

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1996

NOTE #7: ACCOUNTS RECEIVABLE

Accounts receivable, patients consist of the following:

	<u>MARCH 31,</u> <u>1996</u>	<u>MARCH 31,</u> <u>1995</u>
Total receivables	\$1,284,361	\$783,753
Less allowance for doubtful accounts	<u>515,122</u>	<u>311,223</u>
<u>Total accounts receivable</u>	<u>769,239</u> =====	<u>472,530</u> =====

The following table explains the components of allowance for doubtful accounts:

Balance at beginning of year	\$311,223	\$328,095
Additions		
Collections of previous charge offs	46,033	70,090
Amount charged to expense	<u>476,132</u>	<u>177,553</u>
	833,388	575,738
Accounts charged off	<u>(318,266)</u>	<u>(264,515)</u>
Balance at end of year	<u>515,122</u> =====	<u>311,223</u> =====

The Hospital is located in Litcher, Louisiana and grants credit without personal collateral to its patients, most of whom are residents in the area. Revenues from patients are predominantly received from Medicare and Medicaid.

NOTE #8: FEDERAL ASSISTANCE

The Hospital received federal assistance under the Hill-Burton Grant. These monies were received in prior years. The Hospital is obligated under the Hill-Burton Uncompensated Service Regulations to provide services without charge to eligible individuals until it meets its compliance level.

NOTE #9: RISK MANAGEMENT

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self insurance of (1) Hospital professional liability and comprehensive general liability, and (2) Statutory workers' compensation. The Hospital carries commercial insurance for all other risk of loss.

The trust funds for professional liability/comprehensive general liability and statutory workers compensation are pooling arrangements whereby there is a sharing of risks among the participants of the trust funds. The Hospital reports its premiums as insurance expenditures and expenses these premiums over the pro rata periods involved.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 1996, AND MARCH 31, 1995

	<u>YEAR ENDED MARCH 31, 1996</u>	<u>YEAR ENDED MARCH 31, 1995</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income (loss)	\$(1,574,131)	\$813,415
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	785,120	688,433
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	(296,709)	41,136
Decrease (increase) in contractual settlements	1,808,213	(2,659,821)
Decrease (increase) in taxes receivable	(49,501)	(2,999)
Decrease (increase) in inventories	3,785	14,508
Decrease (increase) in prepaid expenses	7,409	(12,041)
Increase (decrease) in accounts payable	(271,076)	370,728
Increase (decrease) in accrued expenses	286,202	139,410
<u>Net cash provided by operating activities</u>	<u>699,312</u>	<u>(607,231)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash advanced for security deposit	1,200	(5,255)
Cash invested in assets whose use is limited	(88,097)	1,384,956
Purchase of property and equipment	(344,281)	(1,042,692)
<u>Net cash provided by investing activities</u>	<u>(431,178)</u>	<u>337,009</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of long-term debt		(6,761)
<u>Net cash provided by financing activities</u>	<u>—————</u>	<u>(6,761)</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>268,134</u>	<u>(276,983)</u>
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>1,408,547</u>	<u>1,685,530</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>1,676,681</u> =====	<u>1,408,547</u> =====

Notes are an integral part of this statement.

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ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
LUTCHER, LOUISIANA
MARCH 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 OCT 16 1996

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1996

NOTE #2: DISCONTINUED OPERATIONS

The Hospital Service District agreed to dispose of its North Louisiana psychiatric operations in March 1996, and closed the operations June 10, 1996. The financial statements for 1995 have been restated to disclose the results of operations of the disposed segment as a separate component of income. The estimated loss from this disposal incurred after March 31, 1996, is provided in the financial statements for the year ended March 31, 1996.

NOTE #3: PENSION PLAN

The Hospital is a member of the Parochial Employees' Retirement System of Louisiana. Total pension expense was \$26,090 for the year ended March 31, 1996, and \$35,262 for the year ended March 31, 1995. All amounts expensed have been funded in this contributory plan.

NOTE #4: NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. A summary of the payment arrangements with major third party payors follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education cost related to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 1992. Desk reviews have been performed on reports issued through March 31, 1995. The Hospital filed for a re-opening of its June 30, 1991, cost report.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited through June 30, 1992. A desk review has been performed on the report issued for March 31, 1995. The Hospital filed for a re-opening of its June 30, 1991, cost report.

Blue Cross - Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.



Independent Auditor's Report

Board of Commissioners
St. James Parish Hospital Service District
Lutcher, Louisiana

We have audited the balance sheet of

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
LUTCHER, LOUISIANA

at March 31, 1996, and March 31, 1995, and the related statement of income, fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit of the financial statements provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. James Parish Hospital Service District as of March 31, 1996, and March 31, 1995, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In connection with our examination, we reviewed the responses to the State of Louisiana, Legislative Auditor, Compliance Questionnaire, Hospital Service District, for the year ended March 31, 1996, and found no evidence that the Hospital Service District has not answered the questions correctly. It should be noted that our examination was not directed primarily to verifying the responses to the questionnaire.

Gaudet-Johnson, Inc.

September 18, 1996

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
BALANCE SHEET
MARCH 31, 1996, AND MARCH 31, 1995

A S S E T S

	<u>MARCH 31,</u> <u>1996</u>	<u>MARCH 31,</u> <u>1995</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$1,676,681	\$1,408,547
Accounts receivable, patients	769,239	472,530
Contractual settlements receivable	2,833,647	4,641,860
Taxes receivable	240,000	190,499
Inventories	92,331	96,116
Prepaid expenses	<u>197,225</u>	<u>204,634</u>
<u>Total current assets</u>	5,809,123	7,014,186
<u>ASSETS WHOSE USE IS LIMITED</u>		
By agreements with third party payors for funded depreciation	1,850,189	1,762,092
<u>PROPERTY, PLANT AND EQUIPMENT</u>	3,236,537	3,677,376
<u>DEPOSITS</u>	<u>25,855</u>	<u>27,055</u>
<u>Total assets</u>	10,921,704 =====	12,480,709 =====

L I A B I L I T I E S A N D F U N D B A L A N C E

CURRENT LIABILITIES

Accounts payable	\$553,015	\$824,091
Accrued expenses	<u>691,769</u>	<u>405,567</u>
<u>Total current liabilities</u>	1,244,784	1,229,658

LONG-TERM DEBT

<u>Total liabilities</u>	<u>1,244,784</u>	<u>1,229,658</u>
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FUND BALANCE

<u>Total liabilities and fund balance</u>	9,676,920	<u>11,251,051</u>
	10,921,704 =====	12,480,709 =====

Notes are an integral part of this statement.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF FUND BALANCE
YEARS ENDED MARCH 31, 1996, AND MARCH 31, 1995

	YEAR ENDED MARCH 31, 1996	YEAR ENDED MARCH 31, 1995
<u>Fund Balance</u> - Beginning a period	\$11,251,051	\$10,437,636
Net income (loss) - for period	<u>(1,574,131)</u>	<u>813,415</u>
<u>Fund Balance</u> - End of period	<u>9,676,920</u> =====	<u>11,251,051</u> =====

Notes are an integral part of this statement.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1996

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. James Parish Hospital Service District, d/b/a St. James Parish Hospital is a not for profit acute care hospital. The Hospital was approved by the St. James Parish Police Jury and is a political subdivision organized under the State of Louisiana laws. The Hospital has a Board of Commissioners who are appointed by the Parish Council/Police Jury. These financial statements include the accounts of St. James Parish Hospital, Medical Land Company, Inc., and Abrigo Health Management, Inc. The assets and liabilities of Abrigo Health Management, Inc., were transferred to St. James Parish Hospital Service District through donations and sale agreements dated November 18, 1994, and July 1, 1995. As consideration for the above, the Hospital Service District agreed to relieve and release Abrigo Health Management, Inc., for advances made pursuant to the Revolving Loan Agreements and Security Agreements as amended. All significant intercompany transactions have been eliminated.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Cash and cash equivalents consist of cash on hand and in bank accounts, and also certificates of deposit, with maturity dates at acquisition that is less than 90 days, plus accrued interest. All amounts are collateralized as required by state law.

Inventories are stated at the lower of cost or market using the first-in, first-out method.

Financial instruments included in assets whose use is limited are carried at cost adjusted for discounts and premiums which approximates fair value at the balance sheet date. Investment income is reported as nonoperating revenues.

Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method at rates approximating the estimated useful lives of the property. Maintenance, repairs, replacements, and improvements of minor importance are expensed. Major replacements and improvements are capitalized.

The Hospital receives a 5.0 mills property tax which is levied January 1 each year, payable by December 31 of that year. The Hospital records the expected revenues to be received based on factors such as previous years collections to assessments and the estimated taxable assess value for the current year. Adjustments are made upon final receipts.

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the period. Actual results could differ from those estimates.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1996

NOTE #5: ASSETS WHOSE USE IS LIMITED

Assets whose use is limited under agreements with third party payors for funded depreciation are summarized as follows:

	<u>MARCH 31,</u> <u>1996</u>	<u>MARCH 31,</u> <u>1995</u>
Shares of Centennial Government Trust, a diversified, open-end management investment company, registered under the Investment Company Act of 1940.	\$1,543,207	\$1,453,813
U. S. Treasury note maturing 5-15-96 interest rate 4.25%	300,000	300,000
Accrued interest	<u>6,982</u>	<u>8,279</u>
	<u>1,850,189</u>	<u>1,762,092</u>
	=====	=====

Centennial Government Trust consist of assets totaling \$1,543,207 at March 31, 1996, and \$1,453,813 at March 31, 1995. U. S. Government Obligations make up 85% of these assets and the remaining amounts consist of repurchase agreements with Morgan Guaranty Trust Co. that are collateralized by FHLMC and FNMA participation certificates. All portfolio securities are valued on the basis of amortized cost, which approximates market value. Dividends from net investment income are declared each day the New York Stock Exchange is open for business and paid monthly. To effect its policy of maintaining a net asset value of \$1.00 per share, the Trust may make distributions of net realized gains.

All cash and cash equivalents in excess of insured deposit limits are collateralized by U. S. Government securities.

NOTE #6: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	<u>MARCH 31,</u> <u>1996</u>	<u>MARCH 31,</u> <u>1995</u>
Land	\$52,159	\$52,159
Building and improvements	4,065,137	3,968,489
Equipment	3,441,234	3,164,124
Construction in progress		60,178
	<u>7,558,530</u>	<u>7,244,950</u>
Allowance for depreciation	<u>4,321,993</u>	<u>3,567,574</u>
<u>Total property and equipment</u>	<u>3,236,537</u>	<u>3,677,376</u>
	=====	=====

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1996

NOTE #10: OPERATING LEASES

The Hospital Service District has entered into operating leases for land and buildings it occupies in LaPlace, Pineville, and Olla, Louisiana, that expire at various times. Rental expense reflected in Loss on Psychiatric Hospital Operations amounted to \$775,013, for the year ended March 31, 1996, and \$832,572, for the year ended March 31, 1995. Future minimum annual rentals for the year ended March 31, 1997, should approximate \$240,000. The LaPlace lease expires July 1998. The Pineville and Olla leases were terminated and amounts paid after March 1996 were included in the loss on discontinued operations.

We are pleased to report that the findings that were mentioned in our previous report are no longer applicable. The audit report was issued in a timely manner and the Hospital is complying with the budget act(s).

We considered these instances of noncompliance in forming our opinion on whether the St. James Parish Hospital Service District's 1996 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated September 18, 1996, on those financial statements.

This report is intended for the information of the Board of commissioners and management. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

GAUDET-JOHNSON, INC.

By Zany Johnson

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF INCOME
YEARS ENDED MARCH 31, 1996, AND MARCH 31, 1995

	YEAR ENDED MARCH 31, 1996	YEAR ENDED MARCH 31, 1995
<u>NET PATIENT SERVICE REVENUE</u>	\$5,492,755	\$8,539,126
<u>CONTINUING PSYCHIATRIC HOSPITAL OPERATIONS</u>	218,056	(77,757)
<u>OTHER OPERATING REVENUES - PATIENT SERVICES</u>	<u>37,704</u>	<u>22,511</u>
<u>Total patient service revenue</u>	<u>5,748,515</u>	<u>8,483,880</u>
 <u>OPERATING EXPENSES</u>		
payrolls	2,974,337	2,830,549
outside services	1,380,992	1,335,092
supplies and other expenses	927,961	993,673
general and administrative	1,200,039	1,235,305
provision for bad debts	476,132	177,553
interest		6,565
depreciation	<u>316,039</u>	<u>298,748</u>
<u>Total operating expenses</u>	<u>7,275,500</u>	<u>6,877,485</u>
<u>NET INCOME (LOSS) - PATIENT SERVICES</u>	(1,526,985)	1,606,395
 <u>OTHER OPERATING REVENUE</u>		
Taxes - Maintenance	1,009,898	774,724
Taxes - Revenue Sharing	<u>48,059</u>	<u>32,486</u>
<u>NET INCOME (LOSS) FROM OPERATIONS</u>	(469,028)	2,413,605
 <u>NON OPERATING REVENUES</u>		
Interest from Board designated funds	119,043	127,059
Grants	79,874	125,004
Donations/others	<u>(26,154)</u>	<u>7,526</u>
<u>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</u>	(296,265)	2,673,194
 <u>DISCONTINUED OPERATIONS - NOTE #2 - NORTH LOUISIANA/HOME OFFICE PSYCHIATRIC UNITS</u>	(1,277,866)	(1,859,779)
<u>NET INCOME (LOSS)</u>	(1,574,131) =====	813,415 =====

Notes are an integral part of this statement.



September 18, 1996

The Board of Commissioners
St. James Parish Hospital District
Post Office Box 430
Lutcher, Louisiana

Members of the Board:

We have audited the financial statements of St. James Parish Hospital District, Lutcher, Louisiana, as of and for the year ended March 31, 1996, and have issued our report thereon dated September 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of St. James Parish Hospital District, Lutcher, Louisiana, for the year ended March 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly we do not express such an opinion.

The management of St. James Parish Hospital District, Lutcher, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related cost of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Supplemental Information

Board of Commissioners
St. James Parish Hospital Service District
St. James Parish Hospital
Lutcher, Louisiana

Gentlemen:

The purpose of our audit of the financial statements of

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
LUTCHER, LOUISIANA

was to formulate an opinion on the basic financial statements taken as a whole.

The financial data which follows is not necessary for a fair presentation of financial position, results of operations and cash flows, in conformity with generally accepted auditing standards. It is presented for supplementary analysis purposes. It was subjected to audit procedures applied in the examinations of the financial statements for the years ended March 31, 1996, and March 31, 1995, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gaudet Johnson, Inc.

September 18, 1996



September 18, 1996

The Board of Commissioners
St. James Parish Hospital District
Post Office Box 430
Lutcher, Louisiana 70071

Members of the Board:

We have audited the basic financial statements of St. James Parish Hospital District, Lutcher, Louisiana, for the year ended March 31, 1996, and have issued our report thereon dated September 18, 1996. In connection with our audit, we tested transactions and records to obtain reasonable assurance about the Hospital Service District's compliance with laws and regulations that, if not complied with, we believe could have a material effect on the basic financial statements of the Hospital Service District. The management of St. James Parish Hospital Service District is responsible for the Hospital's compliance with laws and regulations.

We conducted our audit in accordance with generally accepted auditing standards for financial and compliance audits contained in the standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office. Those standards require planning and performing the audit to obtain reasonable assurance about whether the Hospital Service District had, in all material respects, complied with laws and regulations that, if not complied with, we believe could have a material effect on the basic financial statements of the Hospital Service District. An audit includes examining, on a test basis, evidence about the Hospital Service District's compliance with those laws and regulations.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed the following instances of noncompliance that may be material to the financial statements but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in St. James Parish Hospital Service District's 1996 financial statements.

Finding: We conducted an investigation of activities involving certain contracts entered into by the former administrator of the Hospital and reported our findings to you in December 95. We met with representatives of State of Louisiana - Department Justice - Criminal Division - Medicaid Fraud and reported our findings to them. We expressed our concerns centering around contracts with (1) Mental Health Management / Alexandria Health Concepts (2) Regional Development & Research / Louisiana Resource Management (3) Medical Management Options / Evangeline Psychiatric.

Explanation: To the best of our knowledge the representatives referred to above are still in the process of their investigation.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF OPERATING EXPENSES
YEARS ENDED MARCH 31, 1996, AND MARCH 31, 1995

	<u>YEAR ENDED MARCH 31, 1996</u>	<u>YEAR ENDED MARCH 31, 1995</u>
<u>SUPPLIES AND OTHER EXPENSES</u>		
Nursing	\$43,517	\$32,938
Central supply	128,666	115,306
Chemical addiction		21,296
Laboratory	79,638	73,768
Radiology/nuclear medicine	93,519	92,377
Allocation to Psych unit - Laplace	(99,945)	
Pharmacy	148,247	145,800
Operating and recovery	70,275	89,593
Emergency room	2,538	2,844
Anesthesiology	3,532	4,308
Cardiology	8,639	10,202
Dietary	67,714	83,021
Medical records	8,416	5,753
Housekeeping	26,001	28,228
Maintenance	79,933	79,766
Business office	83,376	71,353
Council on Aging	77,394	82,378
Senior care	11,941	145
Administration	18,861	29,088
East/West Bank/Williams clinics	63,643	12,458
All other	<u>12,056</u>	<u>13,051</u>
<u>Totals</u>	927,961 =====	993,673 =====

GENERAL AND ADMINISTRATIVE

Utilities	\$125,515	\$125,620
Insurance	128,179	157,963
Employee benefits	489,367	345,613
Recruitment expenses	104,576	233,681
All other expenses	<u>352,402</u>	<u>372,428</u>
<u>Totals</u>	1,200,039 =====	1,235,305 =====

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF OPERATING EXPENSES
YEARS ENDED MARCH 31, 1996, AND MARCH 31, 1995

	<u>YEAR ENDED MARCH 31, 1996</u>	<u>YEAR ENDED MARCH 31, 1995</u>
<u>PAYROLLS</u>		
Nursing	\$782,755	\$758,612
Chemical addiction	2,698	465,344
Administration	149,965	179,604
Business office	119,079	124,778
Purchasing	22,626	19,488
Marketing	47,563	45,489
Laboratory	144,602	155,650
Radiology	145,230	139,988
Pharmacy	98,324	88,465
Operating and recovery	106,800	108,231
Emergency room	113,166	106,858
Anesthesiology	113,311	107,351
Dietary	122,239	118,932
Housekeeping	98,952	91,611
Maintenance	105,616	102,117
Medical records	70,173	69,209
West Bank Clinic	70,095	
Senior care unit	411,939	45,258
East Bank Clinic	244,316	87,131
Vacation pay adjustment	4,888	16,433
	<u>2,974,337</u>	<u>2,830,549</u>
	=====	=====
<u>OUTSIDE SERVICES</u>		
Emergency room	\$362,391	\$324,147
Chemical addiction		109,435
Physical therapy	128,524	129,680
Respiratory therapy	156,676	162,988
Administration	128,402	68,977
Nursing		982
Laboratory	113,947	86,765
All other	61,037	49,011
Senior care unit	320,344	323,199
Rural Health Transition	11,329	32,888
Purchase ancillary	98,342	47,020
	<u>1,380,992</u>	<u>1,335,092</u>
	=====	=====

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
LOSS ON PSYCHIATRIC HOSPITAL OPERATIONS
YEARS ENDED MARCH 31, 1996, AND MARCH 31, 1995

	<u>YEAR ENDED MARCH 31, 1996</u>	<u>YEAR ENDED MARCH 31, 1995</u>
<u>NET PATIENT SERVICE REVENUE</u>	\$4,901,889	\$4,213,016
<u>OPERATING EXPENSES</u>		
Payrolls	1,990,596	2,174,252
Employee benefits	339,798	369,077
Contract services and fees	893,284	1,682,525
Patient meals/services	189,821	271,423
Rents	775,013	832,572
Purchased Ancillary	190,450	
Bad debts	362,648	
Depreciation and amortization	469,081	389,685
Supplies and other expenses	<u>414,292</u>	<u>431,018</u>
<u>Total operating expenses</u>	<u>5,624,983</u>	<u>6,150,552</u>
<u>LOSS ON PSYCHIATRIC HOSPITAL OPERATIONS</u>	(723,094)	(1,937,536)
<u>ESTIMATED LOSS ON DISPOSAL OF NORTH LOUISIANA OPERATIONS</u>	<u>(336,716)</u>	_____
<u>NET LOSS</u>	(1,059,810) =====	(1,937,536) =====
<u>ALLOCATED AS FOLLOWS</u>		
CONTINUING OPERATIONS - LAPLACE	\$218,056	\$(77,757)
DISCONTINUED OPERATIONS - NORTH LOUISIANA FACILITIES AND HOME OFFICE	<u>(1,277,866)</u>	<u>(1,859,779)</u>
<u>NET LOSS</u>	(1,059,810) =====	(1,937,536) =====

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
STATEMENT OF REVENUES
YEAR ENDED MARCH 31, 1996, AND MARCH 31, 1995

	<u>YEAR ENDED MARCH 31, 1996</u>	<u>YEAR ENDED MARCH 31, 1995</u>
<u>PATIENT SERVICE REVENUES</u>		
Room and nursing	\$520,293	\$538,243
Chemical addiction unit and therapy	14,165	2,338,060
Central supply	980,206	982,471
Laboratory	1,148,983	981,948
Radiology/nuclear medicine	589,693	547,092
Pharmacy	685,731	686,280
Operating and recovery	341,920	309,185
Inhalation therapy	411,247	450,271
Emergency room	312,109	257,718
Physical therapy	213,298	211,193
Anesthesiology	181,178	152,995
Cardiology	104,294	93,778
Ultrasound	171,271	101,136
Council on Aging	150,522	156,795
West Bank Clinic	37,963	
Senior care unit	1,084,200	6,600
East Bank Clinic	122,614	10,863
All other	<u>3,680</u>	<u>7,417</u>
<u>Totals</u>	<u>7,073,367</u>	<u>7,832,045</u>
<u>CONTRACTUAL ADJUSTMENTS</u>		
Medicare	1,280,474	1,165,980
Medicaid	(210,687)	(2,910,458)
Insurance and other	342,827	277,682
Hill Burton/Free Care	<u>167,998</u>	<u>759,715</u>
<u>Totals</u>	<u>1,580,612</u>	<u>(707,081)</u>
<u>Totals</u>	<u>5,492,755</u>	<u>8,539,126</u>
	=====	=====
<u>OTHER OPERATING REVENUES - PATIENT SERVICES</u>		
cafeteria	\$8,067	\$9,271
Vending machines	636	2,641
All other	<u>29,001</u>	<u>10,599</u>
<u>Totals</u>	<u>37,704</u>	<u>22,511</u>
	=====	=====

We noted the following reportable condition.

Segregation of Duties / Written Policies and Procedures

During our review of the internal control structure, we noted a lack of segregation of duties of accounting functions due to the limited number of personnel, and a lack of written policies and procedures in certain areas that include collections/accounts receivable recordings, cash disbursements/disbursement journals.

We noted attempts to remedy this/these weaknesses and applaud these efforts. We feel you have adequate accounting personnel to develop procedures that will strengthen these weaknesses.

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

Very truly yours,

GAUDET-JOHNSON, INC

By: Zary Johnson