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MR. JAMES EARL RAY, FEDERAL BUREAU OF INVESTIGATION
 WASHINGTON, DISTRICT OF COLUMBIA
 APRIL 11, 1961

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the auditor, as required, and to other appropriate public officials. The report is available for public inspection at the Boston Regional Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Witness Hand

OCT 15 1961

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Independent Auditor's Report

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

We have audited the balance sheet of

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
LAFAYETTE, LOUISIANA**

as of March 31, 1991, and March 31, 1990, and the related statement of income, net assets, 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. These 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, 1991, and March 31, 1990, 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, 1991, 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.

Larry G. Johnson, CPA

September 18, 1991

ST. JAMES HOSPITAL SERVICE DISTRICT
BALANCE SHEET
MARCH 31, 1957, AND MARCH 31, 1956

A S S E T S

	<u>MARCH 31,</u> <u>1957</u>	<u>MARCH 31,</u> <u>1956</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,109,429	\$1,876,481
Accounts receivable, patients	849,541	1,849,400
Contractual settlements receivable		554,174
Taxes receivable	248,258	240,500
INVESTMENTS	88,483	82,201
Prepaid expenses	128,513	187,255
TOTAL CURRENT ASSETS	2,513,224	3,889,911
ASSETS UNDER LONG TERM AGREEMENTS		
By agreements with third party papers for funded depreciation	1,843,848	1,850,188
PROPERTY, PLANT AND EQUIPMENT	2,793,519	2,206,540
DEPOSITS	28,850	28,850
TOTAL ASSETS	7,980,399	10,221,789

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

CURRENT LIABILITIES		
Accounts payable	\$275,944	\$551,215
current maturities of long-term debt	3,800	
Contractual settlements	508,279	
Accrued expenses	148,180	491,799
Total current liabilities	1,080,403	1,244,784
LONG-TERM DEBT	12,400	
Total liabilities	1,092,803	1,244,784
NET ASSETS	6,887,596	8,976,999
Total liabilities and net assets	7,980,399	10,221,789

Notes are an integral part of this statement.

ST. JAMES PSYCHIC HOSPITAL SERVICE DISTRICT
STATEMENT OF INCOME
PERIOD ENDING MARCH 31, 1977, AND MARCH 31, 1976

	YEAR ENDING MARCH 31, 1977	YEAR ENDING MARCH 31, 1976
NET PSYCHIC SERVICE REVENUE	43,877,403	45,482,750
CONTINUING PSYCHIATRIC HOSPITAL OPERATIONS	(1,244,878)	218,856
OTHER OPERATING REVENUES - PATIENT SERVICES	26,853	37,384
Total Patient Service Revenue	42,659,378	45,738,990
OPERATING REVENUES		
Payroll	2,829,898	2,934,337
Employee benefits	359,846	489,366
Contract services and professional fees	1,244,878	1,288,857
Supplies	808,382	748,827
Rent, lease, and maintenance contracts	319,858	389,257
Provision for bad debts	344,873	436,132
Telephone and utilities	382,318	389,851
Insurance	328,308	328,379
Other	825,791	882,751
Depreciation	283,238	318,827
Total operating expenses	6,388,892	6,828,644
NET INCOME (LOSS) - PATIENT SERVICES	44,189,390	44,910,346
OTHER OPERATING REVENUES		
Taxes - maintenance and services sharing	1,681,824	1,682,757
NET INCOME (LOSS) FROM OPERATIONS	(2,841,698)	148,824
NON-OPERATING REVENUES		
Interest from Board designated funds	129,764	128,863
Grants	81,754	79,824
Donations/other	11,822	126,121
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(2,630,112)	364,812
DISCONTINUED OPERATIONS - HOME #2 - BORNE LABORATORY OFFICE PSYCHIATRIC UNIT	(1,658,148)	11,272,894
NET INCOME (LOSS)	(4,288,260)	13,647,706

Notes are an integral part of this statement.

ST. LOUIS BRIDGE POLITICAL SERVICE DISTRICT
STATEMENT OF NET ASSETS
YEARS ENDED MARCH 31, 1987, AND MARCH 31, 1988

	YEAR ENDED MARCH 31, 1987	YEAR ENDED MARCH 31, 1988
Net Assets - Beginning of period	\$9,878,928	\$11,351,951
Net Income (Loss) - For period	(3,508,358)	\$1,376,131
Net Assets - End of period	\$6,370,570	\$12,728,082

Notes are an integral part of this statement.

ST. ANNE'S HOSPITAL, NEWYORK DISTRICT
STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 1957, AND MARCH 31, 1956

	YEAR ENDED MARCH 31, 1957	YEAR ENDED MARCH 31, 1956
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$13,568,356	9,615,774,130
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	288,555	785,120
Change in operating assets and liabilities		
Decrease (increase) in accounts receivable, net	8,189,181	(514,400)
Increase (decrease) in contractual commitments, net	1,782,428	3,827,900
Increase (decrease) in taxes receivable	(8,255)	(48,500)
Increase (decrease) in inventories	3,838	3,785
Decrease (increase) in prepaid expenses	78,492	7,468
Increase (decrease) in accounts payable	(237,487)	(271,074)
Increase (decrease) in accrued expenses, net	(224,887)	288,207
Net cash provided by operating activities	(514,482)	508,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash returned for security deposits	4,765	1,200
Cash received in assets whose use is limited	(23,485)	(88,893)
Purchase of property and equipment, net	(28,528)	(288,200)
Net cash provided by investing activities	(47,248)	(375,893)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional borrowings of long term debt	18,247	
Repayment of long-term debt	(2,032)	
Net cash provided by financing activities	16,215	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(77,515)	248,124
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,878,485	1,488,541
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,800,970	1,736,665

Notes are an integral part of this statement.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
STATE OF LOUISIANA, STATEMENTS
MARCH 31, 1991

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 Shreve Health Management, Inc. The assets and liabilities of Shreve Health Management, Inc., were transferred to St. James Parish Hospital Service District through cessions and sale agreements dated November 18, 1984, and July 1, 1989. As consideration for the cession, the Hospital Service District agreed to relieve and release Shreve 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 reinsurance 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 time certificates of deposits, with maturity dates at acquisition that is less than 90 days, plus accrued interest.

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 approximate 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 3.8 mills property tax which is levied January 1 each year, payable by December 15 of that year. The Hospital records the expected revenues to be received based on factors such as previous year collections to assessments and the estimated taxable assessed value for the current year. Adjustments are made upon final receipts.

The Hospital is a not-for-profit corporation as described in Section 513(c)(13) of the Internal Revenue Code and is exempt from Federal Income Taxes as related income pursuant to Section 501(c)3 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 these estimates.

ST. JAMES PSYCHIC HOSPITAL SERVICE DISTRICT
NOTE TO FINANCIAL STATEMENTS
MARCH 31, 1991

NOTE 23: DISCONTINUED OPERATIONS

The hospital service district agreed to dispose of its north Louisiana psychiatric operations in March 1990, and closed the operations June 19, 1990. The financial statements for 1990 were 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, 1990, is provided in the financial statements for the year ended March 31, 1991. An additional provision for contractual allowances was recorded in 1991 relating to receivables from the Medicaid program.

NOTE 24: PENSION PLAN

The Hospital is a member of the Parochial Employees' Retirement System of Louisiana - Plan B. All employees must participate in this plan. The Plan B fund is financed by employee contributions of 2% of employee annual earnings 5% above of \$1,000 and employer contributions as determined by the Public Retirement System Actuarial Committee. The Actuarial Committee has determined that the employer contribution rate for 1991 is to be 2.04 - 11.8% for 1990 and 1989. The actuarial cost method used for Plan B is the aggregate actuarial cost method with allocation based on earnings. The normal cost is interest adjusted for midyear payment. The ratio of assets to the pension benefit obligation in Plan B was 127% and 129% at December 31, 1990 and 1989 respectively. Total pension expense was \$28,124 for the year ended March 31, 1990, and \$16,040 for the year ended March 31, 1989. All assets reported have been funded to the plan.

NOTE 25: NET PRESENT 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 hospice 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 reimbursement 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 March 31, 1990. Cost reviews have been performed on reports issued through March 31, 1989. The Hospital filed for a re-opening of its June 30, 1989, 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 March 31, 1990. A desk review has been performed on the report issued for March 31, 1989. The Hospital filed for a re-opening of its June 30, 1989, cost report.

**ST. ANTONS HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1972**

NOTE 24: NET PATIENT SERVICE REVENUE (CONTINUED)

Room Charge - Inpatient services rendered to non group subscribers are evidenced 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.

NOTE 25: ASSETS UNDER AGREEMENTS

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

	MARCH 31, 1972	MARCH 31, 1971
Shares of Centennial Government Trust, a diversified, open-end management investment company, registered under the Investment Company Act of 1940.	\$22,728	\$1,542,812
American Express cash account	772,349	
U. S. Treasury note maturing 2-21-87 interest rate 8.75% and 2-15-88 @ 8.25%	348,000	348,000
U. S. Treasury note maturing 81-31-87 interest rate 8.25%	258,000	
Good promises and accrued interest	22,728	3,329
	1,881,648	1,894,141

Centennial Government Trust consist of assets totaling \$22,728 at March 31, 1972, and \$1,542,812 at March 31, 1971. U. S. Government Obligations make up 87% of these assets and the remaining amounts consist of repurchase agreements with Morgan Guaranty Trust Co. that are collateralized by FOMC and FOMM participation certificates.

Cash equivalents in excess of insured deposit limits included in American Express cash account were not collateralized by U.S. government securities. All of the amount existing at March 31, 1971, was transferred to St. Anton's Bank & Trust on April 8, 1972, and was collateralized by pledges of U.S. government securities and obligations.

ST. JAMES PSYCHIC HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

NOTE 01: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the followings:

	MARCH 31, 1991	MARCH 31, 1990
Land	\$52,100	\$52,100
Building and improvements equipment	3,595,988	4,845,187
	(3,005,421)	(3,481,274)
Allowance for depreciation	(2,718,088)	(2,598,540)
TOTAL PROPERTY AND EQUIPMENT	1,799,579	1,798,573

NOTE 02: ACCOUNTS RECEIVABLE

Accounts receivable, patients consist of the followings:

	MARCH 31, 1991	MARCH 31, 1990
Total receivables less allowance for doubtful accounts	\$1,074,446	\$1,763,400
	(1,024,862)	(1,394,714)
Total accounts receivable	\$49,584	3,686,686

The 1990 financial statements were reclassified from their original presentation to reflect gross patient receivables from Medicare and Medicaid as accounts receivable patients. The original presentation and previous presentation reflected the net receivables from these patients in contractual settlements receivable. The reclassification had no effect on income, total assets, or current assets.

The Hospital provides for bad debts using formulas supporting collectibility of related patient groupings. When accounts are charged off they are moved from the related asset account and the allowance for bad debt account.

The Hospital is located in Lusher, 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 03: 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.

ST. JAMES PSYCHIC HOSPITAL SPECIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1981

NOTE 10- RISK MANAGEMENT

The Hospital is exposed to various risks of loss related to 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 encompass self insurance of (1) Hospital professional liability and comprehensive general liability, and (2) statutory workers' compensation. The hospital carries commercial insurance for all other risks 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 there premiums over the pay rate periods involved.

NOTE 11- OPERATING LEASES

The hospital service district has entered into operating leases for land and buildings it occupies in Metairie, Louisiana, that expires July 1988. Rental expense reflected in loss on Psychiatric Hospital operations amounted to \$222,800, for the year ended March 31, 1977, and \$226,800, for the year ended March 31, 1978 related to this lease. Future minimum annual rentals for the year ended March 31, 1979, amount \$242,800.

The Pineville and Bille leases were terminated and amounts paid after March 1981 were included in the loss on discontinued operations in 1980.

NOTE 12- LONG-TERM DEBT

Long-term debt consist of a promissory note relating to purchased equipment requiring monthly payments of \$200 thru September 1980. The monthly payment includes interest at the rate of 3%. The following table reflects the maturity schedule of this obligation:

FOR March 31, 1979	\$5,000
FOR March 31, 1980	4,574
FOR March 31, 1981	3,248
	<u>12,822</u>
	14,315

Supplemental Information

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

Gentlemen:

The purpose of our audit of the financial statements of

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
LAFAYETTE, 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 examination of the financial statements for the years ended March 31, 1993, and March 31, 1994, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Frank Johnson, Jr.

September 18, 1997

ST. JAMES HOSPITAL SERVICE BUDGET
STATEMENT OF REVENUES
YEARS ENDED MARCH 31, 1987, AND MARCH 31, 1986

	YEAR ENDED MARCH 31, 1987	YEAR ENDED MARCH 31, 1986
PATIENT SERVICE REVENUES		
Room and nursing	848,758	812,887
Central supply	84,517	788,285
Laboratory	1,362,597	1,148,887
Radiology/nuclear medicine	457,325	588,887
Pharmacy	745,881	484,331
Operating and recovery	458,436	341,970
Endoscopy/linen	312,378	431,281
Emergency room	487,289	352,228
Physical therapy	338,848	323,888
Anesthesiology	138,468	181,378
Cardiology	112,881	188,288
Biomedical	88,318	121,271
Council on Aging	182,888	158,337
West Bank Clinic	82,222	27,881
Psych Center	1,712,558	2,088,288
East Bank Clinic	88,288	122,414
All other	12,538	17,845
Total	7,328,848	7,828,281
CONTRACTUAL SUBSIDIES		
Medicare	1,881,848	1,288,474
Medicaid	1,257,778	1218,887
Insurance and other	818,477	182,817
Bill reduction case	282,788	287,288
Total	3,839,892	3,388,467
Total	11,168,740	11,216,748
OTHER OPERATING REVENUES - PATIENT SERVICES		
Caterer	612,478	88,287
Printing machines	488	838
All other	12,882	28,881
Total	625,848	117,906

**ST. JAMES PSYCHIC HOSPITAL SERVICE DISTRICT
LOSS OF PSYCHIATRIC HOSPITAL OPERATIONS
FROM MARCH 31, 1957, AND MARCH 31, 1958**

	YEAR ENDED MARCH 31, 1957	YEAR ENDED MARCH 31, 1958
ALL PATIENT SERVICE REVENUE	41,389,804	40,811,880
OPERATING EXPENSES		
Payroll	876,071	1,090,544
Employee benefits	204,857	308,788
Contract services and fees	248,324	891,280
Patient meals/services	86,566	189,821
Rents	243,488	775,012
Purchased auxiliary	87,487	180,850
S&M stock	1,034,248	382,848
Depreciation and amortization	27,292	405,040
Supplies and other expenses	328,328	514,277
TOTAL OPERATING EXPENSES	3,314,324	5,628,882
LOSS OF PSYCHIATRIC HOSPITAL OPERATIONS	(1,815,219)	(732,094)
EQUITABLE LOSS OR GAIN FROM ST. NORTH LOUISIANA OPERATIONS	-----	638,737
NET LOSS	(1,815,219)	(1,093,357)
ALLOCATED AS FOLLOWS		
CONTINUED OPERATIONS - LAPLACE	\$(1,268,079)	\$218,054
DISCONTINUED OPERATIONS - NORTH LOUISIANA FACILITIES AND HOME OFFICE	547,140	(1,311,411)
NET LOSS	(1,815,219)	(1,093,357)

ST. JAMES HOSPITAL SERVICE DISTRICT
STATEMENT OF OPERATING EXPENSES
YEARS ENDED MARCH 31, 1987, AND MARCH 31, 1988

	YEAR ENDED MARCH 31, 1987	YEAR ENDED MARCH 31, 1988
EXPENSES		
Nursing	1568,458	1782,755
Human Relations / CMV in 1986	2,449	2,488
Administration	162,391	149,885
Business office	122,560	129,879
Purchasing	31,478	22,828
Receiving	48,217	47,563
Laboratory	122,890	144,682
Radiology	128,865	145,230
Pharmacy	95,426	88,324
Operating and recovery	182,567	185,880
Emergency room	188,898	122,268
Anesthesiology	128,920	123,261
BiCare	128,429	122,299
Housekeeping	72,897	88,852
Microscopy	74,585	105,828
Medical records	72,248	78,228
West West Clinic	122,541	78,486
Psych unit	278,588	422,522
East West Clinic	128,227	248,228
Union pay adjustment	-----	8,888
Total	2,448,298	2,874,227
CONTRACT SERVICES AND PROFESSIONAL FEE		
Emergency Room	1284,458	1282,391
Physical therapy	142,459	128,228
Respiratory therapy	144,428	158,479
Administration	178,268	128,482
Business Office	42,265	24,874
Nursing	18,285	
Laboratory	82,428	108,422
Nuclear medicine	22,425	18,452
Radiology	22,488	887
Anesthesiology	12,888	12,888
Maintenance	22,749	2,225
Housekeeping	18,882	
All other	28,488	22,452
Psych center	282,148	328,228
West West transition	2,888	22,222
Total	1,248,488	1,228,227

ST. JOHN'S HOSPITAL SERVICE DISTRICT
STATEMENT OF OPERATING EXPENSES
YEAR ENDED MARCH 31, 1957, AND MARCH 31, 1956

	YEAR ENDED MARCH 31, <u>1957</u>	YEAR ENDED MARCH 31, <u>1956</u>
EXPENSES AND OTHER CHARGES		
Mending	886,350	1,081,137
Central supply	13,200	128,468
Laboratory	36,875	81,804
Radiology	45,753	44,208
Nuclear medicine	4,744	31,850
Allocation to Psych unit - replace		189,845
Pharmacy	64,540	147,350
Operating and necessary	181,356	60,218
Emergency room	31,418	21,588
Anesthesiology	2,227	2,863
cardiology	1,888	1,595
Dietary	42,281	66,862
Medical records	1,844	4,868
Housekeeping	14,950	21,215
Maintenance	23,808	45,680
Business office	22,648	28,712
Council on Aging	18,177	72,284
Psych center	4,885	21,327
Administration	4,588	21,584
East/West Rehabilitation clinic	4,424	21,424
All other	<u>28,520</u>	<u>22,435</u>
Totals	405,182	748,929
	<u>-----</u>	<u>-----</u>
OTHER EXPENSES		
Travel and training	648,163	649,021
Purchase auxiliary	78,438	88,344
Other administrative and legal	18,055	100,000
Postage	22,731	18,740
Recruitment expenses	5,948	118,834
Interest expense	2,485	
Advertising	38,028	74,581
All other expenses	<u>4,452</u>	<u>2,251</u>
Totals	733,181	882,751
	<u>-----</u>	<u>-----</u>

September 18, 1997

The Board of Commissioners
St. James Parish Hospital District
Post Office Box 400
Lafayette, Louisiana 70501

Address of the Board:

We have audited the basic financial statements of St. James Parish Hospital District, Louisiana, for the year ended March 31, 1997, and have issued our report thereon dated September 18, 1997. 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 audits of governmental organizations, programs, activities, and functions, issued by the U.S. General Accounting Office. These 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 these 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, we provision for any liability that may result has been recognized in St. James Parish Hospital Service District's 1997 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 concerning avoided contacts with (1) Mental Health Management / Alexandria Health Concepts (2) Regional Development & Research / Louisiana Research Management (3) Medical Management Options / Evangeline Psychiatric.

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

Findings: The Management of St. James Parish Hospital has the responsibility to ensure that funds which it controls conform to the State's pledging requirements when placing funds in a depository institution. Amounts established when U.S. Treasury Notes matured St. James Express Financial Advisors were not collateralized. At March 31, 1987, \$172,769 in American Express bank accounts was in uncollateralized accounts.

Recommendation: Because of the significance of this amount and because these are public funds, we recommend that management direct the deposit of maturing Treasury Notes into accounts that are fully collateralized.

Response: The maturity structure of initial investment in U.S. Treasury Notes was over a period less than four months and all matured March 31, 1987, with all remaining funds being deposited into collateralized investments April 8, 1987. If at some time in the future, the funds will be collateralized with proper pledges from the related financial institutions.

We considered these instances of noncompliance in forming our opinion on whether the St. James Parish Hospital Service District's 1987 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, 1987, on these 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,

DAVID JOHNSON, III.

David Johnson, III.

September 18, 1997

The board of commissioners
St. James Parish Hospital District
Post Office Box 490
Lafayette, Louisiana

Members of the Board:

We have audited the financial statements of St. James Parish Hospital District, Lafayette, Louisiana, as of and for the year ended March 31, 1997, and have issued our report thereon dated September 18, 1997.

We conducted our audit in accordance with generally accepted auditing standards and accounting principles, issued by the Comptroller General of the United States. These 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, Lafayette, Louisiana, for the year ended March 31, 1997, 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, Lafayette, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments 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 recorded 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, perceptions of any evaluation of the structure at 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 could 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 is related 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.