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**WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT**  
**OF ASCENSION PARISH, LOUISIANA**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2001 AND 2000**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 3/6/02



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**WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT**  
**OF ASCENSION PARISH, LOUISIANA**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2001 AND 2000**



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT  
OF ASCENSION PARISH, LOUISIANA

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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, 2001 and 2000, 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 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 the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana as of August 31, 2001 and 2000, 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 a report dated November 30, 2001 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. 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 conducted for the purpose of forming an opinion on the financial statements of West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, taken as a whole. The supplemental schedule 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  
November 30, 2001

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

**BALANCE SHEETS**  
**AUGUST 31, 2001 AND 2000**

**ASSETS**

	<u>2001</u>	<u>2000</u>
<b><u>CURRENT ASSETS</u></b>		
Cash	\$ 250,357	\$ 300,309
Certificates of deposit	2,465,055	3,218,456
Patient accounts receivable, (net of estimated uncollectibles of \$640,393 in 2001 and \$596,415 in 2000)	521,446	445,982
Inventory	129,662	136,206
Sales tax receivable	104,852	102,062
Estimated third-party payor settlements	117,475	174,713
Investments	3,131,024	2,297,354
Other current assets	93,300	73,497
Total current assets	<u>6,813,171</u>	<u>6,748,579</u>
<b><u>PROPERTY AND EQUIPMENT</u></b> - net	<u>1,184,412</u>	<u>1,148,144</u>
<b>TOTAL ASSETS</b>	<b>\$ 7,997,583</b>	<b>\$ 7,896,723</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 107,209	\$ 257,699
Accrued expenses	66,604	61,737
Total current liabilities	<u>173,813</u>	<u>319,436</u>
<b><u>FUND BALANCE</u></b>		
Unrestricted	<u>7,823,770</u>	<u>7,577,287</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 7,997,583</b>	<b>\$ 7,896,723</b>

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, 2001 AND 2000**

	2001	2000
<b><u>REVENUE</u></b>		
Net patient service revenues	\$ 3,322,555	\$ 3,059,431
<b><u>OPERATING EXPENSES</u></b>		
Salaries and benefits	1,540,736	1,476,902
Professional contracted services	901,279	907,333
Medical supplies and drugs	443,112	483,286
Other operating	419,420	355,309
Provision for bad debts	817,900	629,742
Provision for depreciation	124,606	100,254
Total operating expenses	4,247,053	3,952,826
<b><u>LOSS FROM OPERATIONS</u></b>	(924,498)	(893,395)
<b><u>NON OPERATING REVENUES</u></b>		
Sales tax	724,089	668,525
Investment earnings	446,892	304,496
Total non operating revenues	1,170,981	973,021
<b><u>REVENUES AND GAINS OVER (UNDER) EXPENSES</u></b>	\$ 246,483	\$ 79,626

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 FUND BALANCE**  
**YEARS ENDED AUGUST 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
Fund balance, beginning of year	\$ 7,577,287	\$ 7,497,661
Revenues and gains over (under) expenses	<u>246,483</u>	<u>79,626</u>
<b>Fund balance, end of year</b>	<b><u><u>\$ 7,823,770</u></u></b>	<b><u><u>\$ 7,577,287</u></u></b>

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, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from patients and other third-party payors	\$ 2,486,429	\$ 2,437,136
Cash payments to suppliers for goods and services	(2,074,569)	(1,785,456)
Cash payments to employees for services	(1,362,017)	(1,303,705)
Net cash used in operating activities	<u>(950,157)</u>	<u>(652,025)</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Sales taxes received	721,299	682,726
Net cash provided by non-capital financing activities	<u>721,299</u>	<u>682,726</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Acquisitions of capital assets	(173,630)	(202,516)
Cash received from sales of capital assets	5,750	156
Net cash used in capital and related financing activities	<u>(167,880)</u>	<u>(202,360)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net decrease in certificates of deposit	753,401	35,056
Purchases of investments	(1,598,670)	(214,536)
Proceeds from sales/maturities of investments	765,000	-
Interest on investments	427,055	289,727
Net cash provided by investing activities	<u>346,786</u>	<u>110,247</u>
Net increase (decrease) in cash	(49,952)	(61,412)
Cash at beginning of year	<u>300,309</u>	<u>361,721</u>
Cash at end of year	<u>\$ 250,357</u>	<u>\$ 300,309</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, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b><u>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES</u></b>		
Loss from operations	\$ (924,498)	\$ (893,395)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Depreciation	124,606	100,254
Loss on disposition of assets	7,006	2,927
Provision for uncollectible accounts, contractual adjustments, and courtesy allowances	817,900	330,000
Changes in assets and liabilities:		
Increase in receivables	(893,364)	(250,253)
Decrease in inventory	6,544	1,681
(Increase) in estimated third-party payor settlements	57,238	(72,300)
(Increase) Decrease in other current assets	34	(369)
Increase in accounts payable	(150,490)	121,015
Increase in accrued expenses payable	4,867	8,415
Total adjustments	<u>(25,659)</u>	<u>241,370</u>
Net cash used in operating activities	<u>\$ (950,157)</u>	<u>\$ (652,025)</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. 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 District 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.

**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 the 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 District 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 District 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 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).

**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 District 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 District 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 District is insured 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 District.



**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 \$2,715,412 and \$3,518,765, respectively as follows:

	2001	2000
Petty Cash	\$ 325	\$ 325
Demand deposit	250,032	299,984
Total	250,357	300,309
Certificates of Deposit	2,465,055	3,218,456
Total Deposits	\$ 2,715,412	\$ 3,518,765

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 District's deposits were \$2,715,412 and the bank balance was \$2,723,980. Of the bank balance, \$506,845 was covered by federal depository insurance, \$1,020,467 was covered by collateral held by the pledging bank's agent in the District's name (Category 2) and \$1,196,668 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 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. 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 District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 1998.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through August 31, 1997.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District 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:

	2001	2000
Interest Income	\$ 341,300	\$ 328,558
Changes in Market Value	105,592	( 24,062)
	\$ 446,892	\$ 304,496



**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>2001</u>	<u>2000</u>
Land	\$ 14,042	\$ 14,042
Buildings and grounds	1,928,779	1,902,917
Fixed equipment	1,076,264	1,004,357
Furniture and fixtures	<u>33,257</u>	<u>33,257</u>
	3,052,342	2,954,573
Less accumulated depreciation	( 1,867,930)	( 1,806,429)
Property and equipment, net	\$ 1,184,412	\$ 1,148,144

**7. Concentrations of Credit Risk**

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

	<u>2001</u>	<u>2000</u>
Medicare and Medicaid	48.7 %	51.39%
Blue Cross	4.0	3.5
Commercial	25.4	27.3
Private Pay	<u>21.9</u>	<u>17.9</u>
	<u>100.0%</u>	<u>100.09%</u>



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT

OF ASCENSION PARISH, LOUISIANA

SUPPLEMENTAL SCHEDULES

AUGUST 31, 2001 AND 2000



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

**Schedule I**

**SCHEDULES OF PATIENT SERVICE REVENUES**  
**YEARS ENDED AUGUST 31, 2001 AND 2000**

	2001	2000
Nursing services:		
Routine service (daily service charges)	\$ 173,655	\$ 213,885
Operating room	9,387	15,170
Emergency room	2,046,867	1,793,012
Recovery room	3,223	3,485
Therapy	215,246	231,455
Central services and supply	76,705	97,427
	2,525,083	2,354,434
Other services:		
Laboratory	826,228	802,693
Pharmacy	198,001	226,241
Radiology	194,563	198,271
Emergency room physicians	13,700	17,302
Pathology	2,744	1,848
Medical transcription fees	4,561	4,126
EKG	63,243	57,215
Physical therapy	1,679	1,988
Gastrology	47,176	48,840
Ultrasound	58,540	53,075
Mammography	37,600	27,330
Medicaid disproportionate share	414,908	174,946
Miscellaneous	45,997	46,880
Cost report settlements	-	63,129
	1,908,940	1,723,884
Total patient service revenues	4,434,023	4,078,318
Adjustments	(1,111,468)	(1,018,887)
Net patient service revenue	\$ 3,322,555	\$ 3,059,431





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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, 2001 and have issued our report thereon dated November 30, 2001. We conducted our audit 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.

**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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 01-1

**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. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 01-2.

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 solely for the information and use of the Board of Commissioners, management, and others within the organization, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Patthwright & Nettville*

Donaldsonville, Louisiana  
November 30, 2001



**WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT**  
**OF ASCENSION PARISH, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED AUGUST 31, 2001**

**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 as item 01-2 in Part B. of this schedule. This condition is reported as a material weakness.
3. One instance of noncompliance that is not material to the financial statements was disclosed during the audit of the financial statements. The instance is reported in Part B of this schedule as item 01-1.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT  
COMPLIANCE**

01-1 Bid Law

***Finding:*** LSA-RS 38:2212 requires that all material and supply purchases exceeding \$15,000 need to be publicly bid. This statute also requires governmental entities to provide a notice of a public emergency for purchases that are made as the result of an emergency.

The District obtained quotes for the purchase of diagnostic equipment at a cost of \$66,300. This purchase should have been publicly bid. Additionally, a generator was purchased as the result of an emergency, but the District did not publish notice of the public emergency in the official journal.

***Recommendation:*** All purchases in excess of \$15,000 should be let by contract to the lowest bidder that meets the specifications. Also, when purchases which would be subject to bid law are made as the result of a public emergency, the District should prepare a written determination of the emergency and publish the notice within ten days in the official journal.

**REPORTABLE CONDITIONS**

01-2 Internal Control

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

***Recommendation:*** No action is recommended.



**WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT**  
**OF ASCENSION PARISH, LOUISIANA**

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED AUGUST 31, 2001**

A. INTERNAL CONTROL AND COMPLIANCE

The Hospital had no findings in the prior year.

B. MANAGEMENT LETTER FINDINGS

No management letter was issued in the prior year.





# PREVOST MEMORIAL HOSPITAL

P.O. Box 186  
Donaldsonville, La. 70346

## CORRECTIVE ACTION PLAN

PHONE: (504) 473-7931  
VINCE A. CATALDO  
ADMINISTRATOR  
J.C.A.H. APPROVED

BOARD OF COMMISSIONERS  
WILLARD BOURG  
CHAIRMAN

MICHEL Y. HIRSCH, M.D. - VICE-CHAIRMAN  
GLEN ROBERT - TREASURER  
A. J. GOMEZ - RECORDING SECRETARY

Louisiana Legislative Auditor

The West Ascension Parish Hospital Service District respectfully submits the following corrective action plan for the year ended August 31, 2001.

Name and address of independent public accounting firm: Postlethwaite & Netterville, APAC  
P. O. Box 1190  
Donaldsonville, LA 70346

Audit Period: September 1, 2000 – August 31, 2001

The findings from November 30, 2001 schedule of findings and questioned costs and the management letter are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS – FINANCIAL STATEMENT AUDIT

#### 01-1 Bid Law

Purchases of materials and supplies in excess of \$15,000 will be publicly bid. When a public emergency is declared, notice of the emergency will be published in the official journal within ten days. These procedures will be followed immediately.

#### 01-2 Internal Control

No action will be taken. It would not be cost efficient to hire additional people to produce segregation of duties among all accounting functions.

### FINDINGS – MANAGEMENT LETTER

#### ML-1 Bank Reconciliations

Bank reconciliations will be prepared accurately. Any differences between reconciled balances and the general ledger will be resolved timely. This will be instituted immediately.

#### ML-2 Patient Files

Patient files will include the patient's signature as documentation of approval for services that have been performed. This will be instituted immediately.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Vince Cataldo (225) 473-7931.

Sincerely,

A handwritten signature in cursive script that reads "Vince Cataldo". The signature is written in black ink and is positioned above the typed name.

Vince Cataldo  
Administrator



**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

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November 14, 2001

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

In planning and performing our audit of the financial statements of the West Ascension Parish Hospital Service District for the year ended August 31, 2001, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated November 30, 2001. This letter does not affect our report on the August 31, 2001 financial statements.

### Comments

ML-1 All bank account reconciliations should balance to the general ledger. Two bank account reconciliations that were prepared by accounting personnel did not balance to the general ledger as of August 31, 2001. Several voided checks from the beginning of the fiscal year were manually canceled, but had not been voided in the general ledger.

Any differences between reconciled balances and the general ledger should be communicated to the proper management personnel. These differences should be resolved timely to ensure that the accounting records are accurate. All checks that are voided should be immediately recorded in the general ledger.

ML-2 Several patient files did not contain any signed documentation of admission/insurance authorizations.

Patient files should include the patient's signature as documentation of approval for services that have been performed.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

*Pastthwaite & Methwill*