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ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
LUTCHER, LOUISIANA  
MARCH 31, 1999

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Release Date OCT 20 1999

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LARRY G. JOHNSON

CERTIFIED PUBLIC ACCOUNTANT

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A PROFESSIONAL ACCOUNTING CORPORATION

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Independent Auditor's Report

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

I have audited the balance sheet of

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
LUTCHER, LOUISIANA

at March 31, 1999, and March 31, 1998, 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, 1999, and March 31, 1998, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

*Larry G. Johnson*

September 16, 1999

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
BALANCE SHEET  
MARCH 31, 1999, AND MARCH 31, 1998

A S S E T S

	<u>MARCH 31,</u> <u>1999</u>	<u>MARCH 31,</u> <u>1998</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$420,546	\$1,004,728
Accounts receivable, patients	702,340	861,749
Contractual settlements receivable	726,939	405,202
Taxes receivable	242,223	237,501
Inventories	85,999	97,372
Prepaid expenses	<u>61,335</u>	<u>117,157</u>
<u>Total current assets</u>	2,239,382	2,723,709
<u>ASSETS WHOSE USE IS LIMITED</u>		
By agreements with third party payors for funded depreciation	2,051,140	1,570,084
<u>PROPERTY, PLANT AND EQUIPMENT</u>	2,570,852	2,833,947
<u>DEPOSITS</u>	<u>650</u>	<u>345</u>
<u>Total assets</u>	6,862,024 =====	7,128,085 =====

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

CURRENT LIABILITIES

Accounts payable	\$177,455	\$330,803
Current maturities of long-term debt	40,889	38,742
Accrued expenses	<u>302,169</u>	<u>282,047</u>
<u>Total current liabilities</u>	520,513	651,592
<u>LONG-TERM DEBT</u>	104,460	146,262
<u>DEFERRED REVENUE</u>	<u>144,200</u>	<u>178,000</u>
<u>Total liabilities</u>	769,173	975,854
<u>NET ASSETS - UNRESTRICTED</u>	<u>6,092,851</u>	<u>6,152,231</u>
<u>Total liabilities and net assets</u>	6,862,024 =====	7,128,085 =====

Notes are an integral part of this statement.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF INCOME  
YEARS ENDED MARCH 31, 1999, AND MARCH 31, 1998

	YEAR ENDED MARCH 31, 1999	YEAR ENDED MARCH 31, 1998
<u>NET PATIENT SERVICE REVENUE</u>	\$5,933,450	\$5,773,942
<u>OTHER OPERATING REVENUES - PATIENT SERVICES</u>	<u>24,570</u>	<u>43,955</u>
<u>Total patient service revenue</u>	<u>5,958,020</u>	<u>5,817,897</u>
 <u>OPERATING EXPENSES</u>		
Payrolls	2,718,526	2,680,130
Employee benefits	364,794	373,889
Contract services and professional fees	1,714,159	1,457,074
Supplies	760,718	684,248
Rents, lease, and maintenance contracts	119,746	101,678
Provision for bad debts	696,242	538,547
Telephone and utilities	178,808	155,437
Insurance	88,080	106,723
Interest	12,218	9,273
Other	185,311	215,590
Depreciation	<u>387,296</u>	<u>366,294</u>
<u>Total operating expenses</u>	<u>7,225,898</u>	<u>6,688,883</u>
<u>NET INCOME (LOSS) - PATIENT SERVICES</u>	(1,267,878)	(870,986)
 <u>OTHER OPERATING REVENUE</u>		
Taxes - Maintenance and revenue sharing	<u>1,033,173</u>	<u>1,035,384</u>
<u>NET INCOME (LOSS) FROM OPERATIONS</u>	(234,705)	164,398
 <u>NON OPERATING REVENUES</u>		
Interest from Board designated funds	151,257	125,300
Grants	4,680	33,250
All other	<u>19,388</u>	<u>(3,583)</u>
<u>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</u>	(59,380)	319,365
<u>DISCONTINUED OPERATIONS - NOTE #2 -     OFFSITE PSYCHIATRIC UNITS</u>	<u>          </u>	<u>(343,704)</u>
<u>NET INCOME (LOSS)</u>	(59,380) =====	(24,339) =====

Notes are an integral part of this statement.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF NET ASSETS  
YEARS ENDED MARCH 31, 1999, AND MARCH 31, 1998

	YEAR ENDED MARCH 31, <u>1999</u>	YEAR ENDED MARCH 31, <u>1998</u>
<u>Net Assets</u> - Beginning of period	\$6,152,231	\$6,176,570
Net income (loss) - for period	<u>(59,380)</u>	<u>(24,339)</u>
<u>Net Assets</u> - End of period	6,092,851 =====	6,152,231 =====

Notes are an integral part of this statement.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF CASH FLOWS  
YEARS ENDED MARCH 31, 1999, AND MARCH 31, 1998

	<u>YEAR ENDED MARCH 31, 1999</u>	<u>YEAR ENDED MARCH 31, 1998</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income (loss)	\$(59,380)	\$(24,339)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	387,296	445,060
Amortization of deferred revenue	(33,800)	
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable, net	159,409	(12,168)
Decrease (increase) in contractual settlements, net	(321,737)	(913,441)
Decrease (increase) in taxes receivable	(4,722)	11,749
Decrease (increase) in inventories	11,373	(8,879)
Decrease (increase) in prepaid expenses	55,822	9,376
Increase (decrease) in accounts payable	(153,348)	105,257
Increase (decrease) in accrued expenses, net	<u>20,122</u>	<u>(60,673)</u>
<u>Net cash provided by operating activities</u>	<u>61,035</u>	<u>(448,058)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash returned for security deposits	(305)	20,605
Cash invested in assets whose use is limited	(481,056)	373,564
Purchase of property and equipment, net	<u>(124,201)</u>	<u>(309,497)</u>
<u>Net cash provided by investing activities</u>	<u>(605,562)</u>	<u>84,672</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Additional borrowings of long term debt		189,400
Repayment of long-term debt	<u>(39,655)</u>	<u>(20,711)</u>
<u>Net cash provided by financing activities</u>	<u>(39,655)</u>	<u>168,689</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(584,182)</u>	<u>(194,697)</u>
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>1,004,728</u>	<u>1,199,425</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>420,546</u> =====	<u>1,004,728</u> =====

Notes are an integral part of this statement.



ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1999

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.

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.

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 assessed 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.

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 those estimates.



ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1999

NOTE #2: DISCONTINUED OPERATIONS

The Hospital Service District ceased operating its offsite psychiatric units in February 1998. The loss from this disposal incurred after March 31, 1998, was provided in the financial statements for the year ended March 31, 1998. The Hospital service District disposed of its North Louisiana psychiatric units and home office in 1996.

NOTE #3: 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 members annual earnings in excess of \$1,200 and employer contributions as determined by the Public Retirement Systems' Actuarial Committee. The Actuarial committee has determined that the employer contribution rate for 1999 and 1998 to be 2.5% - (2.0% for 2000.) 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 129% and 132% at December 31, 1999 and 1998 respectively. Total pension expense was \$54,377 for the year ended March 31, 1999, and \$62,676 for the year ended March 31, 1998. All amounts expensed have been funded to the 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 March 31, 1996. Desk reviews have been performed on reports issued through March 31, 1997 and 1996. 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 March 31, 1996. A desk review has been performed on the report issued for March 31, 1998 and 1997. The Hospital filed for a re-opening of its June 30, 1991, cost report.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1999

NOTE #4: NET PATIENT SERVICE REVENUE (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 #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>1999</u>	<u>MARCH 31,</u> <u>1998</u>
Certificate of deposit maturing 4-9-99 and 4-9-98 interest rate 5.28% and 5.95%.	\$1,061,150	\$1,000,000
Certificate of deposit maturing 4-16-99 and 4-16-98 interest rate 5.28% and 5.50%	153,763	503,150
Certificate of deposit maturing 10-16-99 interest rate 5.50%.	256,935	
Certificate of deposit maturing 10-21-99 interest rate 4.95%.	100,000	
Certificate of deposit maturing 3-10-00 interest rate 4.84%.	400,000	
Accrued interest	<u>79,292</u>	<u>66,934</u>
	<u>2,051,140</u>	<u>1,570,084</u>
	=====	=====

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

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1999

NOTE #6: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	<u>MARCH 31,</u> <u>1999</u>	<u>MARCH 31,</u> <u>1998</u>
Land	\$52,159	\$52,159
Building and improvements	3,214,785	3,466,199
Equipment	<u>3,520,157</u>	<u>3,522,359</u>
	6,787,101	7,040,717
Allowance for depreciation	<u>4,216,249</u>	<u>4,206,770</u>
<u>Total property and equipment</u>	<u>2,570,852</u>	<u>2,833,947</u>
	=====	=====

NOTE #7: ACCOUNTS RECEIVABLE

Accounts receivable, patients consist of the following:

	<u>MARCH 31,</u> <u>1999</u>	<u>MARCH 31,</u> <u>1998</u>
Total receivables	\$1,389,609	\$1,556,819
Less allowance for doubtful accounts	<u>687,269</u>	<u>695,070</u>
<u>Total accounts receivable</u>	<u>702,340</u>	<u>861,749</u>
	=====	=====

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 Litcher, Louisiana and grants credit without personal collateral to its patients, most of whom are residents in the area. The mix of patient service revenues are as follows:

	<u>1999</u>	<u>1998</u>
Medicare/Medicaid	52%	56%
Commercial insurance	38	35
Self pay	10	9

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. The Hospital met its compliance level in FYE March 31, 1999.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1999

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.

NOTE #10: OPERATING LEASES

The Hospital Service District entered into operating lease for land and buildings it occupies in LaPlace, Louisiana, that expired July 1988. Rental expense reflected in Loss on Psychiatric Hospital Operations amounted to \$0, for the year ended March 31, 1999, and \$240,000, for the year ended March 31, 1998 related to this lease. There are no future minimum annual rentals associated with this lease.

NOTE #11: LONG-TERM DEBT

	<u>MARCH 31,</u> <u>1999</u>	<u>MARCH 31,</u> <u>1998</u>
Long-term debt consist of the following		
Installment obligation incurred to purchase EEG equipment requiring monthly payments including interest of \$520 thru september 2000	\$8,179	\$12,703
Installment obligation incurred to purchase Nuclear equipment requiring monthly payments including interest of \$2,565 thru September 2002	96,070	119,734
Installment obligation incurred to purchase Mammogram equipment requiring monthly payments including interest of \$1,152 thru August 2002	<u>41,100</u>	<u>52,567</u>
	145,349	185,004
Less current maturities	<u>40,889</u>	<u>38,742</u>
	104,460	146,262
	=====	=====

The following table reflects the maturity schedule of these obligations.

FYE March 31, 2001	41,980
FYE March 31, 2002	41,717
FYE March 31, 2003	<u>20,763</u>
	104,460
	=====



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, 1999, and March 31, 1998, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Darry Johnson*

September 16, 1999

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF REVENUES  
YEARS ENDED MARCH 31, 1999, AND MARCH 31, 1998

	<u>YEAR ENDED MARCH 31, 1999</u>	<u>YEAR ENDED MARCH 31, 1998</u>
<u>PATIENT SERVICE REVENUES</u>		
Room and nursing	\$535,543	\$587,308
Central supply	515,385	339,370
Laboratory	1,071,170	1,016,823
Radiology	473,339	422,966
Pharmacy	787,384	709,327
Operating and recovery	874,249	781,944
Respiratory therapy	435,280	395,288
Emergency room	840,758	695,986
Physical therapy	243,755	274,355
Anesthesiology	188,507	161,732
Cardiology	210,291	186,792
Ultrasound	110,080	83,806
Nuclear medicine	302,915	191,954
CT Scan	148,346	39,016
Mammogram	47,537	37,805
Home Health	505,918	411,897
Council on Aging	167,330	166,166
West Bank Clinic	1,276	39,950
Psych Center	1,305,000	1,090,500
East Bank Clinic	67,345	84,340
All other	<u>29,834</u>	<u>4,486</u>
<u>Totals</u>	<u>8,861,242</u>	<u>7,721,811</u>
<u>CONTRACTUAL ADJUSTMENTS</u>		
Medicare and Medicaid	\$1,795,301	\$978,443
Insurance and other	1,084,717	771,334
Hill Burton/Free Care	<u>47,774</u>	<u>198,092</u>
<u>Totals</u>	<u>2,927,792</u>	<u>1,947,869</u>
<u>Totals</u>	<u>5,933,450</u>	<u>5,773,942</u>
	=====	=====
<u>OTHER OPERATING REVENUES - PATIENT SERVICES</u>		
Cafeteria	\$6,001	\$14,425
Rents	12,000	12,000
Vending machines	1,849	2,320
All other	<u>4,720</u>	<u>15,210</u>
<u>Totals</u>	<u>24,570</u>	<u>43,955</u>
	=====	=====



ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
LOSS ON PSYCHIATRIC HOSPITAL OPERATIONS  
YEARS ENDED MARCH 31, 1999, AND MARCH 31, 1998

	<u>YEAR ENDED MARCH 31, 1999</u>	<u>YEAR ENDED MARCH 31, 1998</u>
<u>NET PATIENT SERVICE REVENUE</u>	<u>\$0</u>	<u>\$1,071,299</u>
<u>OPERATING EXPENSES</u>		
Payrolls		538,207
Employee benefits		111,681
Contract services and fees		210,674
Patient meals/services		40,530
Rents		244,715
Purchased Ancillary		30,617
Bad debts		29,161
Depreciation and amortization		78,766
Supplies and other expenses		<u>130,652</u>
<u>Total operating expenses</u>	<u>0</u>	<u>1,415,003</u>
 <u>NET LOSS</u>	 0 =====	 (343,704) =====
 <u>ALLOCATED AS FOLLOWS</u>		
CONTINUING OPERATIONS	\$0	\$0
DISCONTINUED OPERATIONS		<u>(343,704)</u>
 <u>NET LOSS</u>	 0 =====	 (343,704) =====

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF OPERATING EXPENSES  
YEARS ENDED MARCH 31, 1999, AND MARCH 31, 1998

	<u>YEAR ENDED MARCH 31, 1999</u>	<u>YEAR ENDED MARCH 31, 1998</u>
<u>PAYROLLS</u>		
Nursing	\$449,609	\$480,966
Human Relations	25,411	29,645
Administration	145,822	145,029
Business office	131,199	124,495
Purchasing	33,939	31,849
Marketing		19,024
Laboratory	143,324	134,420
Radiology	93,310	125,704
Pharmacy	83,755	80,019
Operating and recovery	107,569	102,806
Emergency room	267,050	166,546
Anesthesiology	117,467	113,744
Dietary	125,470	122,954
Housekeeping	65,950	55,659
Maintenance	66,905	63,827
Medical records	82,444	81,340
West Bank Clinic		63,095
Psych unit	418,885	397,018
East Bank Clinic	138,706	139,236
Cardiology	2,357	
Speech		308
Mammogram	4,047	14,288
Home Health	<u>215,307</u>	<u>188,158</u>
<u>Totals</u>	<u>2,718,526</u>	<u>2,680,130</u>
	=====	=====
<u>CONTRACT SERVICES AND PROFESSIONAL FEES</u>		
Emergency room	\$539,472	\$458,271
Physical therapy	96,550	147,959
Respiratory therapy	158,028	149,858
Administration	289,446	242,475
Business office	56,702	67,426
Nursing	13,300	20,864
Laboratory	49,013	54,068
Nuclear medicine	47,631	39,785
Radiology	68,830	19,958
CT Scan	56,348	
Occupational medicine	30,634	
Anesthesiology	12,000	12,000
Maintenance	21,916	20,582
Housekeeping	29,231	25,972
All other	40,182	43,331
Psych center	155,490	102,749
Home Health	30,426	49,376
Rural Health Transition	<u>18,960</u>	<u>2,400</u>
<u>Totals</u>	<u>1,714,159</u>	<u>1,457,074</u>
	=====	=====

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF OPERATING EXPENSES  
YEARS ENDED MARCH 31, 1999, AND MARCH 31, 1998

	<u>YEAR ENDED MARCH 31, 1999</u>	<u>YEAR ENDED MARCH 31, 1998</u>
<u>SUPPLIES</u>		
Nursing	\$43,964	\$15,399
Central supply	37,012	44,261
Laboratory	87,205	78,856
Radiology	30,231	28,450
Nuclear medicine	38,012	25,863
CT Scan	3,672	239
Home Health	15,803	14,925
Pharmacy	136,871	99,992
Operating and recovery	117,711	114,817
Emergency room	24,726	10,729
Anesthesiology	1,264	2,621
Cardiology	891	1,052
Physical therapy	3,030	3,311
Mammogram	9,288	11,068
Dietary	58,197	80,133
Medical records	1,455	1,820
Housekeeping	14,832	11,467
Maintenance	29,420	19,537
Business office	13,254	15,939
Council on Aging	75,638	81,689
Psych center	5,774	6,441
Administration	6,081	7,640
East/West Bank clinics	698	2,023
All other	<u>5,689</u>	<u>5,976</u>
<u>Totals</u>	760,718 =====	684,248 =====
 <u>OTHER EXPENSES</u>		
Travel and training	\$60,898	\$49,306
Purchase ancillary	38,907	56,995
Other administrative	3,445	4,140
Postage	23,079	27,807
Licenses	5,782	21,321
Advertising	46,164	56,021
All other	<u>7,036</u>	<u>          </u>
<u>Totals</u>	185,311 =====	215,590 =====



LARRY G. JOHNSON

CERTIFIED PUBLIC ACCOUNTANT

A PROFESSIONAL ACCOUNTING CORPORATION

September 16, 1999

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

Members of the Board:

I have audited the basic financial statements of St. James Parish Hospital District, Lutcher, Louisiana, for the year ended March 31, 1999, and have issued my report thereon dated September 16, 1999. In connection with my audit, I tested transactions and records 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 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, 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 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 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 1999 financial statements.

**Finding:** An investigation was conducted of activities involving certain contracts entered into by the former administrator of the Hospital and reported our findings to you in December 95. 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 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 my knowledge the representatives referred to above are still in the process of their investigation.

Finding: Accounts receivable trial balances relating to the Hospitals clinics were not reconciled to their respective control accounts at March 31, 1998.

Explanation: Management ascertains that these accounts are reconciled and that if/when other duties are outsourced, proper procedures are instituted immediately. In 1999 the auditor noted no instances whereby these accounts were not reconciled.

I considered these instances of noncompliance in forming my opinion on whether the St. James Parish Hospital Service District's 1999 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated September 16, 1999, 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,

LARRY G. JOHNSON - APAC

By *Larry G. Johnson*





LARRY G. JOHNSON

CERTIFIED PUBLIC ACCOUNTANT

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A PROFESSIONAL ACCOUNTING CORPORATION

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September 16, 1999

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

Members of the Board:

I have audited the financial statements of St. James Parish Hospital District, Lutcher, Louisiana, as of and for the year ended March 31, 1999, and have issued my report thereon dated September 16, 1999.

I conducted my 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 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, Lutcher, Louisiana, for the year ended March 31, 1999, 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, 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.

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 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.



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/accounts receivable recordings, cash disbursements/disbursement journals.

I continue to see 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 G. JOHNSON - APAC

By: *Darryl Johnson*