

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Mary L. Carroll, CPA

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

We have audited the financial statements of the Richland Parish Hospital Service District No. 1A, (the District or the Hospital) as of and for the years ended September 30, 2005, 2004, and 2003, and have issued our report thereon dated December 28, 2005. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

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

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

*Lester, Miller, & Wells*

Certified Public Accountants  
December 28, 2005

