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WEST JEFFERSON SERVICE CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2008 and 2007

P&N Postlethwaite & Netterville
A Professional Accounting Corporation
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FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

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P&N Postlethwaite & Netterville

A Professional Accounting Corporation
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Report of Independent Auditors

The Board of Directors
West Jefferson Service Corporation

We have audited the accompanying basic financial statements of West Jefferson Service Corporation (the Service Corporation), a component of the Jefferson Parish Hospital Service District No. 1, as of and for the year ended December 31, 2008. These financial statements are the responsibility of the Service Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements as of and for year ended December 31, 2008 of the Service Corporation's 50% joint venture investments in West Jefferson MRI, LLC, West Jefferson Surgery Center, LLC, and West Jefferson CT Scan, LLC which combined represents 110% of investments in joint ventures for 2008 and 119% of earnings from joint ventures for 2008. Those financial statements were audited by other auditors whose reports thereon were furnished to us and our opinion, insofar as it relates to the amounts included for the investment in West Jefferson MRI, LLC, West Jefferson MRI, LLC, and West Jefferson CT Scan, LLC, is based on the report of other auditors. The financial statements of the Service Corporation as of December 31, 2007, were audited by other auditors whose report dated March 5, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Service Corporation's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides 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 Service Corporation at December 31, 2008, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

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In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2009 on our consideration of the Service Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 to 5 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 principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Postlethwaite & Netterville

April 17, 2009
Metairie, Louisiana

P&N

WEST JEFFERSON SERVICE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008 and 2007

The Management's Discussion and Analysis ("MD&A") offers the readers of the West Jefferson Service Corporation's ("Service Corporation") financial statements this narrative overview and analysis of the financial activities of the Service Corporation for the years ended December 31, 2008 and 2007. The information presented here should be considered in conjunction with the accompanying financial statements and the notes to the financial statements.

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

The basic financial statements in this report are presented using Governmental Accounting Standards Board ("GASB") accounting principles. These financial statements offer short-term and long-term financial information about the Service Corporation's activities.

The Statements of Net Assets include all of the Service Corporation's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, and assessing the liquidity and financial flexibility of the Service Corporation.

The current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures changes in the Service Corporation's operations over the current and prior year, and can be used to determine whether the Service Corporation has been able to recover its costs through its revenue sources.

The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the Service Corporation's cash from operating, investing, and financing activities, and to provide answers to such questions as where did cash come from, what it was used for, and what the change in cash balance was during the year.

OVERVIEW

The Service Corporation has been organized as a nonprofit corporation established to operate exclusively for the support and benefit of West Jefferson Medical Center ("Medical Center"); carry out the goals, objectives, and purposes of the Medical Center; and develop and facilitate various health service activities, including joint venture activities, for the benefit of the Medical Center, as authorized by Louisiana Statutes and Federal Regulations.

STATEMENTS OF NET ASSETS

Total Assets

Total assets decreased by $1,008,927 during the year ending December 31, 2008. This was primarily due to an increase in cash and cash equivalent resulting from the maturity of investments which was offset by donations to the Medical Center, property acquisitions and a decrease in the investment in joint ventures.

Total assets decreased by $2,127,810 during the year ending December 31, 2007. This was due primarily to decreases in cash and cash equivalents as a result of donations to the Medical Center in 2007, and a decrease in joint venture receipts partially offset by an increase in accrued interest receivable and a $700,597 receivable due from West Jefferson Radiosurgery, LLC.

Liabilities

The Service Corporation has remained debt free, other than normal accounts payable consistent with prior years.

Net Assets

Funds invested in capital assets increased by $933,874 for 2008, as compared to the prior year due to 2008 property additions. Unrestricted net assets decreased by $1,841,918 primarily due to donations to the Medical Center.

Funds invested in capital assets decreased by $1,309 for 2007, as compared to the prior year due to 2007 depreciation expense. Unrestricted net assets decreased by $2,210,227 primarily due to the decrease in cash and cash equivalents which was partially offset by the increase in receivables noted above.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Operating Revenues

The Service Corporation generates most of its operating revenues from its investments in four related limited liability companies, West Jefferson MRI, LLC, West Jefferson Surgery Center, LLC, West Jefferson CT Scan, LLC, and West Jefferson Radiosurgery, LLC. The Service Corporation's earnings from joint venture investments decreased by $465,287 in 2008 as compared to 2007, primarily due to lower earnings from West Jefferson MRI, LLC, West Jefferson Surgery Center, LLC, West Jefferson CT Scan, LLC, and West Jefferson Radiosurgery, LLC as a result of lower volumes. The Service Corporation's earnings from joint venture investments decreased by $614,742 in 2007 as compared to 2006, primarily due to lower earnings from West Jefferson Radiosurgery, LLC as a result of lower volumes. For further discussion, see note 5 in the accompanying notes to the financial statements.

In addition, the Service Corporation generates revenues from charges for services performed on behalf of physician groups and from leasing equipment and rental income. Charges for services and lease and rental income decreased $22,645 for 2008 as compared to 2007. The decrease is primarily due to a reduction of management services. Charges for services and other related operating revenues decreased $192,440 for 2007 as compared to 2006. The decrease is primarily due to a reduction in revenue from leased equipment as the Service Corporation sold the equipment in August 2006.

Operating Expenses

The Service Corporation's operating expenses increased in 2008 to $948,090 from $732,295 in 2007 or by $215,795. This was primarily due to an increase of $357,321 in maintenance, operations, and contractual services expense for 2008, offset by a decrease in personnel costs of $141,600.

The Service Corporation's operating expenses decreased in 2007 to $732,295 from $801,663 in 2006 or by $69,368. This was primarily due to a decrease of $64,400 in maintenance, operations, and contractual services expense for 2007 consisting primarily of reductions in repairs and maintenance expense, consulting expenses, and community public relations expense.

Non-Operating Revenues and Expenses

In 2005 and prior years, donations were used to fund healthcare provided to indigent patients by the Medical Center. During 2005, the Service Corporation revised its policy for donations to the Medical Center for indigent care to a policy which allows the Medical Center to use the donations for the various programs which benefit the surrounding community as well as for indigent care. In 2008, the Service Corporation made a cash donation of $2,000,000 to the Medical Center. In 2007, the Service Corporation made donations of $4,173,292 to the Medical Center consisting of $4,000,000 cash and $173,292 in property. The property, located along Avenue C adjacent to the Medical Center, was acquired in May 2007 for $173,292. The Service Corporation did not make a donation in 2006.

Contacting the Service Corporation's Administration

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

WEST JEFFERSON SERVICE CORPORATION
STATEMENTS OF NET ASSETS
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,474,269	$ 3,355,656
Accounts and accrued interest receivable	60,162	345,567
Due from West Jefferson Radiosurgery, LLC	1,008,271	700,597
Due from West Jefferson Medical Center, net	113,120	-
Prepaid expenses	65,703	67,500
Total current assets	5,721,525	4,469,320
Noncurrent assets		
Investment, at fair value	-	2,868,400
Property, plant and equipment, net	935,620	1,746
Investments in joint ventures	996,639	1,323,245
Total noncurrent assets	1,932,259	4,193,391
TOTAL ASSETS	$ 7,653,784	$ 8,662,711
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 34,289	$ 110,395
Due to West Jefferson Medical Center, net	-	24,777
TOTAL LIABILITIES	34,289	135,172
NET ASSETS		
Invested in capital assets	935,620	1,746
Unrestricted	6,683,875	8,525,793
TOTAL NET ASSETS	7,619,495	8,527,539
TOTAL LIABILITIES AND NET ASSETS	$ 7,653,784	$ 8,662,711

The notes to the financial statements are an integral part of these statements.

WEST JEFFERSON SERVICE CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
OPERATING REVENUES		
Earnings from joint venture investments	$ 1,419,776	$ 1,885,063
Charges for services	308,271	343,994
Lease and rental income	195,717	182,639
Total operating revenues	1,923,764	2,411,696
OPERATING EXPENSES		
Personnel costs	120,600	262,200
Maintenance, operations, and contractual services	825,707	468,386
Materials and supplies	557	400
Depreciation	1,226	1,309
Total operating expenses	948,090	732,295
Operating income	975,674	1,679,401
NON-OPERATING REVENUES (EXPENSES)		
Interest income	116,282	282,355
Donation to West Jefferson Medical Center	(2,000,000)	(4,173,292)
Total non-operating revenues (expenses)	(1,883,718)	(3,890,937)
Change in net assets	(908,044)	(2,211,536)
NET ASSETS - beginning	8,527,539	10,739,075
NET ASSETS - ending	$ 7,619,495	$ 8,527,539

The notes to the financial statements are an integral part of these statements.

WEST JEFFERSON SERVICE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from joint ventures	$ 1,532,420	$ 2,462,813
Receipts from customers	394,834	(310,160)
Payments for operational expenses	(825,379)	(314,035)
Payments for personnel cost	(148,200)	(167,800)
Payments to suppliers	(557)	(400)
Net cash provided by operating activities	953,118	1,670,418
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Donation of cash to WJMC	(2,000,000)	(4,000,000)
Net cash used by capital and related financing activities	(2,000,000)	(4,000,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investment	2,868,400	2,079,704
Purchase of property	(935,100)	(173,292)
Purchase of investment	-	(2,868,400)
Investment in Radiosurgery, LLC	-	(225,000)
Interest income	232,195	215,231
Net cash provided by (used in) investing activities	2,165,495	(971,757)
Net increase (decrease) in cash and cash equivalents	1,118,613	(3,301,339)
Cash and cash equivalents - beginning of year	3,355,656	6,656,995
Cash and cash equivalents - end of year	$ 4,474,269	$ 3,355,656
SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION:		
Donation of property to WJMC	$ -	$ 173,292

(Continued)

WEST JEFFERSON SERVICE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 975,674	$ 1,679,401
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,226	1,309
Amortization of non-compete agreement	213,962	-
(Increase) decrease in current assets:		
Accounts receivable	169,492	(265,760)
Due from West Jefferson Medical Center	(113,120)	32,885
Due from West Jefferson Radiosurgery, LLC	(307,674)	(700,597)
Prepaid expenses	1,797	15,000
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(76,106)	58,949
Due to West Jefferson Medical Center	(24,777)	24,777
Net reconciling items from joint ventures	112,644	824,454
Net cash provided by operating activities	$ 953,118	$ 1,670,418

The notes to the financial statements are an integral part of these statements.

WEST JEFFERSON SERVICE CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

1. Summary of Significant Accounting Policies

Organization

West Jefferson Service Corporation (the "Service Corporation") operates under the jurisdiction of the Parish Council of Jefferson Parish. The Service Corporation is under the management of a Board of Directors appointed by the Board of Directors of West Jefferson Medical Center, (the "Medical Center") and its primary purpose is to support the activities of the Medical Center.

The Service Corporation is the leasing agent for various medical office buildings owned by the Medical Center.

The Service Corporation is exempt from Federal and State income taxes.

The Service Corporation's financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and also provides certain disclosures required by the Governmental Accounting Standards Board.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Significant accounting policies followed by the Service Corporation in its financial statements are summarized below.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of one year or less.

Accounts Receivable

Accounts receivable represent amounts due from West Jefferson Radiosurgery, LLC, amounts due as interest on investments, and amounts invoiced for telephone and billing services provided to physicians groups. No allowance for uncollectible accounts has been established as management considers all accounts receivable to be collectible.

Investments

Investments are carried at fair value and all investment income, including changes in the fair value of investments is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets.

1. Summary of Significant Accounting Policies (cont'd)

Lease and Rental Income

Lease and rental income include fees earned as a commission and rental fees on leased buildings.

Earnings from Joint Venture Investments

Earnings from joint venture investments represent the Service Corporation's share of earnings and distributions received from medical related joint ventures, which are accounted for using the equity method of accounting.

2. Transactions with Affiliates

The Service Corporation purchases services from, or on behalf of, the Medical Center, including personnel, occupancy, and other costs. These costs were $120,000 and $350,000 in 2008 and 2007, respectively. As of December 31, 2008 and 2007, the Service Corporation owed the Medical Center $185,000 and $351,000, respectively. The Medical Center also pays the Service Corporation fees for managing the professional office buildings and other services. In 2008 and 2007 the Service Corporation earned $227,000 and $212,000, respectively, from these activities. As of December 31, 2008 and 2007, the Service Corporation had accounts receivable due from the Medical Center of $298,000 and $327,000, respectively.

Effective January 1, 2000, the Medical Center entered into a lease with the Service Corporation to lease imaging equipment. The lease payments concluded in August 2007. For the year ending December 31, 2007, the amount paid to the Service Corporation related to this lease was $161,000.

In 2008, the Service Corporation made a cash donation of $2,000,000 to the Medical Center. In 2007, the Service Corporation made donations of $4,173,292 to the Medical Center consisting of $4,000,000 cash and $173,292 in property. In May 2007, the Service Corporation purchased property for $173,292 along Avenue "C," which was donated to the Medical Center.

Accounts receivable at December 31, 2008 and 2007, included $1,008,271 and $700,597, respectively, owed to the Service Corporation from West Jefferson Radiosurgery, LLC for payments made on behalf of West Jefferson Radiosurgery, LLC for lease payments and maintenance contracts.

3. Deposits and Investments

At December 31, 2008 and 2007, the Service Corporation's cash consisted of demand deposits with bank balances of $4,520,313 and $3,356,071, respectively. The cash accounts were fully secured by federal depository insurance or collateral held by agents of the Service Corporation in its name.

3. Deposits and Investments (cont'd)

As of December 31, 2007, the Service Corporation had the following investment, excluding its investments in joint ventures detailed in Note 5:

Investment Type	Maturity	Fair Value
Federal National Mortgage Association Bonds	2/15/2008	$2,868,400

Interest Rate Risk

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. The maturity of the Service Corporation's investment held at December 31, 2007, excluding its investment in joint ventures, was less than one year.

Credit Risk

State statutes authorize the Service Corporation to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP). The Service Corporation's investment in Federal National Mortgage Association bonds in 2007 were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's and Fitch Ratings.

Concentration of Credit Risk

The Service Corporation places no limit on the amount they may invest in any one issuer. More than 5 percent of the Service Corporation's investments were in Federal National Mortgage Association Bonds for the years ended December 31, 2007. This investment is 100% of the Service Corporation's investments, excluding its investments in joint ventures.

Custodial Credit Risk - Deposits

Louisiana state statutes also require that all of the deposits of the Service Corporation be protected by insurance or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by insurance. The bank balances of deposits at December 31, 2008 and 2007 were fully covered by insurance or collateral held by financial institutions in the Service Corporation's name.

4. Property, Plant, and Equipment

Property, plant, and equipment at December 31 consist of:

	2008	2007
Land	$ 235,000	$ -
Buildings	700,100	-
Movable and other equipment	721,499	721,499
Total property and equipment	1,656,599	721,499
Less: accumulated depreciation and amortization	(720,979)	(719,753)
Property and equipment, net	$ 935,620	$ 1,746

Depreciation expense was $1,226 and $1,309 for the years ending December 31, 2008 and 2007, respectively.

5. Investments in Joint Ventures

Currently, the Service Corporation is a member of four (4) limited liability companies, West Jefferson MRI, LLC ("MRI"), West Jefferson Surgery Center, LLC ("Surgery Center"), West Jefferson CT Scan, LLC ("CT Scan"), and West Jefferson Radiosurgery, LLC ("Radiosurgery").

MRI was organized on January 23, 2001 in the State of Louisiana for the purpose of operating a free-standing magnetic resonance imaging (MRI) center in Marrero, Louisiana. Surgery Center was organized on May 26, 2000 in the State of Louisiana for the purpose of operating a free-standing ambulatory surgical care center. CT Scan was organized on September 12, 2003 in the State of Louisiana for the purpose of operating a diagnostic center offering Computerized Axial Tomography (CT) scanning. Radiosurgery was organized on December 22, 2004 in the State of Louisiana for the purpose of operating a stereotactic radiosurgery center.

In 2007, the Service Corporation purchased an additional 36.8% interest in Radiosurgery for $225,000.

The Service Corporation has a 50% interest in MRI, Surgery Center, and CT Scan and accounts for its 50% interest using the equity method of accounting. The Service Corporation has a 64.4% interest in Radiosurgery and accounts for its 64.4% interest using the equity method of accounting.

The following information is a summary of the financial statements and operations of MRI, the Surgery Center, CT Scan, and Radiosurgery:

5. Investments in Joint Ventures (cont'd)

West Jefferson MRI, LLC

	2008	2007
Current Assets	$ 839,164	$ 809,764
Property and Equipment, Net	1,252,671	1,677,122
Total Assets	$ 2,091,835	$ 2,486,886
Current Liabilities	$ 567,998	$ 689,138
Long-Term Debt	611,616	1,059,401
Total Liabilities	1,179,614	1,748,539
Members' Equity	912,221	738,347
Total Liabilities and Members' Equity	$ 2,091,835	$ 2,486,886
Operating Revenue	$ 4,863,909	$ 5,665,453
Net Income	$ 1,970,524	$ 2,221,272
Distributions to Members	$ 1,796,650	$ 2,682,700

West Jefferson CT Scan, LLC

	2008	2007
Current Assets	$ 472,424	$ 796,971
Property and Equipment, Net	334,442	440,958
Total Assets	$ 806,866	$ 1,237,929
Current Liabilities	$ 301,623	$ 378,651
Long-Term Debt	46,665	225,997
Total Liabilities	348,288	604,648
Members' Equity	458,578	633,281
Total Liabilities and Members' Equity	$ 806,866	$ 1,237,929
Operating Revenue	$ 1,937,052	$ 2,313,926
Net Income	$ 150,533	$ 407,043
Distributions to Members	$ 325,236	$ 677,700

5. Investments in Joint Ventures (cont'd)

West Jefferson Surgery Center, LLC

	2008	2007
Current Assets	$ 1,783,335	$ 1,591,022
Property and Equipment, Net	361,837	417,146
Other assets	24,000	-
Total Assets	$ 2,169,172	$ 2,008,168
Current Liabilities	$ 494,464	$ 560,922
Long-Term Debt	380,184	475,390
Total Liabilities	874,648	1,036,312
Members' Equity	1,294,524	971,856
Total Liabilities and Members' Equity	$ 2,169,172	$ 2,008,168
Operating Revenue	$ 6,792,583	$ 6,908,915
Net Income	$ 1,265,622	$ 1,518,430
Distributions to Members	$ 942,954	$ 1,825,430

West Jefferson Radiosurgery, LLC

	2008	2007
Current Assets	$ 320,378	$ 437,493
Total Assets	$ 320,378	$ 437,493
Current Liabilities	$ 1,008,271	$ 700,597
Total Liabilities	1,008,271	700,597
Members' Equity	(687,893)	(263,104)
Total Liabilities and Members' Equity	$ 320,378	$ 437,493
Operating Revenue	$ 475,272	$ 543,250
Net Loss	$ (424,789)	$ (559,766)
Distributions to Members	$ -	$ -

6. Related Party Lease

The Service Corporation leased office space in 2006 from the Medical Center for $6 per month under an operating lease which began January 1, 2006 and expired on December 31, 2008. The total rent expense for this operating lease was approximately $75 for the years ended December 31, 2008 and 2007. A new lease was effective beginning January 1, 2009 and will expire December 31, 2011.

7. Operating Lease

The Service Corporation has entered into a long-term lease for office space. The future commitments resulting from this lease is as follows:

2009	$ 140,000
2010	140,000
2011	140,000
2012	140,000
2013	140,000
Thereafter	653,333
	$ 1,353,333

8. *Commitments and Contingencies*

On August 4, 2007, the Service Corporation issued an Irrevocable Standby Letter of Credit to the State of Louisiana Patients Compensation Fund. The Letter of Credit, which expired on August 4, 2008, was issued to support the Practice Protection Fund, a medical malpractice fund. This fund is a self-insurance fund for its participants, which includes West Jefferson Medical Center Emergency Room Physicians. The Letter of Credit was required until the fund was financially able to support its own Letter of Credit. The Letter of Credit was not renewed.

The Service Corporation is constantly working to advance the Medical Center through acquisitions and donations. In support of these efforts, the Service Corporation purchased property in May 2007 for $173,292 along Avenue "C," which was donated to the Medical Center. In 2008, the Service Corporation purchased two additional properties for a total of $935,100.

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

The Board of Directors
West Jefferson Service Corporation

We have audited the financial statements of the West Jefferson Service Corporation (the Service Corporation) as of and for the year ended December 31, 2008, and have issued our report thereon dated April 17, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Service Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Service Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Service Corporation's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Service Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Service Corporation's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Service Corporation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Service Corporation'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.*

This report is intended solely for the information of the Service Corporation, the Service Corporation's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

Metairie, Louisiana
April 17, 2009