SPENCER HOSPITAL

FOR THE PERIOD

JULY 1, 1982 - JUNE 30, 1985
The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

In compliance with your instructions and the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of Spencer Hospital.

Our examination covers the period July 1, 1982 through June 30, 1985. The results of this examination are set forth on the following pages of this report. However, only the financial statements for the years ended June 30, 1985 and June 30, 1984 are included in this report. The financial statements covering the period July 1, 1982 through June 30, 1983 are included in our audit workpapers.

Respectfully submitted,

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/jaw
SPENCER HOSPITAL

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We held an exit conference on February 25, 1986 with the Administrator and the Assistant Administrator for the Hospital and with the Assistant Director, Office of Administrative Services for the Department of Health and all findings and recommendations were reviewed and discussed. The Hospital's responses are included in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks.
SPENCER HOSPITAL

INTRODUCTION

Located in Spencer, West Virginia, Spencer Hospital has grown from 24 patients in 1893, its first year of operation, to a current average daily population of 140. Originally titled the Second Hospital for the Insane, the name was changed to Spencer State Hospital in 1920 and to Spencer Hospital in 1978.

With the development of the Hartley Plan in 1983, the mission of Spencer Hospital was changed to that of a training center for an adult Developmentally Disabled population. By July 1984, Spencer will be serving a client population of approximately 150 persons. The residential areas will be transformed into small family style living areas. Client services will include training activities in: Vocational Skills, Physical Education and Recreation/Leisure Training, Self Care Skills, Primary Skills, Academics, Communication and Independent Living Skills.

Spencer's main focus will be to provide dignity and quality of life for the adult Developmentally Disabled population of the State. This will be accomplished by providing program areas and special services that meet the needs of the clients and by increasing the capabilities of staff to meet those identified needs. All activities are directed toward developing the capacity of the clients to function as citizens of their communities.
SPENCER HOSPITAL

IMPLEMENTATION OF PRIOR AUDIT RECOMMENDATIONS

In the prior audit covering the period April 13, 1978 through June 30, 1982, there were 18 recommendations. During the current audit period, we noted that eight recommendations had not been fully implemented. These recommendations are listed below:

1. Employees be given copies of all Department of Health Instructions and West Virginia Code sections which are needed for compliance in their work; and the Hospital and its employees comply with all applicable West Virginia Code sections and Department of Health Instructions. (See pages 14-15.)

2. The Hospital use the provision of Chapter 27, Article 8, Section 1 of the West Virginia Code, as amended, to exonerate those patients who do not have the means to pay for patient maintenance. The Hospital use the provisions of Chapter 14, Article 1 of the West Virginia Code, as amended, to collect claims due the State. (See pages 16-20.)

3. The Hospital comply with Department of Health Instruction No. 6046 that relates to control of patient accounts receivable as it pertains to proof of billings using patient days. (See pages 22-23.)

4. Sufficient internal controls be established over cash receipts into local accounts. (See pages 25-26.)

5. There be a proper segregation of duties for the cash receipts and patient accounts receivable functions. (See pages 26-27.)

6. The Hospital and the Department of Health prepare sufficient records on appropriated accounts to verify complete accuracy on a current
basis and to prepare financial statements. (See pages 27-28.)

7. All improper payments from the Canteen Account be discontinued. (See pages 29-30.)

8. All excess funds in checking accounts be invested in the Consolidated Investment Fund until such funds are needed. (See pages 28-29.)
SPENCER HOSPITAL

ADMINISTRATIVE OFFICERS AND STAFF

The administrative officers and staff during the audit period were as follows:

Administrators During the Period

Barbara A. Martin ............................. September 1, 1983 - June 30, 1985
Desmond Byrne ............................... July 1, 1982 - August 31, 1983

Other Administrative Officers and Staff

Joseph Carrier ............................... Director of Client Services
John Bergman .................................. Assistant Administrator
Martha Carrier .................................. Employee Services Coordinator
Jeannette Bird .................................. Staff Development Coordinator
Dans Soylu ..................................... Chief Medical Officer
Kathryn Salvucci ............................... Resident Advocate
SPENCER HOSPITAL
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

AREAS OF NONCOMPLIANCE

Lack of Compliance With Laws, Rules and Regulations

1. The Administrator and employees were often not familiar with or had not complied with applicable West Virginia Code sections and Department of Health Instructions.

We recommend the Administrator and Hospital employees comply with applicable West Virginia Code sections and Department of Health Instructions.

Copies of the code, policies, and procedures are now available to responsible employees. (See pages 14-15.)

Management Reporting System Not Available to Determine Lack of Compliance

2. A management reporting system was not available to determine lack of compliance.

We recommend the Hospital establish a management reporting system to provide the Administrator with sufficient financial information to monitor financial activity and determine extent of compliance.

We are implementing this recommendation. (See page 15.)

Noncompliance With the Handbook of Purchasing Procedures; Department of Health Instruction No. 3031 and the West Virginia Code, Chapter 5A, Article 3, Section 42 - Equipment and Other Inventory

3. An annual physical inventory of all real and personal property and of all equipment supplies and commodities had not been taken and related equipment records had not been prepared as required.
We recommend the Hospital comply with the West Virginia Code, Chapter 5A, Article 3, Section 42 and the Handbook of Purchasing Procedures.

A physical inventory was conducted at Spencer Hospital in June of 1984. In periodic checks, we find no real problem with the inventory controls at this Hospital.

Added property forms accompany the transmittals to the Central Office for payment. Payment is not authorized without this form. Copies of these forms will be maintained at the Hospital. (See page 16.)

Noncompliance With West Virginia Code, Chapter 27, Article 8, Section 1; Department of Health Instruction No. 6060 and Spencer Hospital Policy - Patient Charges, Exonerations, Ability to Pay, Per Diem Rates, Etc.

4. The Hospital had not used the provisions of Chapter 27, Article 8, Section 1 of the West Virginia Code, as amended, and Department of Health Instructions to exonerate only those patients who do not have the means to pay for all or a portion of charges for patient maintenance and the Hospital had not charged a reasonable per diem rate for patient maintenance. The Hospital had not complied with West Virginia Code, Chapter 14, Article 1, Sections 1 and 18 for collection of patient accounts receivable due the State.

We recommend the Hospital comply with the West Virginia Code and Department of Health Instructions for billing and exonerations, per diem rates to be charged to patients and collections of patient accounts receivable.

We will implement this recommendation. (See pages 16-20.)
Noncompliance With State Civil Service
Attendance and Leave Regulations

5. The Hospital had not fully complied with State Civil Service Attendance and Leave Regulations and had insufficient control over the time reporting system.

We recommend the Hospital comply with State Civil Service Attendance and Leave Regulations and strengthen their time reporting system.

We are implementing this recommendation. (See pages 20-21.)

Noncompliance With Department of Labor's
Pamphlet on Minimum Wage and Hour Standards -
For Maintaining Records

6. Authorization forms for payroll deductions were not located for all employees as required by the State Department of Labor.

We recommend proper authorizations for all deductions be obtained and updated as necessary.

We are in the process of reviewing all deduction documentation for employees at Spencer. (See page 22.)

Noncompliance With Department of Health Instruction
No. 6046 - Patient Trustee Accounts Management

7. The Hospital had not complied with portions of the Department of Health Instruction for the proper management and handling of patient funds.

We recommend the Hospital comply with Department of Health Instruction No. 6046.

We will comply with all recommendations. (See pages 22-23.)
Noncompliance With Rental Contract - Cost of Facility Furnished to Department of Human Services in Excess of Revenues Received

8. The Hospital, pursuant to a contract with the Department of Human Services, had not recovered through rental income from a building occupied by the Department the estimated cost of utilities applicable to that building which are required to be recovered under that contract.

We recommend the Hospital recover rents sufficient to recover the estimated cost of utilities.

We are certainly willing to renegotiate these arrangements. A clause in the contract allows for that. All rental agreements are approved by the Department of Finance and Administration. (See pages 23-24.)

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

Improvements Needed in Internal Control Over Cash Receipts Into Local Accounts

9. The Hospital did not provide necessary improvements for internal controls over cash receipts into local accounts.

We recommend improved internal controls be established over cash receipts into local accounts.

Policy 6046 states that no one person perform all activities. Necessary adjustments to job duties are being made to comply. (See pages 25-26.)

Deficiency in Internal Control Over Cash Disbursements from Local Accounts

10. The Hospital did not exercise sufficient internal control over cash disbursements from local accounts.
We recommend improved internal controls be established over disbursements from local accounts.

We are stamping all copies of invoices paid. This procedure started during the audit period. (See page 26.)

Deficiency in Control Over Cash Receipts, Local Accounts, and Patient Accounts Receivable Functions Through Separation of Duties

11. The Hospital exercised insufficient internal control over patient accounts receivable. Also, the Hospital exercised insufficient internal control over local accounts due to a lack of sufficient separation of duties.

We recommend improved internal controls be established over patient accounts receivable and a sufficient separation of duties and improvement in control to assure an appropriate level of internal control over all local accounts.

Necessary adjustments to job duties are being made to comply. (See pages 26-27.)

Failure to Properly Account for State Appropriated Funds

12. The Hospital had not maintained complete accounting records for all transactions in each appropriated account, reconciled those records monthly with Department of Health reports and cleared such differences immediately.

We recommend complete accounting records on appropriated accounts be maintained and reconciled monthly.

We are now reconciling Spencer records with the printouts from Central Office on all appropriated accounts. (See pages 27-28.)
Maximizing Interest

13. Excess funds in the Custodian Account were not kept fully invested in the Consolidated Investment Fund.

We recommend excess funds in the Custodian Account be invested in the Consolidated Investment Fund for maximum yield.

We are implementing this recommendation. (See pages 28-29.)

Improper Disbursements of Payroll Advances from the Canteen Account

14. Payroll advances were made from the Canteen Account.

We recommend the Hospital discontinue the practice of making payroll advances from the Canteen Account.

We will comply with this recommendation. (See pages 29-30.)

Patient Accounts Receivable Records Not Available at the Hospital for Inpatient Medicare Part B Billings

15. Patient accounts receivable records on Medicare Part B billings were not available at the Hospital.

We recommend the Hospital request from the Department of Health all records pertaining to Inpatient Medicare Part B billings in order that proper records on such accounts be available at the Hospital on a timely basis.

We will comply with this recommendation. (See page 30.)
INTRODUCTION

We have completed a financial and compliance audit of Spencer Hospital. A financial and compliance audit determines whether the financial statements of an audited entity present fairly the financial position and the results of operations in accordance with generally accepted accounting principles and whether the entity has complied with laws and regulations that may have a material effect upon the financial statements. The audit covered the period July 1, 1982 through June 30, 1985.

APPROPRIATED ACCOUNTS

All expenditures required for the general operation and capital improvements of Spencer Hospital were made from the following accounts:

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
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<tr>
<td>4180-00 (1985), 4160-00 (1984 and Prior)</td>
<td>Personal Services</td>
</tr>
<tr>
<td>4180-02 (1985), 4160-02 (1984 and Prior)</td>
<td>Repairs and Alterations</td>
</tr>
<tr>
<td>4180-03 (1985), 4160-03 (1984 and Prior)</td>
<td>Equipment</td>
</tr>
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SPECIAL REVENUE ACCOUNTS

During the audit period, Spencer Hospital maintained the following special revenue accounts. The funds in these accounts are for specific purposes as follows:

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
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| 8500-05   | Hospital Services Revenues
           | Receipts from Hospital Services Revenues; for capital improvements providing energy conservation, audio-visual aids and other equipment. |
| 8500-15   | Hospital Services Revenues
           | Receipts from Hospital Services Revenues; for capital improvements on roof and other repairs and alterations. |
8500-25 . . . . . . . . . . . . . Hospital Services Revenue
Receipts from Hospital Services Revenues; for capital improvements providing for energy conservation, life safety, repairs and equipment.

8500-26 . . . . . . . . . . . . . Hospital Services Revenues
Receipts from Hospital Services Revenues; for capital improvements, miscellaneous repairs and alterations and equipment.

8523-06 . . . . . . . . . . . . . Federal Grant In-Service-Training
Federal funds; for on-the-job training.

8523-07 . . . . . . . . . . . . . Patient Welfare Fund
Federal funds; for household furnishings and vehicles.

8523-09 . . . . . . . . . . . . . Care of Welfare Recipients
Federal Funds; for care of welfare recipients.

8523-10 . . . . . . . . . . . . . Insurance Claims
Insurance funds; for insurance claims.

8523-33 . . . . . . . . . . . . . Client Services
Sales of products and services provided by residents; for purchase of supplies, expenses and equipment.

LOCAL ACCOUNTS

During the audit period, Spencer Hospital maintained several local accounts which are described as follows:

**Custodian Account**

Receives funds for patient maintenance and personal care and from interest earned; disbursed for support of patients.

**Collection Account**

Receives funds for patient maintenance, refunds for appropriated accounts and other sources; for transfer to the State Treasury.

**Patient Welfare Account**

Receives funds from donations for patient benefit, from Canteen Account and from interest earned; disbursed for patient welfare for the benefit of all patients or for indigent patients.

**Canteen Account**

Receives funds from sales of food and sundries, interest earned and other sources; disbursed for merchandise for resale, payroll, supplies and other operating expenses.
Employee Welfare Account

Receive funds from Canteen Account profits; disbursed for employee functions.

AREAS OF NONCOMPLIANCE

Chapter 27, Articles 1A, 2 and 8 and Chapter 26, Article 11 of the West Virginia Code as well as the West Virginia Department of Health Instructions generally govern Spencer Hospital. We tested applicable sections of the above plus general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are listed below.

Lack of Compliance With Laws, Rules and Regulations

Department of Health Instructions and chapters, articles and sections of the West Virginia Code have been promulgated on a wide variety of subjects for which the Administrator is responsible for compliance.

The West Virginia Code, Chapter 26, Article 11, Section 2 states, "Each facility provided for in this article shall have a chief executive officer denominated an 'administrator'. The administrator shall be the person having the fiscal responsibility of the facility and the authority to manage and administer the financial business and personnel affairs of the facility under the director of health...." The West Virginia Code sections, Department of Health Instructions and other laws, rules and regulations often were not complied with by employees responsible for such compliance either because the employee had not received copies of Code sections, Department of Health Instructions, etc. or had not been instructed how to comply. This is evidenced by lack of compliance as shown in the following findings and recommendations. Thus, the Hospital did not fully comply with the prior audit recommendations that the Hospital and its employees comply with all applicable West Virginia Code sections and Department of Health Instructions.

We understand the Department of Health is in the process of bringing Department of Health Instructions up-to-date by revision, cancellation or publishing of new instructions.
We recommend the Administrator provide copies of West Virginia Code chapters and sections, Department of Health Instructions and other laws, rules and regulations which are needed for determining compliance in their work; and the Administrator and the Department of Health require the Hospital and its employees to comply with all applicable West Virginia Code chapters and sections, Department of Health Instructions and any other laws, rules and regulations.

Copies of the code, policies, and procedures are now available to responsible employees.

Management Reporting System Not Available to Determine Lack of Compliance

The Hospital does not have a system of monthly financial management reports that would provide to the Administrator or the Department of Health a summary review of activity in all local accounts and appropriated accounts. The reports that could be provided to management could include summary activity for cash, patient accounts receivable, billable patient days, patient gross billing rates, exonerations, investments, trust accounts due to patients, budgeted appropriations, appropriation expenditures, unspent appropriations, etc. With these management reports, management at the Hospital and the Department of Health could then monitor all accounts for compliance and other problems which need to be addressed.

We recommend the Hospital develop a system of monthly financial management reports to provide management a summary review of activity for all accounts.

Management Reporting Systems are being developed all accounts:

a. Local accounts: Bank reconciliation reports come to Administrator. Other report documents are being prepared for use in the facility.

b. Budgeted appropriations: Both Current Expense and Personal Services monthly documents are prepared for the Administrator. Forms are prepared for Repairs and Alterations and Equipment accounts.
Noncompliance With the Handbook of Purchasing Procedures;  
Department of Health Instruction No. 3031 and the West  
Virginia Code, Chapter 5A, Article 3, Section 42 -  
Equipment and Other Inventory

Chapter 5A, Article 3, Section 42 of the West Virginia Code states, "the  
head of every department of the state government shall, on or before July fifteenth  
of each year, file with the director an inventory of all real and personal property,  
and of all equipment, supplies and commodities in its possession as of the close of  
the last fiscal year."

An annual physical inventory has not been taken of equipment and all other  
inventory items as required. The lack of an annual physical inventory was also  
mentioned in the last audit conducted at this Hospital. The inventory activity form  
used by the Department of Health, which is equivalent to the added property form,  
has not always been attached to the transmittal as required by the Handbook of Pur-  
chasing Procedures. The Hospital had not maintained an inventory record for each  
equipment item and had relied on the master inventory report supplied by the Depart-  
ment of Health for its equipment inventory records.

We recommend the Hospital comply with the Handbook of Purchasing Proce-  
dures, Department of Health Instruction No. 3031 and the West Virginia Code, Chapter  
5A, Article 3, Section 42.

A physical inventory was conducted at Spencer Hospital in June of 1984.  
In periodic checks, we find no real problem with the inventory controls at this  
Hospital.

Added property forms accompany the transmittals to the Central Office for  
payment. Payment is not authorized without this form. Copies of these forms will  
be maintained at the Hospital.

Noncompliance With West Virginia Code, Chapter 27, Article  
8, Section 1; Department of Health Instruction No. 6060  
and Spencer Hospital Policy - Patient Charges, Exonerations,  
Ability to Pay, Per Diem Rates, Etc.

The West Virginia Code, Chapter 27, Article 8, Section 1 provides, "The  
- 16 -
cost of maintenance of patients admitted to the state hospitals shall be paid out of funds appropriated for the department, but the state hospitals through the director of health, shall have a right of reimbursement for all or any part of such maintenance from each patient or from the committee or guardian of the estate of the patient, or the estate of the patient if deceased, or if that be insufficient, then from the patient's husband or wife, or if the patient be an unemancipated child, the father or mother, or any of them. If such a relative does not reside in this State and has no estate or debts due him within the State by means of which the liability can be enforced against him, the other relatives shall be liable as provided by this section. In exercising this right of reimbursement, the director of health may, whenever it is deemed just and expedient to do so, exonerate any person chargeable with such maintenance from the payment thereof in whole or in part, if the director finds that such person is unable to pay or that payment would work an undue hardship on him or on those dependent upon him.

"There shall be no discrimination on the part of the state hospitals as to food, care, protection, treatment or rehabilitation, between patients who pay for their maintenance and those who are unable to do so.

"It shall be the responsibility of the director of health as provided by rules promulgated by the board of health to determine the ability of the patient or his relatives to pay for his maintenance: Provided, that any such determination shall be in writing and shall be considered an 'order' under the provisions of Chapter 29A-1-1 of this Code: Provided, however, that any such determination shall be subject to review upon application of any such patient, relative or personal representative in the manner provided in Chapter 29A of this Code."

Department of Health Instruction No. 6060, dated November 21, 1984, states, "(1) The charge rate for inpatient service (per diem) shall be calculated as follows: (a) The previous year's total actual expenditures shall be divided
by the number of projected patient days. (b) Each charge rate will be approved
by the Director for use at the beginning of each calendar year, except for those
facilities with other authorized schedules. (2) Each facility shall review each
resident's financial profile and shall assign a monthly rate of payment based on
adjustments as stipulated by factors identified in the categories meriting exoner-
ation of payment. The standards to be used in the exoneration process shall be
submitted by each facility and will require approval by the Director prior to the
beginning of each calendar year. (3) A completed financial profile shall be re-
quired for each patient/resident. The financial profile shall be updated annually
in October to reflect changes in the economic status which may increase or decrease
the exoneration plan.... (4) Each facility shall account for each exoneration
granted for inpatient or outpatient.... (5) Any patient/resident or responsible
party who wishes to contest the extent of exoneration granted shall have the right
of appeal ... to the facility administrator ... and the Director.

The Hospital had not calculated since April 1, 1975, the per diem rate
for patient maintenance based on hospital costs for approval by the Director of
Health as required by the West Virginia Code, Chapter 27, Article 8, Section 1
and Department of Health Instruction No. 6060. The per diem rate charged for
maintenance remained at $10.94 from April 1, 1975 to June 30, 1985, and was changed
to $80.65 per day as of July 1, 1985. Because the Hospital had not calculated a
new per diem rate each year and requested approval for using such rate from the
Director of Health, the Hospital has not charged for maintenance, subject to ex-
oneration, that it might otherwise have been able to charge to patients or re-
 sponsible payees.

The financial profile, on which ability to pay for patient maintenance
was based, was not being furnished at all or was not being furnished timely for
79% of the patients or the responsible payees in a test sample. Without enforce-
ment powers, it appears the Hospital will probably continue to experience similar
difficulty in obtaining the financial profiles on which exonerations are based.

The Hospital has not used collection agencies to collect patient accounts receivable that otherwise might have been collected in accordance with the West Virginia Code, Chapter 14, Article 1, Sections 1 and 18 and thus did not fully exercise the State's right of reimbursement under the West Virginia Code, Chapter 27, Article 8, Section 1.

The Hospital had not obtained financial information from the Social Security Administration, a third-party payor for Social Security benefits and Supplemental Security Income benefits, concerning the patient's or responsible payee's benefits. After the audit, the Hospital found that the Social Security Administration is allowed by law to furnish such information to the Hospital upon proper request.

Spencer Hospital's "Policy for Determining Resident Exonerations", issued November 8, 1984, states, "The Business Office collects information concerning the resident's income, total assets, personal spending, clothing needs, past medical expenses, anticipated placement expenses and any other extraordinary personal expenses that might be expected. From the total accumulated assets, $1,500.00 (protected assets for burial or savings) is subtracted. The remainder, if any, is added to the expected annual income to determine usable assets...."

The Hospital had not, in some cases, deducted $1,500.00 from the patient's assets when determining usable assets. Accordingly, the amount of maintenance to be paid by or for the patient and the amount to be exonerated has, in those cases, not been correctly calculated.

The Hospital did not fully comply with the prior audit recommendations to exonerate only those patients who do not have the means to pay for patient maintenance; to use the provisions of Chapter 14, Article 1 of the West Virginia Code to collect claims due the State; and to comply with Department of Health Instruction No. 6046 to prove billings to accounts receivable using patient days.
We recommend the per diem charge for maintenance be computed annually by this Hospital as required by the West Virginia Code, Chapter 27, Article 8, Section 1 and Department of Health Instruction No. 6060.

We further recommend the Hospital obtain financial profile information by all possible means, where not given, by the patient or his responsible payee to determine ability to pay for the patient's maintenance and request assistance from the Department of Health to determine if enforcement powers can be improved to obtain such financial information.

We further recommend the Hospital, through the Director of Health, consider instituting action to collect on some patients accounts receivable in accordance with West Virginia Code, Chapter 14, Article 1, Section 1 in order to exercise the State's right of reimbursement under West Virginia Code, Chapter 27, Article 8, Section 1.

a. It is true that Spencer Hospital did not recalculate the per diem rate for reimbursement charges until July, 1985. However, only nine residents under the new calculations pay more than $10.94 per day. The largest amount being only $16.75 per day. Spencer will compute the per diem charge annually.

b. Financial profiles are requested but legal enforcement is not available. We are, now, requesting information from Social Security, Black Lung and others for those that are eligible for those benefits. All information requested has been received and is now on file with other financial records.

c. The Director of Health in certain cases will use the Department of Finance and Administration collection procedure.

Noncompliance With State Civil Service Attendance and Leave Regulations

Sick leave is governed by Civil Service Rules and Regulations for Attendance and Leave under Section 16.04 and Section 16.05. Section 16.05 states, "When an employee appears to have a pattern of leave abuse, the appointing authority may request appropriate substantiation of the employees' claim for leave,
for example, verification of illness of less than three days." At Spencer Hospital, it appears there may be some misuse of sick leave. For the employees that were tested, we found that some of their sick leave was taken in conjunction with a holiday, a weekend or an annual leave day which could be indicative of misuse. We did not find any written evidence in our test of disciplinary action against employees who appeared to abuse sick or annual leave. We understand that no action is being taken against employees who are suspected of misusing sick leave.

The State Civil Service Rules and Regulations for Attendance and Leave under Section 16.03 states, "The employee shall request annual leave in advance of taking such leave except as noted elsewhere in this section." Request for leave forms were not available for review for both sick and annual leave in many cases. Therefore, there was an absence of documentary evidence that annual leave and sick leave was properly requested and approved.

In our review of sick and annual leave, we noted discrepancies in the amounts of time approved and taken between the attendance and leave record, the monthly time record, the employee attendance report and the request for leave forms. These differences indicate problems within the time reporting system which could result in misuse of annual and sick leave and incorrect reporting of hours worked.

We recommend the Hospital comply with State Civil Service Attendance and Leave Regulations and strengthen their control over the time reporting system.

We are in the process of developing a procedure for review and action to be taken in the sick leave usage at Spencer. The request for leave forms are now collected by the supervisor. We will review and improve the system.

We are improving the control system of time and attendance.
Noncompliance With Department of Labor's Pamphlet on Minimum Wage and Hour Standards - For Maintaining Records

Current savings bonds deduction forms, insurance deduction forms and current W-4's were not located for all employees. The State of West Virginia Department of Labor pamphlet on Minimum Wage and Maximum Hours Standards For Employees Law and Regulations, Section 203-4 states, "Records of additions or deductions from wages paid shall be maintained as to date, amount and nature of the items which make up the total additions and deductions."

We recommend proper authorizations for all deductions from employee wages be maintained and periodically updated as necessary.

We are in the process of reviewing all deduction documentation for employees at Spencer.

Noncompliance With Department of Health Instruction No. 6046 - Patient Trustee Accounts Management

The Department of Health issued on October 21, 1983, Instruction No. 6046 dealing with the proper management and handling of funds in the Custodian Account. Spencer Hospital did not comply with the following requirements of Instruction No. 6046:

1. Transfers of funds to or from the Consolidated Investment Fund have not been approved by the Administrator as required;

2. Cash receipts for the Custodian Account are initially received by the trustee clerk, cashier for this account, rather than being prelisted by an employee with no other cash duties. This record was not compared, by someone other than the cashier function, with the cash receipts journal as part of the bank reconciliation; and,

3. The trustee clerk received the unopened bank statements and prepared the bank reconciliations rather than such reconciliations being prepared by an employee with no other cash duties.
We recommend the Hospital comply with Department of Health Instruction No. 6046.

Will comply with all recommendations.

**Noncompliance With Rental Contract - Cost of Facility Furnished to Department of Human Services in Excess of Revenues Received**

In reviewing the rent paid by the Department of Human Services for the rehabilitation building, we found that the rent payment was not covering the costs of utilities. The contract between the Department of Health and the Department of Human Services states that the "Tenant will pay all charges for electricity, gas, and telephone", also the "Tenant shall pay to the Lessor a service charge of $50.00 per month for water and sewage service." The Department of Human Services has a separate telephone line but is responsible for all other utility costs. The other utilities are in the name of Spencer Hospital. The Hospital should be charging the Department of Human Services an amount for rent based on the cost of these utilities.

We based our test of the rent on the square footage of space that the Department of Human Services occupies. Our computation of the appropriate rent figure and the average loss per month is:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30,</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1985</td>
<td>1984</td>
</tr>
<tr>
<td>Total Utility Costs for Hospital</td>
<td>$295,512.51</td>
<td>$324,539.73</td>
</tr>
<tr>
<td>Percentage Applying to the Building Being Rented</td>
<td>3.50%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Total Months in a Year</td>
<td>10,342.94</td>
<td>11,358.89</td>
</tr>
<tr>
<td>Average Utilities per Month</td>
<td>861.91</td>
<td>946.57</td>
</tr>
<tr>
<td>Monthly Rental by Human Services</td>
<td>300.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Average Monthly Loss of Rent</td>
<td>$ 561.91</td>
<td>$ 646.57</td>
</tr>
</tbody>
</table>
We recommend Spencer Hospital request the rental charge to the Department of Human Services be sufficient to recover utility costs per the agreement.

We are certainly willing to renegotiate these arrangements. A clause in the contract allows for that. All rental agreements are approved by the Department of Finance and Administration.

**INTERNAL CONTROLS AND ACCOUNTING SYSTEM**

As a part of our examination, we reviewed and tested the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented.
intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal accounting control for the period July 1, 1982 to June 30, 1985, which was made for the purpose set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system. However, such study and evaluation disclosed conditions that we believe to be weaknesses.

**Improvements Needed in Internal Controls Over Cash Receipts Into Local Accounts**

We noted that several areas of internal control over cash receipts were in need of improvements as follows:

1. Cash received through the mail for other local accounts other than the Custodian Account was not prelisted by the employee receiving the mail and that record used, independent from the cashier, to verify proper recording of cash receipts and as part of the bank reconciliation.

2. Prenumbered cash receipt forms were not prepared for the Canteen Account. Cash receipt forms were prepared for the Patient Welfare Account and Employee Welfare Account and were numbered at the time of use. Daily receipts and numerical sequence of receipt forms were not checked independently by an accounting function.

3. Bank debit advices were delivered directly to the cashier who was responsible for the account and were not sent directly on receipt to an accounting function independent of the cashier.
4. A cash receipts journal had been prepared for the Canteen Account but had not been reconciled with actual deposits into the bank. We determined that some cash receipts forms had not been prepared or included in the cash receipts journal.

5. The Hospital did not fully comply with the prior audit recommendation that sufficient internal controls be established over cash receipts into local accounts.

We recommend internal controls be strengthened over all cash receipts.

Policy 6046 states that no one person perform all activities. Necessary adjustments to job duties are being made to comply.

Deficiency in Internal Control Over Cash Disbursements from Local Accounts

Some invoices in support of disbursements from the Custodian Account and the Canteen Account have not been marked with a paid stamp or otherwise cancelled to prevent reuse.

We recommend all invoices be stamped paid or otherwise cancelled at the time that checks are issued for disbursements.

We are stamping all copies of invoices paid. This procedure started during the audit period.

Deficiency in Control Over Cash Receipts, Local Accounts, and Patient Accounts Receivable Functions Through Separation of Duties

There was insufficient separation of duties over patient accounts receivable records since one employee performed all of the following duties:

1. Posted accounts receivable records;
2. Received cash in person or through the mail applicable to accounts receivable;
3. Prepared and mailed accounts receivable monthly statements to or for patients or responsible payees; and,
Since the cashier had access to both cash and accounts receivable records, the person controlling these functions could have diverted cash to personal use and concealed such diversion through unauthorized changes in records or documents under their control. The Hospital did not fully comply with the prior audit recommendation that there be a segregation of duties for the cash receipts and accounts receivable functions.

We recommend the Hospital comply with the prior audit recommendation.

*Necessary adjustment to job duties are being made to comply.*

**Failure to Properly Account for State Appropriated Funds**

For the fiscal years ending June 30, 1985 and June 30, 1984 and for previous fiscal years, Spencer Hospital shared appropriated accounts with other hospitals, a situation which requires careful accounting on the part of the Department of Health and all hospitals sharing those accounts.

Although expenditures and balances for the Repairs and Alterations Account and Equipment Account were properly accounted for at Spencer Hospital, the personal services expenditures and balances and the current expense expenditures and balances were not properly accounted for. The Hospital had relied on the Department of Health to find any errors on the Personal Services Account and had not reviewed transmittals as being properly included in the Department of Health breakdown for Spencer Hospital. Accordingly, transmittals applicable to another facility were incorrectly included in the expenditures from the Department of Health breakdown of personal services.

The Hospital had compared the expenditures for current expense per their own records with expenditures per the Department of Health breakdown of expenditures for this Hospital and differences were found, reported and cleared by the end of the audit. We understand that differences occur because of improper
location coding or other coding at the Hospital and a failure to catch errors in coding or to identify all documents as to being applicable to the correct hospital when being processed by the Department of Health. The reconciliation between the Hospital and the Department of Health was not done on a timely basis in part because final fiscal year reports were not prepared promptly by the Department of Health.

The Hospital did not fully comply with the prior audit recommendation that sufficient records on appropriated accounts be prepared by the Hospital and the Department of Health to verify complete accuracy on a current basis.

We recommend the Hospital maintain complete accounting records for all transactions in each appropriated account, reconcile those records monthly with transactions in the appropriated accounts for each hospital generated by the Department of Health and clear all unreconciled differences on a timely basis.

We are now reconciling Spencer records with the printouts from Central Office on all appropriated accounts.

Maximizing Interest

Excess funds in the Custodian Account were not fully invested in the Consolidated Investment Fund and maximum interest, therefore, was not received. We realize that Social Security Administration requires a minimum balance be available for each resident and that such requirements may be in excess of cash flow needs.

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Balance in Checking Account per Book</td>
<td>$77,269.09</td>
<td>$97,142.25</td>
</tr>
<tr>
<td>Average Withdrawals in Checking Account per Book</td>
<td>28,883.53</td>
<td>32,170.43</td>
</tr>
<tr>
<td>Net Excess Balance</td>
<td>48,385.56</td>
<td>64,971.82</td>
</tr>
<tr>
<td>Federal Funds Rate at End of Fiscal year</td>
<td>7.59%</td>
<td>11.04%</td>
</tr>
<tr>
<td>Estimated Loss of Income</td>
<td>$3,672.46</td>
<td>$7,172.89</td>
</tr>
</tbody>
</table>
The Hospital did not fully comply with the prior audit recommendation that all excess funds in checking accounts be invested in the Consolidated Investment Fund until such funds are needed.

We recommend excess funds in the Custodian Account be invested in the Consolidated Investment Fund for maximum yield.

The excess funds have been transferred into the Consolidated Investment Fund. The remainder of funds in the Custodian checking account are earning interest in a Super Now account. However, these balances are required by Social Security to provide daily cash available to residents.

Improper Disbursements of Payroll Advances from the Canteen Account

The Canteen Account receives funds from the sale of food and sundries, interest earned and other sources and disburses such funds for merchandise for resale, supplies and other operating expenses.

During the period under review, funds were paid from the Canteen Account for payroll advances prior to the time payroll checks were received by employees as described in the following summary:

<table>
<thead>
<tr>
<th>Check No.</th>
<th>Amount Loaned</th>
<th>Date Lent</th>
<th>Date Amount was Repaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>668</td>
<td>$348.74</td>
<td>August 24, 1984</td>
<td>September 25, 1984</td>
</tr>
<tr>
<td>669</td>
<td>402.49</td>
<td>August 24, 1984</td>
<td>September 25, 1984</td>
</tr>
<tr>
<td>696</td>
<td>451.25</td>
<td>November 9, 1984</td>
<td>November 26, 1984</td>
</tr>
<tr>
<td>786</td>
<td>139.85</td>
<td>March 22, 1985</td>
<td>April 10, 1985</td>
</tr>
</tbody>
</table>

$1,342.33

Although all of these payroll advances were repaid, we believe they are improper disbursements since such payments may only be paid from the personal services appropriated account. The Hospital did not fully comply with the prior audit recommendation that all improper payments from the Canteen Account be discontinued.
We recommend the Hospital comply with the prior audit recommendation.

In the case of checks 668 and 669, no payroll check arrived for these persons due to computer error. If you notice, their checks were one month late. Check 696 was the result of a computer error - no check arrived. Check 786 was also issued to correct an underpayment for an employee -- computer error.

Will comply with recommendation.

Patient Accounts Receivable Records Not Available at the Hospital for Inpatient Medicare Part B Billings

Touche Ross and Company, an accounting firm, has been billing Inpatient Medicare Part B charges on behalf of all State hospitals with the exception of one hospital. Retroactive billings for such charges were first made in June 1983, for several prior years for which such claims could be made. Such billings and the related collections, prepared quarterly by the above firm, had not been completed on a timely basis. This information, when completed, had been delivered to the Department of Health but had not in turn been delivered to any hospitals.

Since the Hospital had not received information on billings, collections and balances for any Medicare Part B charges, the Hospital was unable to make any further collection efforts or to reflect any exonerations.

For these reasons, the Hospital was unable to reflect any patient accounts receivable records for Inpatient Medicare Part B billings and outpatient Medicare billings.

We recommend the Hospital request the Department of Health to obtain all necessary information from Touche Ross and Company on Inpatient Medicare Part B billings and request the Department of Health to furnish to the Hospital all necessary information so patient accounts receivable from such billings can be completed on a timely basis at the Hospital.

Will comply with recommendation.
AUDITORS' OPINION

The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

We have examined the financial statements of Spencer Hospital for the years ended June 30, 1985 and June 30, 1984 as listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully described in Note A, the Hospital's policy is to prepare its financial statements on the modified cash and cash basis. Accordingly, the accompanying financial statements are not intended to present financial position and results of operation in conformity with generally accepted accounting principles.

In our opinion, the financial statements of Spencer Hospital as listed in the aforementioned table of contents present fairly appropriations and expenditures, cash, accounts receivable and trustee transactions for the years ended June 30, 1985 and June 30, 1984 on a basis consistent with the preceding year.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

January 1, 1986

Auditors: George T. Hill, CPA, Auditor-in-Charge
          Robert E. High
          Joseph G. Giles
SPENCER HOSPITAL

STATEMENT OF APPROPRIATIONS/CASH RECEIPTS, EXPENDITURES/
DISBURSEMENTS AND CHANGES IN FUND BALANCE

<table>
<thead>
<tr>
<th>Year Ended June 30, 1985</th>
<th>General Revenue</th>
<th>Special Revenue</th>
<th>Trust Funds</th>
<th>Combined Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations/Cash Receipts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td>$4,024,334.00</td>
<td>$-0-</td>
<td>$-0-</td>
<td>$4,024,334.00</td>
</tr>
<tr>
<td>Trust Funds</td>
<td>-0-</td>
<td>-0-</td>
<td>194,238.07</td>
<td>194,238.07</td>
</tr>
<tr>
<td>Interest</td>
<td>-0-</td>
<td>-0-</td>
<td>15,261.26</td>
<td>15,261.26</td>
</tr>
<tr>
<td>Hospital Services Revenue</td>
<td>-0-</td>
<td>545,209.64</td>
<td>-0-</td>
<td>545,209.64</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>-0-</td>
<td>6,594.45</td>
<td>-0-</td>
<td>6,594.45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4,024,334.00</td>
<td>551,804.09</td>
<td>209,499.33</td>
<td>4,785,637.42</td>
</tr>
<tr>
<td>Expenditures/Disbursements:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>2,760,709.77</td>
<td>-0-</td>
<td>-0-</td>
<td>2,760,709.77</td>
</tr>
<tr>
<td>Current Expenses</td>
<td>937,756.93</td>
<td>701.50</td>
<td>149,228.72</td>
<td>1,087,687.15</td>
</tr>
<tr>
<td>Repairs and Alterations</td>
<td>70,963.90</td>
<td>15,908.62</td>
<td>50.00</td>
<td>85,922.52</td>
</tr>
<tr>
<td>Equipment</td>
<td>41,644.87</td>
<td>3,706.40</td>
<td>958.26</td>
<td>46,309.53</td>
</tr>
<tr>
<td>General Revenue</td>
<td>-0-</td>
<td>-0-</td>
<td>21,698.83</td>
<td>21,698.83</td>
</tr>
<tr>
<td>Hospital Services Revenue</td>
<td>-0-</td>
<td>212,107.72</td>
<td>-0-</td>
<td>212,107.72</td>
</tr>
<tr>
<td>Exonerations</td>
<td>-0-</td>
<td>355,353.20</td>
<td>-0-</td>
<td>355,353.20</td>
</tr>
<tr>
<td>Building Construction</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,811,075.47</td>
<td>587,777.44</td>
<td>171,935.81</td>
<td>4,570,788.72</td>
</tr>
</tbody>
</table>

Appropriations/Cash Receipts Over (Under) Expenditures/Disbursements

| Appropriations/Cash Receipts Over (Under) Expenditures/Disbursements | 213,258.53 |

Expenditures After June 30 and Expirations

| Expenditures After June 30 and Expirations | 213,258.53 |

Beginning Balance

| Beginning Balance | -0- | 1,038,927.02 |

Ending Balance

| Ending Balance | $-0- | $1,002,953.67 |

See Notes to Financial Statement
<table>
<thead>
<tr>
<th></th>
<th>General Revenue</th>
<th>Special Revenue</th>
<th>Trust Funds</th>
<th>Combined Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Ended June 30, 1984</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3,601,011.00</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$3,601,011.00</td>
</tr>
<tr>
<td>-0-</td>
<td>205,950.83</td>
<td>9,573.50</td>
<td>1,354,168.82</td>
<td>2,520.00</td>
</tr>
<tr>
<td>-0-</td>
<td>9,573.50</td>
<td>205,950.83</td>
<td>1,354,168.82</td>
<td>2,520.00</td>
</tr>
<tr>
<td>-0-</td>
<td></td>
<td></td>
<td></td>
<td>2,520.00</td>
</tr>
<tr>
<td>3,601,011.00</td>
<td>205,950.83</td>
<td>9,573.50</td>
<td>1,354,168.82</td>
<td>2,520.00</td>
</tr>
<tr>
<td></td>
<td>2,520.00</td>
<td></td>
<td></td>
<td>2,520.00</td>
</tr>
</tbody>
</table>

|                      | 2,473,331.61    | 789,966.15     | 57,607.25   | 34,737.05      |
|                      | -0-            | 13,072.09      | 950.00      | -0-            |
|                      | 250,829.18     | -0-            | -0-         | 34,737.05      |
|                      | 1,053,867.42   | 58,557.25      |             | 34,737.05      |
|                      |                 | -0-            |             | 24,023.11      |
|                      | 2,473,331.61   | 789,966.15     | 57,607.25   | 34,737.05      |
|                      | 243,073.77     | 339,847.32     | 24,023.11   | 47,729.14      |
|                      | 47,729.14      |                |             | 47,729.14      |
| 3,355,642.06         | 644,672.32     | 274,852.29     | 4,275,166.67|                |

|                      | 245,368.94     | 712,016.50     | (59,327.96) | 896,057.48     |
|                      | 245,368.94     | -0-            | -0-         | 245,368.94     |
|                      | 712,016.50     | (59,327.96)    | 652,688.54  |                |
|                      | 326,910.52     | 239,153.47     | 566,063.99  |                |
| $                    | $1,038,927.02  | $179,825.51    | $1,218,752.53|                |

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SPENCER HOSPITAL

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The modified cash basis of accounting is followed for the General Revenue Fund. The major modification from the cash basis is that a 30-day carry-over period is provided at the end of the fiscal year ended June 30, 1985 and a 90-day carry-over period is provided at the end of the fiscal year ended June 30, 1984 for the payment of obligations incurred in those years. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 30 days after the fiscal year ended June 30, 1985 and 92 days after the fiscal year ended June 30, 1984; however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operation in conformity with generally accepted accounting principles.

Expenditures after June 30 during the carry-over period and expirations were as follows:

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Expansions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid After</td>
</tr>
<tr>
<td></td>
<td>June 30</td>
</tr>
<tr>
<td>Personal Services</td>
<td>$123,366.49</td>
</tr>
<tr>
<td>Current Expenses</td>
<td>30,082.63</td>
</tr>
<tr>
<td>Repairs and Alterations</td>
<td>4,377.61</td>
</tr>
<tr>
<td>Equipment</td>
<td>-0-</td>
</tr>
<tr>
<td>Total</td>
<td>$157,826.73</td>
</tr>
</tbody>
</table>

Combined Totals: The combined totals contain the totals for similar accounts of the various funds. Since the appropriations and cash receipts of certain funds are restricted by various laws, rules and regulations, the totaling of the accounts is for memorandum purposes only and does not indicate that the combined totals are available in any manner other than that provided by such laws, rules and regulations.

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement system. Employees' contributions are 4% of their annual compensation and contributions by the West Virginia Public Employees' Retirement Board are 9% of the employees' annual compensation.
Note C - Hospital Services Revenue Account

On or after January 1, 1982, there was established in the State Treasury a separate account designated the Hospital Services Revenue Account. The Director of Health shall deposit promptly into the account any fees received by a facility owned and operated by the State Health Department from whatever source including the Federal and State Governments or other third-party payer or personal payment.

The Director of Health is authorized to expend the moneys deposited in the account in accordance with Federal laws and regulations and with the laws of this State as is necessary for the development of a five-year health facilities long-range plan and subsequent revisions.
SUPPLEMENTAL INFORMATION
SPENCER HOSPITAL

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

APPROPRIATED ACCOUNTS

<table>
<thead>
<tr>
<th>Account</th>
<th>Personal Services - Account 4180-00</th>
<th>Current Expenses - Account 4180-01</th>
<th>Repairs and Alterations - Account 4180-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>in 1985, Account 4160-00 in 1984</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td>$2,930,455.00</td>
<td>$976,045.00</td>
<td>$75,350.00</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$2,884,076.26</td>
<td>$967,839.56</td>
<td>$75,341.51</td>
</tr>
<tr>
<td>Transmittals Paid After June 30</td>
<td>46,378.74</td>
<td>8,205.44</td>
<td>8.49</td>
</tr>
<tr>
<td>Balance</td>
<td>123,366.49</td>
<td>30,082.63</td>
<td>4,377.61</td>
</tr>
<tr>
<td></td>
<td>$ 169,745.23</td>
<td>$ 38,268.07</td>
<td>$ 4,386.10</td>
</tr>
<tr>
<td></td>
<td>$ 109,711.39</td>
<td>$103,033.85</td>
<td>$ 7,360.75</td>
</tr>
</tbody>
</table>

Year Ended June 30, 1985

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations</td>
<td>$2,930,455.00</td>
<td>$2,583,043.00</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$2,884,076.26</td>
<td>$2,577,895.69</td>
</tr>
<tr>
<td>Transmittals Paid After June 30</td>
<td>46,378.74</td>
<td>5,147.31</td>
</tr>
<tr>
<td>Balance</td>
<td>123,366.49</td>
<td>104,564.08</td>
</tr>
<tr>
<td></td>
<td>$ 169,745.23</td>
<td>$ 109,711.39</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations</td>
<td>$976,045.00</td>
<td>$893,000.00</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$967,839.56</td>
<td>$892,698.59</td>
</tr>
<tr>
<td>Transmittals Paid After June 30</td>
<td>8,205.44</td>
<td>301.41</td>
</tr>
<tr>
<td>Balance</td>
<td>30,082.63</td>
<td>102,732.44</td>
</tr>
<tr>
<td></td>
<td>$ 38,268.07</td>
<td>$103,033.85</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations</td>
<td>$75,350.00</td>
<td>$64,968.00</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$75,341.51</td>
<td>$62,672.84</td>
</tr>
<tr>
<td>Transmittals Paid After June 30</td>
<td>8.49</td>
<td>2,295.16</td>
</tr>
<tr>
<td>Balance</td>
<td>4,377.61</td>
<td>5,065.59</td>
</tr>
<tr>
<td></td>
<td>$ 4,386.10</td>
<td>$ 7,360.75</td>
</tr>
</tbody>
</table>
SPENCER HOSPITAL

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

APPROPRIATED ACCOUNT

<table>
<thead>
<tr>
<th></th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations</td>
<td>$42,484.00</td>
<td>$60,000.00</td>
</tr>
<tr>
<td>Expenditures</td>
<td>41,644.87</td>
<td>53,008.96</td>
</tr>
<tr>
<td></td>
<td>839.13</td>
<td>6,991.04</td>
</tr>
<tr>
<td>Transmittals Paid After June 30</td>
<td>-0-</td>
<td>18,271.91</td>
</tr>
<tr>
<td>Balance</td>
<td>$ 839.13</td>
<td>$25,262.95</td>
</tr>
</tbody>
</table>
### SPENCER HOSPITAL

#### STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

##### SPECIAL REVENUE

<table>
<thead>
<tr>
<th>Hospital Services Revenue - Account 8500-05</th>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1985</td>
</tr>
<tr>
<td><strong>Cash Receipts:</strong></td>
<td></td>
</tr>
<tr>
<td>Hospital Services Revenue</td>
<td>$ 2,826.16</td>
</tr>
<tr>
<td><strong>Disbursements:</strong></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>2,826.50</td>
</tr>
<tr>
<td>Building</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total Disbursements:</strong></td>
<td>2,826.50</td>
</tr>
<tr>
<td><strong>Cash Receipts (Under) Disbursements</strong></td>
<td>(.34)</td>
</tr>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>.34</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>$ -0-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hospital Services Revenue - Account 8500-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Receipts:</strong></td>
</tr>
<tr>
<td>Hospital Services Revenue</td>
</tr>
<tr>
<td><strong>Disbursements:</strong></td>
</tr>
<tr>
<td>Current Expenses</td>
</tr>
<tr>
<td>Repairs and Alterations</td>
</tr>
<tr>
<td>Building Construction</td>
</tr>
<tr>
<td><strong>Total Disbursements:</strong></td>
</tr>
<tr>
<td><strong>Cash Receipts (Under) Disbursements</strong></td>
</tr>
<tr>
<td><strong>Beginning Balance</strong></td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hospital Services Revenue - Account 8500-25</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Receipts:</strong></td>
</tr>
<tr>
<td>Hospital Services Revenue</td>
</tr>
<tr>
<td><strong>Disbursements</strong></td>
</tr>
<tr>
<td><strong>Cash Receipts Over Disbursements</strong></td>
</tr>
<tr>
<td><strong>Beginning Balance</strong></td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
</tr>
</tbody>
</table>
SPENCER HOSPITAL

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

SPECIAL REVENUE

<table>
<thead>
<tr>
<th>Account</th>
<th>Year Ended June 30,</th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Services Revenue - Account 8500-26</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Receipts: Hospital Services Revenue</td>
<td>$ -0-</td>
<td>$35,156.00</td>
<td></td>
</tr>
<tr>
<td>Disbursements: Repairs and Alterations</td>
<td>10,643.40</td>
<td>0-</td>
<td></td>
</tr>
<tr>
<td>Cash Receipts (Under) Over Disbursements</td>
<td>(10,643.40)</td>
<td>35,156.00</td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>35,156.00</td>
<td>0-</td>
<td></td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$24,512.60</td>
<td>$35,156.00</td>
<td></td>
</tr>
</tbody>
</table>

Federal Grant In-Service-Training - Account 8523-06

| Cash Receipts | $ -0- | $ -0- |
| Disbursements: Current Expenses | -0- | 1,275.30 |
| Cash Receipts (Under) Disbursements | -0- | (1,275.30) |
| Beginning Balance | 1,275.30 | 0- |
| Ending Balance | $ -0- | $ -0- |

Patient Welfare Fund - Account 8523-07

| Cash Receipts | $ -0- | $ -0- |
| Disbursements: Current Expenses | -0- | 3.22 |
| Cash Receipts (Under) Disbursements | -0- | (3.22) |
| Beginning Balance | 3.22 | 0- |
| Ending Balance | $ -0- | $ -0- |
## SPENCER HOSPITAL

### STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

#### SPECIAL REVENUE

### Care of Welfare Recipients - Account 8523-09

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
</tr>
<tr>
<td>Cash Receipts</td>
</tr>
<tr>
<td>Disbursements:</td>
</tr>
<tr>
<td>Current Expenses</td>
</tr>
<tr>
<td>Cash Receipts (Under) Disbursements</td>
</tr>
<tr>
<td>Beginning Balance</td>
</tr>
<tr>
<td>Ending Balance</td>
</tr>
</tbody>
</table>

### Insurance Claims - Account 8523-10

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
</tr>
<tr>
<td>Cash Receipts:</td>
</tr>
<tr>
<td>Insurance Claims Refunds</td>
</tr>
<tr>
<td>Disbursements:</td>
</tr>
<tr>
<td>Current Expenses</td>
</tr>
<tr>
<td>Cash Receipts (Under) Over Disbursements</td>
</tr>
<tr>
<td>Beginning Balance</td>
</tr>
<tr>
<td>Ending Balance</td>
</tr>
</tbody>
</table>

### Client Services - Account 8523-33

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
</tr>
<tr>
<td>Cash Receipts:</td>
</tr>
<tr>
<td>Farm Sales</td>
</tr>
<tr>
<td>Disbursements:</td>
</tr>
<tr>
<td>Current Expenses</td>
</tr>
<tr>
<td>Repairs and Alterations</td>
</tr>
<tr>
<td>Equipment</td>
</tr>
<tr>
<td>Total Disbursements</td>
</tr>
<tr>
<td>Cash Receipts Over Disbursements</td>
</tr>
<tr>
<td>Beginning Balance</td>
</tr>
<tr>
<td>Ending Balance</td>
</tr>
</tbody>
</table>
SPENCER HOSPITAL

STATEMENT OF CHANGES IN FUND BALANCE

LOCAL ACCOUNT

<table>
<thead>
<tr>
<th>Collection Account</th>
<th>Cash</th>
<th>Accounts Receivable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$-0-</td>
<td>$193,255.00</td>
<td>$193,255.00</td>
</tr>
</tbody>
</table>

Additions:

<table>
<thead>
<tr>
<th>Accounts Receivable</th>
<th>Cash</th>
<th>Accounts Receivable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments and Billings</td>
<td>212,107.72</td>
<td>542,383.48</td>
<td>754,491.20</td>
</tr>
<tr>
<td>Refunds to Appropriations</td>
<td>14,335.88</td>
<td>-0-</td>
<td>14,335.88</td>
</tr>
<tr>
<td>Laboratory Fees</td>
<td>732.15</td>
<td>-0-</td>
<td>732.15</td>
</tr>
<tr>
<td>Sales</td>
<td>6,594.45</td>
<td>-0-</td>
<td>6,594.45</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>627.66</td>
<td>-0-</td>
<td>627.66</td>
</tr>
<tr>
<td>Other</td>
<td>140.84</td>
<td>-0-</td>
<td>140.84</td>
</tr>
</tbody>
</table>

| Totals | 234,538.70 | 542,363.48 | 776,922.18 |

Deductions:

<table>
<thead>
<tr>
<th>Accounts Receivable</th>
<th>Cash</th>
<th>Accounts Receivable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue</td>
<td>140.84</td>
<td>-0-</td>
<td>140.84</td>
</tr>
<tr>
<td>Hospital Services Revenue</td>
<td>212,839.87</td>
<td>212,107.72</td>
<td>424,947.59</td>
</tr>
<tr>
<td>Exonerations</td>
<td>-0-</td>
<td>355,353.20</td>
<td>355,353.20</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>7,222.11</td>
<td>-0-</td>
<td>7,222.11</td>
</tr>
<tr>
<td>Refunds to Appropriations</td>
<td>14,335.88</td>
<td>-0-</td>
<td>14,335.88</td>
</tr>
</tbody>
</table>

| Totals | 234,538.70 | 567,460.92 | 801,999.62 |

Ending Balance

<table>
<thead>
<tr>
<th>Cash</th>
<th>Accounts Receivable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$-0-</td>
<td>$168,177.56</td>
<td>$168,177.56</td>
</tr>
</tbody>
</table>
### Year Ended June 30, 1984

<table>
<thead>
<tr>
<th>Accounts Receivable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$ -0-</td>
<td>$ 207,163.27</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>243,073.77</td>
<td>569,012.82</td>
<td>812,086.59</td>
</tr>
<tr>
<td>13,624.39</td>
<td>-0-</td>
<td>13,624.39</td>
</tr>
<tr>
<td>1,513.77</td>
<td>-0-</td>
<td>1,513.77</td>
</tr>
<tr>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>542.63</td>
<td>-0-</td>
<td>542.63</td>
</tr>
<tr>
<td>9,856.09</td>
<td>-0-</td>
<td>9,856.09</td>
</tr>
<tr>
<td>268,610.65</td>
<td>569,012.82</td>
<td>837,623.47</td>
</tr>
<tr>
<td>268,610.65</td>
<td>776,176.09</td>
<td>1,044,786.74</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>510.09</td>
<td>-0-</td>
<td>510.09</td>
</tr>
<tr>
<td>244,587.54</td>
<td>243,073.77</td>
<td>487,661.31</td>
</tr>
<tr>
<td>-0-</td>
<td>339,847.32</td>
<td>339,847.32</td>
</tr>
<tr>
<td>3,062.63</td>
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<td>3,062.63</td>
</tr>
<tr>
<td>20,450.39</td>
<td>-0-</td>
<td>20,450.39</td>
</tr>
<tr>
<td>268,610.85</td>
<td>582,921.09</td>
<td>851,531.74</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$ -0-</td>
<td>$ 193,255.00</td>
<td>$ 193,255.00</td>
</tr>
</tbody>
</table>
SPENCER HOSPITAL

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND

CHANGES IN CASH BALANCE

LOCAL

<table>
<thead>
<tr>
<th>Custodian Account</th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Receipts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from Residents, Relatives or Third-Party Agencies</td>
<td>$281,409.58</td>
<td>$308,917.64</td>
</tr>
<tr>
<td>Interest</td>
<td>12,823.25</td>
<td>6,827.51</td>
</tr>
<tr>
<td>Patient Payroll</td>
<td>13,108.67</td>
<td>2,789.93</td>
</tr>
<tr>
<td>Transfer from Patient Welfare Account</td>
<td>10.00</td>
<td>89.35</td>
</tr>
<tr>
<td></td>
<td><strong>307,351.50</strong></td>
<td><strong>316,624.43</strong></td>
</tr>
<tr>
<td>Disbursements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient Withdrawals</td>
<td>95,765.92</td>
<td>229,386.62</td>
</tr>
<tr>
<td>Personal Services</td>
<td>11,394.26</td>
<td>1,231.30</td>
</tr>
<tr>
<td>Patient Maintenance</td>
<td>146,614.40</td>
<td>143,074.25</td>
</tr>
<tr>
<td>Transfer to Canteen Account</td>
<td>9,848.51</td>
<td>1,103.00</td>
</tr>
<tr>
<td></td>
<td><strong>263,623.09</strong></td>
<td><strong>374,795.17</strong></td>
</tr>
<tr>
<td>Cash Receipts Over (Under) Disbursements</td>
<td>43,728.41</td>
<td>(56,170.74)</td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>151,182.79</td>
<td>207,353.53</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$194,911.20</td>
<td>$151,182.79</td>
</tr>
</tbody>
</table>

Year Ended June 30,

<table>
<thead>
<tr>
<th>1985</th>
<th>1984</th>
<th>1983</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending Balance:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash In Bank</td>
<td>$69,316.20</td>
<td>$109,188.55</td>
</tr>
<tr>
<td>Consolidated Investment Fund</td>
<td>125,595.00</td>
<td>41,994.24</td>
</tr>
<tr>
<td></td>
<td><strong>$194,911.20</strong></td>
<td><strong>$151,182.79</strong></td>
</tr>
</tbody>
</table>
## SPENCER HOSPITAL

### STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND

### CHANGES IN CASH BALANCE

#### LOCAL

<table>
<thead>
<tr>
<th>Patient Welfare Account</th>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1985</td>
</tr>
<tr>
<td>Cash Receipts:</td>
<td></td>
</tr>
<tr>
<td>Gifts and Donations</td>
<td>$ 300.00</td>
</tr>
<tr>
<td>Sales</td>
<td>1,678.45</td>
</tr>
<tr>
<td>Patient Payroll</td>
<td>60.00</td>
</tr>
<tr>
<td>Redeposits and Refunds</td>
<td>201.32</td>
</tr>
<tr>
<td>Interest</td>
<td>2,367.82</td>
</tr>
<tr>
<td>Transfer from Canteen Account</td>
<td>3.60</td>
</tr>
<tr>
<td></td>
<td>4,611.19</td>
</tr>
<tr>
<td>Disbursements:</td>
<td></td>
</tr>
<tr>
<td>Patient Benefits</td>
<td>3,597.79</td>
</tr>
<tr>
<td>Transfer to Canteen Account</td>
<td>3,167.45</td>
</tr>
<tr>
<td>Transfer to Collection Account</td>
<td>2,123.69</td>
</tr>
<tr>
<td>Transfer to Custodian Account</td>
<td>10.00</td>
</tr>
<tr>
<td></td>
<td>8,898.93</td>
</tr>
<tr>
<td>Cash Receipts (Under) Disbursements</td>
<td>(4,287.74)</td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>23,145.65</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$18,857.91</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
</tr>
<tr>
<td>Ending Balance:</td>
</tr>
<tr>
<td>Cash in Bank</td>
</tr>
<tr>
<td>Consolidated Investment Fund</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
SPENCER HOSPITAL
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
LOCAL

### Canteen Account

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Receipts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>$21,780.49</td>
<td>$11,038.27</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>518.94</td>
<td>292.91</td>
</tr>
<tr>
<td>Interest</td>
<td>70.19</td>
<td>516.11</td>
</tr>
<tr>
<td>Commissions</td>
<td>857.55</td>
<td>804.57</td>
</tr>
<tr>
<td>Donations</td>
<td>20.00</td>
<td>-0-</td>
</tr>
<tr>
<td>Reimbursement of Payroll Advances</td>
<td>1,342.33</td>
<td>-0-</td>
</tr>
<tr>
<td>Transfers from Custodian Account</td>
<td>9,048.51</td>
<td>1,103.00</td>
</tr>
<tr>
<td>Transfers from Patient Welfare Account</td>
<td>3,167.45</td>
<td>-0-</td>
</tr>
<tr>
<td></td>
<td>37,605.46</td>
<td>13,754.66</td>
</tr>
</tbody>
</table>

| Disbursements:      |            |            |
| Food                | 28,828.45  | 9,115.00   |
| Sales Tax           | 1,167.27   | 713.64     |
| Personal Services   | 6,566.53   | 3,523.63   |
| Current Expenses    | 566.17     | 2,021.28   |
| Repairs and Alterations | 50.00  | -0-        |
| Equipment           | 958.26     | -0-        |
| Payroll Advances    | 1,342.33   | -0-        |
| Transfer to Patient Welfare Account | 3.60 | -0-        |
|                     | 39,482.61  | 15,373.75  |

| Cash Receipts (Under) Disbursements | (1,877.15) | (1,618.89) |

| Beginning Balance     | 5,497.07   | 7,115.96   |

| Ending Balance        | $3,619.92  | $5,497.07  |

### Year Ended June 30, 1985, 1984, 1983

<table>
<thead>
<tr>
<th>Ending Balance:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in Bank</td>
<td>$2,987.86</td>
<td>$4,940.20</td>
<td>$2,075.20</td>
</tr>
<tr>
<td>Consolidated Investment Fund</td>
<td>627.06</td>
<td>556.87</td>
<td>5,040.76</td>
</tr>
<tr>
<td>Change Fund</td>
<td>5.00</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td></td>
<td>$3,619.92</td>
<td>$5,497.07</td>
<td>$7,115.96</td>
</tr>
</tbody>
</table>

- 45 -
<table>
<thead>
<tr>
<th>Account Description</th>
<th>Balance per State Treasury and Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Services Revenue - Account 8500-05</td>
<td>$0.00</td>
</tr>
<tr>
<td>Hospital Services Revenue - Account 8500-15</td>
<td>$54,717.68</td>
</tr>
<tr>
<td>Hospital Services Revenue - Account 8500-25</td>
<td>$750,000.00</td>
</tr>
<tr>
<td>Hospital Services Revenue - Account 8500-26</td>
<td>$24,512.60</td>
</tr>
<tr>
<td>Insurance Claims - Account 8523-10</td>
<td>$2,395.00</td>
</tr>
<tr>
<td>Client Services - Account 8523-33</td>
<td>$3,150.83</td>
</tr>
</tbody>
</table>
Custodian Account

Balance per Bank $70,191.04

Less: Outstanding Checks

Check Numbers

<table>
<thead>
<tr>
<th>Check Numbers</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5176</td>
<td>3.02</td>
</tr>
<tr>
<td>7224</td>
<td>80.00</td>
</tr>
<tr>
<td>7225</td>
<td>290.79</td>
</tr>
<tr>
<td>7354</td>
<td>3.00</td>
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<tr>
<td>8359</td>
<td>49.60</td>
</tr>
<tr>
<td>8367</td>
<td>365.13</td>
</tr>
<tr>
<td>8368</td>
<td>25.00</td>
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<tr>
<td>8369</td>
<td>58.10</td>
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</tbody>
</table>

Total: 874.84

Balance per Book $69,316.20

Patient Welfare Account

Balance per Bank $ 307.02

Less: Outstanding Check

Check Number

<table>
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<th>Check Numbers</th>
<th>Amount</th>
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<tbody>
<tr>
<td>1239</td>
<td>155.25</td>
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Balance per Book $ 151.77
**Canteen Account**

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>06/28/85</td>
<td>157.96</td>
</tr>
<tr>
<td>06/29/85</td>
<td>75.41</td>
</tr>
<tr>
<td>06/30/85</td>
<td>155.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>388.62</strong></td>
</tr>
</tbody>
</table>

**Less: Outstanding Checks**

<table>
<thead>
<tr>
<th>Check Numbers</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>833</td>
<td>121.45</td>
</tr>
<tr>
<td>834</td>
<td>143.96</td>
</tr>
<tr>
<td>835</td>
<td>205.24</td>
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<tr>
<td>836</td>
<td>969.22</td>
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<tr>
<td>837</td>
<td>992.34</td>
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<td>838</td>
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<tr>
<td>839</td>
<td>533.25</td>
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<tr>
<td>840</td>
<td>25.00</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>3,004.11</strong></td>
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</tbody>
</table>

**Balance per Book** $2,987.86
**SPENCER HOSPITAL**

**PATIENT COST**

<table>
<thead>
<tr>
<th></th>
<th>1985</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Population</td>
<td>136</td>
<td>142</td>
</tr>
<tr>
<td>Patient Days</td>
<td>49,786</td>
<td>52,095</td>
</tr>
<tr>
<td>Total Appropriated Expenditures</td>
<td>$2,884,076.26</td>
<td>$2,577,895.69</td>
</tr>
<tr>
<td>Cost per Patient Day</td>
<td>$57.93</td>
<td>$49.48</td>
</tr>
<tr>
<td>Average Cost per Patient Year</td>
<td>$21,206.44</td>
<td>$18,154.20</td>
</tr>
</tbody>
</table>
STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encll Bailey, Legislative Auditor, do hereby certify that the report of audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 2nd day of July, 1986.

[Signature]
Encll Bailey, Legislative Auditor

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to Spencer Hospital; West Virginia Department of Health; Governor; Attorney General; and, State Auditor.