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ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
BOZEMAN, MONTANA
MARCH 21, 1966

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Release Date SEP 20 1966

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A Public Company Accounting Corporation

Independent Auditor's Report

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

I have audited the balance sheet of

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
LAFAYETTE, LOUISIANA

at March 31, 1988, and March 31, 1987, 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. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit of the financial statements provides a reasonable basis for my opinion.

In my 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, 1988, and March 31, 1987, 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 my examination, I reviewed the responses to the State of Louisiana, Legislative Auditor, Compliance questionnaire, Hospital Service District, for the year ended March 31, 1988, and found no evidence that the Hospital Service District has not answered the questions correctly. It should be noted that my examination was not directed primarily to verifying the responses to the questionnaire.

James E. Johnson

August 30, 1988

DR. JAMES PARSON HOSPITAL SERVICE DISTRICT
BALANCE SHEET
MARCH 31, 1968, AND MARCH 31, 1967

A S S E T S

	<u>MARCH 31,</u> <u>1968</u>	<u>MARCH 31,</u> <u>1967</u>
CURRENT ASSETS		
cash and cash equivalents	\$1,804,798	\$1,399,435
Accounts receivable, patients	843,748	889,581
Contractual settlements receivable	495,292	
Taxes receivable	233,581	349,258
Investments	83,373	88,893
Prepaid expenses	<u>117,152</u>	<u>326,533</u>
Total current assets	3,788,044	3,053,699
ASSETS UNDER LEASE TO BE RECEIVED		
By agreements with third party payors for funded depreciations	1,570,088	1,845,888
PROPERTY, PLANT AND EQUIPMENT	2,831,843	2,191,510
DEFERRED	<u>348</u>	<u>28,852</u>
total assets	<u>8,220,303</u>	<u>7,220,349</u>

L I A B I L I T I E S A N D NET ASSETS

CURRENT LIABILITIES		
Accounts payable	188,888	278,748
Current maturities of long-term debt	38,742	3,458
Contractual settlements		508,238
Accrued expenses	<u>382,587</u>	<u>342,728</u>
Total current liabilities	650,217	1,133,172
LONG-TERM DEBT	144,287	12,818
DEFERRED REVENUE	<u>178,088</u>	<u>—————</u>
Total liabilities	972,592	1,146,000
NET ASSETS	6,252,233	6,126,578
total liabilities and net assets	<u>7,220,303</u>	<u>7,220,349</u>

NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

EL JOHN'S EYE HOSPITAL SERVICE REPORT
DEPARTMENT OF HEALTH
STATE OF NEW YORK
FORM NO. 100, 12-1964, REV. March 14, 1967

	FISCAL YEAR MARCH 31, 1966	FISCAL YEAR MARCH 31, 1967
NET PATIENT SERVICE REVENUE	\$5,713,840	\$5,871,900
OTHER OPERATING REVENUES - PATIENT SERVICES	— 43,850	— 28,802
Field-Office-Service Revenues	\$,802,881	\$,909,138
OPERATING EXPENSES		
Payroll	2,489,130	2,489,588
Supplies	325,890	325,840
Contract services and professional fees	1,451,714	1,388,480
Rent, lease, and maintenance contracts	884,248	885,383
Premiums for bad debts	201,478	175,888
Telephone and utilities	155,487	134,875
Depreciation	108,720	109,300
Interest	8,275	1,800
Other	215,500	222,814
Depreciation	— 383,288	— 383,278
Field-Office-Service Expenses	\$,688,880	\$,748,082
NET INCOME (LOSS) - PATIENT SERVICES	(75,040)	(76,182)
OTHER OPERATING REVENUES		
Taxes - Maintenance and revenue sharing	1,826,284	1,642,884
NET INCOME (LOSS) FROM OPERATIONS	166,244	(1,188,200)
NON-OPERATING REVENUES		
Interest from Board designated funds	125,380	114,764
Grants	32,250	91,750
All other	— 12,881	— 12,881
NET INCOME (LOSS) FROM CONTRIBUTING OPERATIONS	214,749	(1,105,317)
NON-OPERATING OPERATIONS - BOOK #2 - FINANCIAL STATE	1,682,264	1,218,381
NET INCOME (LOSS)	(28,287)	(9,568,354)

NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ST. JOHN'S HOSPITAL SERVICE REPORT
 DIVISION OF THE BOARD
 FROM MARCH 31, 1971, TO MARCH 31, 1972

	YEAR ENDED MARCH 31, <u>1972</u>	YEAR ENDED MARCH 31, <u>1971</u>
Net Assets - Beginning of period	\$8,174,878	\$8,474,820
Net Income (Loss) - for period	<u>(24,327)</u>	<u>12,753,321</u>
Net Assets - End of period	<u>\$8,150,551</u>	<u>\$112,143</u>

This is an integral part of this statement.

ED. JAMES HANCOX HOSPITAL SERVICE DISTRICT
(STATEMENT OF CASH FLOWS)
YEARS ENDED MARCH 31, 1988, AND MARCH 31, 1987

	YEAR ENDED MARCH 31, 1988	YEAR ENDED MARCH 31, 1987
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	6,074,328	6,023,880,350
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	445,083	390,850
Changes in operating assets and liabilities		
Receivables (increase) in accounts receivable, net	(12,168)	2,198,311
Receivables (increase) in contractual settlements, net	1828,481	1,962,433
Payables (increase) in taxes payable	51,744	19,259
Receivables (increase) in investments	(9,875)	3,808
Receivables (increase) in prepaid expenses	7,379	18,582
Receivables (decrease) in accounts payable	185,257	(87,468)
Receivables (decrease) in accrued expenses, net	(2,48,828)	(205,782)
Net cash provided by operating activities	(818,058)	1224,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash returned for security deposits	25,620	4,595
Cash invested in assets whose use is limited	(573,544)	(73,459)
Purchase of property and equipment, net	(228,487)	(128,328)
Net cash provided by investing activities	(876,411)	(197,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional borrowings of long-term debt	588,408	79,387
Repayment of long-term debt	(229,732)	(28,822)
Net cash provided by financing activities	358,676	50,565
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(335,893)	(972,959)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,128,428	1,578,088
CASH AND CASH EQUIVALENTS AT END OF YEAR	792,535	605,129

Notes are an integral part of this statement.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
STATE OF LOUISIANA, GOVERNMENT
PAGE 31 - 1981

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. James Parish Hospital Service District, d/b/a St. James Parish Hospital is a not-for-profit, single 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.

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 wire certificates of deposit, with maturity dates at acquisition that is less than 90 days, plus accrued interest.

Inventory 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 revenue.

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 3.4 millia property tax which is levied January 1 each year, payable by December 30 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 assessed value for the current year. Adjustments are made upon final receipts.

The hospital is a not-for-profit corporation as defined in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal Income taxes on related income pursuant to Section 513(a) of the Code.

Advertising and promotion costs are expensed as incurred.

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 HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1988

NOTE 42: DISCONTINUED OPERATIONS

The Hospital Service District ceased operating its offsite psychiatric units in February 1988. The financial statements for 1987 have included no disclosure of the results of operations of the disposed segment as a separate component of income. The estimated loss from this disposal incurred after March 31, 1988, is provided in the financial statements for the year ended March 31, 1988. The Hospital Service District disposed of six North Louisiana psychiatric units and home office in 1988.

NOTE 43: PENSION PLAN

The Hospital is a member of the Practical Employees' Retirement System of Louisiana - Plan B. All employees that participate in this plan. The Plan B fund is financed by employee contributions of 2% of members annual earnings in excess of \$1,000 and employer contributions as determined by the Public Retirement Systems' Actuarial Committee. The Actuarial Committee has determined that the employer contribution rate for 1988 and 1987 is to be 3.34 - 41.5% for 1988. The actuarial cost method used for Plan B is the aggregate actuarial cost method with allocation based on earnings. The normal cost is reported deducted for biyearly payment. The ratio of assets to the pension benefit obligation in Plan B was 124% and 129% at December 31, 1987 and 1988 respectively. Total pension expense was \$42,478 for the year ended March 31, 1988, and \$38,134 for the year ended March 31, 1987. All amounts expensed have been funded to the plan.

NOTE 44: NET REVENUE SPECIAL SERVICES

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from established rates. A summary of the payment arrangements with major third party payers 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 convalescent 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 to 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, 1988. Cost reviews have been performed on reports issued through March 31, 1987 and 1986. The Hospital filed for a re-opening of its June 30, 1988, 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, 1988. A cost review has been performed on the report issued for March 31, 1987 and 1986. The Hospital filed for a re-opening of its June 30, 1988, cost report.

**RE. JAMES EARLE RAY'S SERVICE FIDUCIARY
UNDER ITS COMMERCIAL AGREEMENTS
PAGE 14, 1778**

NOTE 14: HIL PATIENT SERVICE HOSPITAL (CONTINUED)

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.

NOTE 15: ASSETS UNDER THE 18 LIMITS

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

	<u>March 31,</u> <u>1978</u>	<u>March 31,</u> <u>1977</u>
Certificates of deposit maturing 4-30-88 interest rate 5.75%	\$1,068,800	44
Certificates of deposit maturing 8-18-88 interest rates of 5.50% - 5.85%	503,150	
Shares of Commercial Government Trust, a diversified, open-end management investment company, registered under the Investment Company Act of 1940.		32,818
American Express cash account		172,948
U. S. Treasury note maturing 5-31-87 interest rate 4.75% and 5-31-88 @ 4.25%		648,880
U. S. Treasury note maturing 83-21-87 interest rate 4.875%		388,880
Real premiums and accrued interest	<u>86,824</u>	<u>32,732</u>
	<u>1,555,884</u>	<u>1,543,642</u>

Certificates of deposit in excess of insured deposit limits were collateralized by U.S. government securities and other agency obligations.

DR. JAMES PARSON HOSPITAL SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 04: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	<u>MARCH 31,</u> <u>2018</u>	<u>MARCH 31,</u> <u>2017</u>
Land	\$52,150	\$52,150
Building and improvements	3,448,799	3,388,588
Equipment	2,322,250	2,258,431
	1,048,717	8,719,068
Allowance for Depreciation	(4,286,320)	(3,812,287)
Total property and equipment	2,583,386	2,794,930

NOTE 05: ACCOUNTS RECEIVABLE

Accounts receivable, patients consist of the following:

	<u>MARCH 31,</u> <u>2018</u>	<u>MARCH 31,</u> <u>2017</u>
Gross receivables	\$1,548,818	\$1,874,446
Less allowance for doubtful accounts	(482,875)	(1,313,885)
Total accounts receivable	\$1,065,943	\$540,561

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

The hospital is located in Lumberton, 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 06: 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 Reimbursement Service Regulations to provide services without charge to eligible individuals until it meets its compliance level.

ST. JAMES PSYCHIC HOSPITAL SERVICE DISTRICT
STATE OF MINNESOTA
MARCH 31, 1978

NOTE #7: 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 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 these premiums over the pre-claim periods included.

NOTE #10: OPERATING LEASES

The Hospital Service District entered into operating lease for land and buildings at campus in LaSalle, Louisiana, that expired July 1988. Rental expense reflected in loss on psychiatric hospital operations amounted to \$248,000 for the year ended March 31, 1978, and \$248,000 for the year ended March 31, 1977 related to this lease. There are no future minimum rental amounts associated with this lease.

NOTE #11: LONG-TERM DEBT

	MARCH 31,	MARCH 31,
	1978	1977
Long-term debt consist of the following	1828	3293
Installment obligation incurred to purchase EEG equipment requiring monthly payments including interest of \$528 thru September 1987	412,291	412,292
Installment obligation incurred to purchase EEG equipment requiring monthly payments including interest of \$2,543 thru September 1980	179,924	
Installment obligation incurred to purchase EEG equipment requiring monthly payments including interest of \$1,543 thru August 1983	32,267	
	624,482	424,512
Less current maturities	(438,233)	(4,228)
	186,249	420,284

The following table reflects the maturity schedule of these obligations.

FRS March 31, 2088	647,882
FRS March 31, 2089	41,988
FRS March 31, 2090	81,713
FRS March 31, 2093	(20,263)
	751,300

Supplemental Information

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

we/ourselves:

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, 1968, and March 31, 1967, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

James H. ...

August 30, 1968

**ST. JAMES HOSPITAL SERVICE CONTRACT
STATEMENT OF REVENUES
YEARS ENDING MARCH 31, 1970, AND MARCH 31, 1971**

	<u>YEAR ENDED MARCH 31, 1970</u>	<u>YEAR ENDED MARCH 31, 1971</u>
PATIENT SERVICE REVENUES		
Room and nursing	2560,188	2669,137
Central supply	228,378	262,537
Laboratory	1,818,820	1,862,027
Mediology	822,266	818,139
Pharmacy	708,227	748,080
Operating and recovery	781,248	826,438
Respiratory therapy	359,288	372,578
Emergency room	622,286	602,189
Physical therapy	274,265	278,868
Rehabilitation	162,722	174,488
Cardiology	106,752	112,950
Ultrasonod	82,888	48,138
Nuclear medicine	281,854	28,188
OT Room	39,212	8,852
Fluorogram	37,885	
Home Health	211,887	
Control. on Aging	248,184	242,888
West Bank Clinic	39,258	50,132
Psych Center	1,890,268	1,752,268
East Bank Clinic	84,248	80,268
All other	4,888	4,888
Totals	2,321,814	2,276,818
CONTRACTUAL AGREEMENTS		
Medicare	2,025,888	2,881,888
Medicaid	276,822	2,287,288
Insurance and other	121,284	525,877
All Workmen/Comp Care	188,822	182,722
Totals	2,612,822	6,877,822
Totals	5,172,842	9,277,821
OTHER OPERATING REVENUES - PATIENT SERVICES		
Catereria	628,422	622,422
Books	22,888	2,888
Reading machines	2,288	488
All other	22,282	2,822
Totals	675,822	628,822

ST. JAMES HARBOR HOSPITAL SERVICE DISTRICT
LOSS ON PSYCHIATRIC HOSPITAL OPERATIONS
JAMES HARBOR MARCH 31, 1958 - MARCH 31, 1957

	YEAR ENDED MARCH 31, 1958	YEAR ENDED MARCH 31, 1957
NET PATIENT SERVICE REVENUE	51,211,377	51,122,388
OPERATING EXPENSES		
Payroll	538,387	618,671
Employee benefits	111,481	134,887
Contract services and fees	248,438	245,921
Patient meals/services	48,528	88,586
Rent	244,728	243,486
Purchased auxiliary	38,427	81,467
Bad debts	29,161	1,151,745
Depreciation and amortization	78,788	71,277
Supplies and other expenses	128,822	109,538
Total operating expenses	1,615,822	3,114,528
NET LOSS	(1,404,445)	(1,992,140)
ALLOCATED AS FOLLOWS		
CONTINUING OPERATIONS	28	28
DISCONTINUED OPERATIONS	(1,404,417)	(1,992,112)
NET LOSS	(1,404,417)	(1,992,112)

RE. JAMES EARLE HOSPITAL SERVICE DISTRICT
STATEMENT OF OPERATING EXPENSES
PERIOD ENDING MARCH 31, 1959, AND MARCH 31, 1958

	YEAR ENDED MARCH 31, 1959	YEAR ENDED MARCH 31, 1958
EXPENSES		
PERSONNEL		
Nursing	1480,764	1555,874
Human Relations	29,448	7,868
Administrative	180,838	185,291
Business office	128,895	123,250
Post-mortem	31,829	31,878
Marketing	28,824	46,217
Laboratory	128,470	132,890
Radiology	128,384	128,840
Pharmacy	80,818	85,475
Operating and recovery	100,888	102,987
Emergency room	185,345	184,888
Anesthesiology	113,788	115,932
Colony	100,884	100,478
Housekeeping	75,888	73,882
Maintenance	45,802	74,888
Medical records	83,388	71,884
Heart, Lung Clinic	43,385	235,943
Speech and	287,818	278,808
Heart, Lung Clinic	198,258	128,237
Speech	308	
Mammogram	14,288	
Home health	188,258	
Totals	2,488,328	2,448,288
CONTRACT SERVICES AND PROFESSIONAL FEES		
Emergency room	888,271	884,455
Physiotherapy	147,888	167,458
Respiratory therapy	148,888	144,438
Administrative	248,475	178,888
Business office	47,828	63,385
Nursing	28,884	18,888
Laboratory	24,388	61,878
Medical medicine	28,788	35,432
Medicine	18,888	28,808
Anesthesiology	12,888	11,888
Mammogram	28,388	25,248
Housekeeping	28,872	58,821
All other	43,333	28,488
Physiotherapy	182,788	332,384
Home health	48,378	
Home Health Transition	2,488	
Totals	1,882,488	1,884,888

DR. JAMES EARLE HOSPITAL SERVICE DISTRICT
STATEMENT OF EXPENDING EXPENSES
THRU MARCH 31, 1937, AND MARCH 31, 1937

	YEAR THRU MARCH 31, 1936	YEAR THRU MARCH 31, 1937
Supplies		
Nursing	235,389	246,951
General supply	42,241	33,287
Laboratory	38,856	38,671
Radiology	38,450	45,185
Diagnostic medicine	25,883	8,744
Home Health	14,025	
Pharmacy	99,892	94,282
Operating and recovery	114,817	107,324
Emergency room	10,724	21,816
Anesthesiology	2,421	2,227
Cardiology	1,050	1,489
Memoranda	11,789	
History	80,133	82,193
Medical records	1,828	1,844
Biostatistics	21,247	24,850
Maintenance	24,257	23,620
Business office	25,229	27,869
Council on Aging	81,888	78,371
Psych. studies	8,441	8,885
Administration	7,440	6,688
Post-Post mark clinics	8,023	6,424
All other	8,324	18,022
totals	684,248	606,382
FIXED EXPENSES		
Travel and training	649,208	668,142
purchase supplies	56,895	70,438
other administrative	4,244	14,250
Books	27,807	21,721
maintained exhibits		5,888
insurance	25,281	
advertising	24,021	24,224
All other expenses	8,422	8,422
totals	815,588	833,325



A PROFESSIONAL ACCOUNTING CORPORATION

August 30, 1988

The Board of Commissioners
St. James Parish Hospital District
Post Office Box 400
Lakechar, Louisiana 70001

Members of the Board:

I have audited the basic financial statements of St. James Parish Hospital District, Lakechar, Louisiana, for the year ended March 31, 1988, and have issued my report thereon dated August 30, 1988. In connection with my audit, I issued recommendations and reports to obtain reasonable assurance about the Hospital Service District's compliance with laws and regulations that, if not complied with, I 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.

I conducted my 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. 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, I 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 these 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 my 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 1988 financial statements.

Findings: An investigation was conducted of activities involving certain contracts entered into by the former administration of the Hospital and reported our findings to you in December 85. I met with representatives of State of Louisiana - Department of Justice - Criminal Division - Medicaid Fraud and reported our findings to them. We expressed our concerns regarding several contracts with (1) Mental Health Management / Alexandria Health Services (2) Regional Development & Research / Louisiana Economic Management (3) Medical Management Systems / Emergency Repatriation.

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

Finding: The management of St. James Parish Hospital has the responsibility to insure that funds which it controls conform to the State's pledging requirements when placing funds in a depository institution. Accounts established when U.S. Treasury Notes matured at American Express Financial Advisors were not collateralized. At March 31, 1987, \$170,000 in American Express cash accounts was in uncollateralized accounts.

Explanation: 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 related funds being deposited into collateralized accounts April 8, 1987. In 1988 all deposits were properly collateralized with proper pledges from related financial centers.

Finding: Accounts receivable trial balances relating to the Hospital's clinics were not reconciled to their respective control accounts at March 31, 1988.

Response: The Hospital has retroacted this procedure and has been communicating with the respective agency but had not resolved this problem. A meeting was held in August 1988, and the accounts were reconciled and proper procedures utilized to maintain these accounts.

Recommendation: Management should ascertain that these accounts be reconciled in the future and that if other clinics are retroacted, proper procedures be instituted immediately.

I considered these instances of noncompliance in forming my opinion on whether the St. James Parish Hospital Service District's 1988 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 August 22, 1988, on these financial statements.

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

Very truly yours,

LEANN E. STUBBS - CPA

BY James J. [Signature]



A PROFESSIONAL ACCOUNTING CERTIFICATE

August 28, 1998

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

Members of the Board:

I have audited the financial statements of St. James Parish Hospital District, Lafayette, Louisiana, as of and for the year ended March 31, 1998, and have issued our report thereon dated August 28, 1998.

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

In planning and performing my audit of the financial statements of St. James Parish Hospital District, Lafayette, Louisiana, for the year ended March 31, 1998, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine our auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly I 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, the possibility 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.

My 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 significant 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.

I noted the following reportable condition:

Segregation of duties / written policies and procedures

During my review of the internal control structure, I 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/receivables receivable recordings, cash disbursements/dishbursement journals.

I noted attempts to remedy this/these weaknesses and applaud these efforts. I 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,

LARRY S. JOHNSON - ASAC

By: Thomas M. Lee