

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT
AND
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES
AND
LOUISIANA ATTESTATION QUESTIONNAIRE

FOR THE YEARS ENDED
JUNE 30, 2004, 2003 AND 2002

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 1-19-05

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Commissioners
Hospital Service District No. 1
Parish of Claiborne, State of Louisiana
Haynesville, Louisiana

We have compiled the accompanying balance sheets of Hospital Service District No. 1, Parish of Claiborne, d/b/a North Claiborne Hospital, a component unit of the Claiborne Parish Police Jury, as of June 30, 2004 and 2003, and the related statements of revenue, expenses and changes in net assets and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying 2004 and 2003 financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The financial statements for the year ended June 30, 2002 were audited by us, and we expressed an unqualified opinion on them in our report dated October 8, 2002, but we have not performed any auditing procedures since that date.

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 of Hospital Service District No. 1, Parish of Claiborne, d/b/a North Claiborne Hospital. We have compiled the supplementary information for the years ended June 30, 2004 and 2003, from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information for the years ended June 30, 2004 and 2003. The supplementary information for the year ended June 30, 2002 was subjected to the auditing procedures applied to the basic financial statements, and in our opinion dated October 8, 2002, is fairly presented in all material respects in relation to the basic financial statements taken as a whole, but we have not performed any auditing procedures since that date.

Board of Commissioners
Hospital Service District No. 1
Parish of Claiborne, State of Louisiana
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As described in Note 2, the District has implemented a new reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* with the exception of inclusion of Management's Discussion and Analysis, as of June 30, 2004.

Lester, Miller & Wells
Certified Public Accountants
December 13, 2004

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 HOSPITAL ENTERPRISE FUND
 BALANCE SHEETS
 JUNE 30, 2004, 2003 AND 2002

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Current			
Cash and cash equivalents	\$ 58,167	\$ 29,784	\$ 72,998
Prepaid expenses	<u>12,797</u>	<u>12,604</u>	<u>12,066</u>
Total current assets	<u>70,964</u>	<u>42,388</u>	<u>85,064</u>
Investments (Note 3)	<u>412,588</u>	<u>400,440</u>	<u>496,258</u>
Property, plant and equipment, net (Note 4)	<u>684,385</u>	<u>710,732</u>	<u>563,820</u>
Total assets	\$ <u>1,167,937</u>	\$ <u>1,153,560</u>	\$ <u>1,145,142</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Current			
Accounts payable	\$ <u>1,155</u>	\$ <u>573</u>	\$ <u>934</u>
Total liabilities	<u>1,155</u>	<u>573</u>	<u>934</u>
Net Assets			
Unrestricted	<u>1,166,782</u>	<u>1,152,987</u>	<u>1,144,208</u>
Total liabilities and net assets	\$ <u>1,167,937</u>	\$ <u>1,153,560</u>	\$ <u>1,145,142</u>

See accompanying notes and accountants' report.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Operating revenue			
Rent revenue	\$ 78,000	\$ 78,000	\$ 78,000
Grant revenue	-0-	17,500	-0-
Other operating revenue	<u>30,622</u>	<u>15</u>	<u>-0-</u>
Total operating revenue	<u>108,622</u>	<u>95,515</u>	<u>78,000</u>
Operating expenses			
Salaries and benefits	17,152	14,244	9,591
Insurance	22,621	21,906	22,076
Depreciation	52,751	50,071	47,051
Other expenses	<u>14,953</u>	<u>9,237</u>	<u>15,448</u>
Total operating expenses	<u>107,477</u>	<u>95,458</u>	<u>94,166</u>
Operating income (loss)	<u>1,145</u>	<u>57</u>	<u>(16,166)</u>
Nonoperating gains (losses)			
Interest income	<u>12,650</u>	<u>8,722</u>	<u>24,994</u>
Total nonoperating gains (losses)	<u>12,650</u>	<u>8,722</u>	<u>24,994</u>
Excess of revenues over (expenses)	13,795	8,779	8,828
Net assets at beginning of year	<u>1,152,987</u>	<u>1,144,208</u>	<u>1,135,380</u>
Net assets at end of year	\$ <u>1,166,782</u>	\$ <u>1,152,987</u>	\$ <u>1,144,208</u>

See accompanying notes and accountants' report.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:			
Cash received from rent	\$ 78,000	\$ 78,000	\$ 78,000
Cash received from grants	-0-	17,500	-0-
Other receipts from operations	30,622	15	-0-
Cash payments to employees and for employee-related cost	(17,152)	(14,244)	(9,591)
Cash payments for other operating expenses	<u>(37,185)</u>	<u>(32,042)</u>	<u>(37,175)</u>
Net cash provided (used) by operating activities	<u>54,285</u>	<u>49,229</u>	<u>31,234</u>
Cash flows from investing activities:			
Cash invested in short-term certificates of deposit	(12,148)	95,818	(22,856)
Interest on investments	<u>12,650</u>	<u>8,722</u>	<u>24,994</u>
Net cash provided (used) by investing activities	<u>502</u>	<u>104,540</u>	<u>2,138</u>
Cash flows from capital and related financing activities:			
Acquisition of property, plant and equipment	<u>(26,404)</u>	<u>(196,983)</u>	<u>(16,321)</u>
Net cash provided (used) by capital and related financing activities:	<u>(26,404)</u>	<u>(196,983)</u>	<u>(16,321)</u>
Net increase (decrease) in cash and cash equivalents	28,383	(43,214)	17,051
Beginning cash and cash equivalents	<u>29,784</u>	<u>72,998</u>	<u>55,947</u>
Ending cash and cash equivalents	\$ <u>58,167</u>	\$ <u>29,784</u>	\$ <u>72,998</u>

See accompanying notes and accountants' report.

HOSPITAL SERVICE DISTRICT NO 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 1,145	\$ 57	\$ (16,166)
Adjustments to reconcile revenue in excess of expenses to net cash provided by operating activities:			
Depreciation	52,751	50,071	47,051
(Increase) decrease in:			
Prepaid expenses	(193)	(538)	(404)
Increase (decrease) in:			
Accounts payable	<u>582</u>	<u>(361)</u>	<u>753</u>
Net cash provided by operating activities	\$ <u>54,285</u>	\$ <u>49,229</u>	\$ <u>31,234</u>

See accompanying notes and accountants' report.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

The Claiborne Parish Hospital Service District No. 1 (the District) was created by an ordinance of the Claiborne Parish Police Jury.

As the governing authority of the parish, for reporting purposes, the Claiborne Parish Police Jury is the financial reporting entity for Claiborne Parish. The financial reporting entity consists of (a) the primary government (Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the Police Jury appoints all commissioners of the Claiborne Parish Hospital Service District, the District was determined to be a component unit of the Claiborne Parish Police Jury, 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 Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District operated the facility as a hospital until January 31, 1992. Subsequently, the District began leasing its facility, when possible, for use as a hospital and/or medical offices.

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.

Method of Accounting

The District uses the accrual method of accounting. Revenue is recognized at full established rates, even though contractual agreements are settled for less. Provision is made for the resulting contractual adjustments based upon each payor's agreement. Expenses are recorded when incurred. District accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute

HOSPITAL SERVICE DISTRICT NO 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method of Accounting (Continued)

24:513 and to the guide set forth in the Louisiana Governmental Audit Guide, and standards set by the Governmental Accounting Standards Board (GASB), including Statement 20 which applies the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB).

Management has adopted the provisions of GASB Statement No. 34 (Statement 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, with the exception of inclusion of Management's Discussion and Analysis. Statement 34 established standards for external financial reporting for all state and local governmental entities, which include a balance sheet, a statement of revenue, expenses and changes in net assets; and a direct method statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted* – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The adoption of Statement 34 resulted in the previously reported unrestricted fund balance amount being classified to conform to the above net asset classifications. Additionally, the District restated the 2002 and 2001 statements of cash flows to conform to the direct method of reporting cash receipts and disbursements.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and savings accounts and certificates of deposit with maturity dates of ninety days or less. The caption "cash and cash equivalents" does not include amounts whose use is limited.

Uncollectible Accounts

The District's estimate of collectibility is based on evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The entity is a political subdivision and exempt from taxation.

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 District uses straight-line depreciation for financial reporting and third-party reimbursement. The following estimated useful lives are generally used.

Land improvements	10 years
Buildings	10 to 40 years
Fixed equipment	5 to 20 years
Major moveable equipment	4 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.

Statement of Revenues and Expenses

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 gains and losses.

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

NOTE 3 - INVESTMENTS

The District considers certificates of deposit with original maturities in excess of 90 days to be temporary cash investments. At June 30, 2004, 2003 and 2002 all deposits were secured as of the balance sheet date. For all deposits, the market value and carrying value are the same.

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Category 1 amounts which are insured by the FDIC or collateralized with securities held by the District or its agent in the District's name	\$ 470,755	\$ 430,224	\$ 569,256
Uncollateralized	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Investments, cash and cash equivalents	470,755	430,224	569,256
Less: Cash and cash equivalents	<u>58,167</u>	<u>29,784</u>	<u>72,998</u>
Total Investments	\$ <u>412,588</u>	\$ <u>400,440</u>	\$ <u>496,258</u>

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended June 30, 2004. Previous year balances have been restated to reflect assets which were reclassified.

	<u>June 30, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2004</u>
Land	\$ 33,707	\$ -0-	\$ -0-	\$ 33,707
Land improvements	37,940	-0-	-0-	37,940
Buildings	1,029,249	-0-	-0-	1,029,249
Fixed equipment	369,823	-0-	-0-	369,823
Major movable equipment	526,677	-0-	-0-	526,677
Construction in progress	<u>-0-</u>	<u>26,404</u>	<u>-0-</u>	<u>26,404</u>
Total	1,997,396	26,404	-0-	2,023,800
Accumulated depreciation	<u>1,286,664</u>	<u>52,751</u>	<u>-0-</u>	<u>1,339,415</u>
Net	\$ <u>710,732</u>	\$ <u>(26,347)</u>	\$ <u>-0-</u>	\$ <u>684,385</u>

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 HOSPITAL ENTERPRISE FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended June 30, 2003. Previous year balances have been restated to reflect assets which were reclassified

	<u>June 30, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2003</u>
Land	\$ 33,707	\$ -0-	\$ -0-	\$ 33,707
Land improvements	37,940	-0-	-0-	37,940
Buildings	1,029,249	-0-	-0-	1,029,249
Fixed equipment	173,694	196,129	-0-	369,823
Major movable equipment	<u>525,823</u>	<u>854</u>	<u>-0-</u>	<u>526,677</u>
 Total	 1,800,413	 196,983	 -0-	 1,997,396
Accumulated depreciation	<u>1,236,593</u>	<u>50,071</u>	<u>-0-</u>	<u>1,286,664</u>
 Net	 \$ <u>563,820</u>	 \$ <u>146,912</u>	 \$ <u>-0-</u>	 \$ <u>710,732</u>

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended June 30, 2002. Previous year balances have been restated to reflect assets which were reclassified.

	<u>June 30, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2002</u>
Land	\$ 33,707	\$ -0-	\$ -0-	\$ 33,707
Land improvements	37,940	-0-	-0-	37,940
Buildings	1,016,928	12,321	-0-	1,029,249
Fixed equipment	173,694	-0-	-0-	173,694
Major movable equipment	<u>521,823</u>	<u>4,000</u>	<u>-0-</u>	<u>525,823</u>
 Total	 1,784,092	 16,321	 -0-	 1,800,413
Accumulated depreciation	<u>1,189,542</u>	<u>47,051</u>	<u>-0-</u>	<u>1,236,593</u>
 Net	 \$ <u>594,550</u>	 \$ <u>(30,730)</u>	 \$ <u>-0-</u>	 \$ <u>563,820</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

NOTE 5 - PROPERTY TAX LEVYING

In August, 1995, 1996, and 1997, the Board passed a resolution to suspend the levying of the 10 mill property tax for North Claiborne Hospital Service District No. 1 for 1996, 1997, and 1998, respectively. In 1999 and thereafter, the Board did not pass the resolution.

NOTE 6 - CONTINGENCIES

The District evaluates contingencies based upon the best available evidence. The District believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District's estimates, future earnings will be charged or credited. The District is not aware of any contingencies at this time.

NOTE 7 - LEASE OF HOSPITAL FACILITY

On April 16, 1996, North Claiborne Service District No. 1 leased the hospital to Homer Memorial Hospital to establish a behavioral health unit (BHU). The lease began June 1, 1996, and was renewed automatically for one month periods beginning on the first day of each month thereafter. The lease was last renewed in February of 2003 for twelve months at a rate of \$5,000 per month effective January 1, 2003.

A one year lease in the monthly amount of \$1,500 was last renewed with local physicians in January of 2003.

SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF OPERATING EXPENSES - SALARIES AND BENEFITS
 FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Salaries	\$ 12,540	\$ 10,068	\$ 8,191
Payroll taxes	931	703	647
Insurance	<u>3,681</u>	<u>3,473</u>	<u>753</u>
Total salaries and benefits	\$ <u>17,152</u>	\$ <u>14,244</u>	\$ <u>9,591</u>

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF OPERATING EXPENSES - OTHER EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Maintenance	\$ 8,740	\$ 4,228	\$ 8,364
Professional fees	4,721	3,462	4,543
Telephone	600	600	600
Office supplies and postage	352	201	318
Advertising	285	330	273
Other	<u>255</u>	<u>416</u>	<u>1,350</u>
 Total other expenses	 \$ <u>14,953</u>	 \$ <u>9,237</u>	 \$ <u>15,448</u>

HOSPITAL SERVICE DISTRICT NO 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 SCHEDULE OF PER DIEM AND
 OTHER COMPENSATION PAID TO BOARD MEMBERS
 FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

Board Members:	<u>2004</u>	<u>2003</u>	<u>2002</u>
Mr. H.U. Slaid, Chairman	None	None	None
Mr. Dump Hatter, Vice Chairman	None	None	None
Mr. Keith Kilgore	None	None	None
Mr. Charlie Estop	None	None	None
Mr. Mickey Mayfield	None	None	None

Bobby G. Lester, CPA
John S. Wells, CPA
Robert G. Miller, CPA
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Mary L. Carroll, CPA

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES

Board of Commissioners
Hospital Service District No. 1
Parish of Claiborne, State of Louisiana
Haynesville, Louisiana

We have performed the agreed-upon procedures enumerated below, which were agreed to by you, solely to assist you in evaluating the compliance of Hospital Service District No. 1, Parish of Claiborne, d/b/a North Claiborne Hospital (the District) with the laws and regulations specified in the *Louisiana Attestation Questionnaire* and the effectiveness of the District's internal control over compliance with those laws and regulations. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The District had no materials and supplies purchased which required public bids. One construction project was proposed and all public bid law requirements were followed. No commitments were made.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.
3. Obtain from management a listing of all employees paid during the period under examination.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members

There are no paid employees or vendors included in the listings provided by management who are also immediate family members of the Board.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.
6. Trace the budget adoption and amendments to the minute book.
7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$250,000 or less and exempts special revenue funds whose expenditures drive revenue recognition - primarily federal funds)

The District is an enterprise fund and is not required to legally adopt a budget. Therefore, this procedure could not be completed.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities

Invoices are passed around at board meetings for payment approval. All invoices examined, except for the payroll tax deposit coupon to Hibernia National Bank and the hospitalization insurance were marked paid, including the paid date, check number, and accountant's initials. All cancelled checks examined agreed to the invoice amount and payee.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

All newspaper invoices were examined and minutes were mailed to the local paper for advertisement.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

All deposits were examined and none were proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

No indications of bonuses, advances, or gifts made to employees were found.

This report is intended solely for use by you and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Lester, Miller & Wells

Certified Public Accountants
December 13, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

_____ (Date Transmitted)

Lester Miller, Wells
P.O. Box 8758
Alexandria, LA 71306-1758

(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes No []

