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ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
LUTHER, LOUISIANA
MARCH 30, 1981

Under provisions of state law, this report is a public document. Copies of this report have been submitted to the entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/2 - 6 - 87

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

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

I have audited the accompanying balance sheet of

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL,
LAFAYETTE, LOUISIANA**

at March 31, 2004, and March 31, 2003, and the related statements of revenues, expenses and changes in 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 my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also 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 audits of the financial statements provide 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, 2004, and March 31, 2003, and the results of its operations, changes in net assets, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated September 3, 2004, on my consideration of St. James Parish Hospital's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit. No compliance items reported in this report had any material effect on the accounts and disclosures reported in these financial statements.

St. James Parish Hospital Service District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Management Discussion and Analysis and the other required supplementary information on pages 4-8, are not a required part of the basic financial statements, but are supplementary information required by GASB. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

September 3, 2004

**ST. JAMES PARISH HOSPITAL
MANAGEMENT DISCUSSION AND ANALYSIS
AS OF MARCH 31, 2004**

Management's Discussion and Analysis of St. James Parish Hospital (Hospital's) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended March 31, 2004 and 2003. Please read it in conjunction with the Hospital's financial statements which begin on page 5.

Financial Highlights

- The Hospital's net assets increased from the past fiscal year with a \$1,169,618 or 13.5% increase in March 31, 2004.
- The Hospital reported increased operating revenue of \$1,497,743 or 25.4% over the past year. We also reported increase in operating expenses of \$958,794 or 11.8% over the past year. The operating loss in March 31, 2004 decreased by \$538,949 over the past year.
- Non-operating revenue decreased by \$18,280 or 1% over the past year.
- Net income increased by \$498,639 or 74.6% over the past year.

Using This Annual Report

The Hospital's financial statements consist of three statements: a Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Hospital, including operations held by the Hospital but restricted for specific purposes.

The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Assets

Our analysis of the Hospital finances begins on page 5. One of the most important questions asked about the Hospital finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net assets and changes in them. You can think of the Hospital's net assets - the difference between assets and liabilities - as one way to measure the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Hospital's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Hospital.

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did the cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Financial Analysis

Some significant components of the change in the Hospital's assets are the increase in cash, increase in patient receivables, decrease in contractual settlements, and the increase in property, plant and equipment.

Assets, Liabilities, and Net Assets

	2012/2014	2011/2013
Assets		
Current assets	\$2,031,140	\$2,546,728
Capital assets, net	3,996,379	3,281,573
Other noncurrent assets	6,114,631	3,899,374
Total assets	12,142,150	9,727,675
Liabilities:		
Long-term debt outstanding	341,540	449,946
Other current and noncurrent liabilities	1,248,211	727,678
Total liabilities	1,589,751	1,177,624
Net assets:		
Invested in capital assets, net of related debt	\$3,554,768	\$2,834,374
Unrestricted	6,191,832	5,788,621
Total net assets	\$9,746,600	\$8,623,025

Operating Results and Changes in the Hospital's Net Assets

The first component of the overall change in the Hospital's net assets is its operating loss – generally the difference between net patient service revenues and the expenses incurred to perform those services. In this past year, the Hospital has reported an operating loss. This is consistent with the Hospital's operating history. Since the inception of the Hospital's operations as a municipal hospital, it was agreed that a portion of its costs would be subsidized by property tax revenues, to be used for operations and maintenance.

The primary components of the operating loss are:

- Increase in salary and benefit cost for hospital's employees (\$429,946 or 11.2%)

Employee salary and benefits costs increased based on market rates.

	2010	2009
Operating Revenues:		
Net patient service revenues	\$6,748,483	\$5,863,280
Other Operating revenues	646,268	661,663
Total operating revenues	7,394,751	6,524,943
Operating Expenses:		
Salaries and benefits	3,743,185	3,317,864
Medical supplies and drugs	893,417	797,379
Depreciation	467,140	342,442
Other operating expenses	2,409,811	2,771,328
Total operating expenses	7,493,553	7,228,913
Operating profit (loss)	(133,319)	(681,439)
Nonoperating Revenues and Expenses		
Property taxes	1,121,311	1,189,326
Investment income	121,357	199,688
Other nonoperating revenues and expenses, net	(32,121)	(5,320)
Total nonoperating revenues (expenses)	1,210,547	1,323,694
Excess of revenues over expenses before capital grants and contributions	1,108,607	622,349
Grants and Contributions		
Capital grants and contributions	61,002	47,322
Increase in net assets	1,189,818	689,921
Net assets end of year	\$2,812,605	\$2,642,985

Cash Flows

The Hospital had a \$231,418 increase in cash and cash equivalents over the past year.

Cash flows provided by operating activities were \$724,857. Cash flows from operating activities are received from and on behalf of patients. Cash flows used by operating activities are used mainly to pay employees for salaries and benefits and to pay suppliers and contractors.

The Hospital received \$1,116,714 in cash flows from non-capital financing activities. Cash flows from non-capital financing activities represent a significant amount of cash the Hospital receives from property taxes.

Cash flows used for capital and related financing activities were \$1,091,768. The Hospital used \$178,469 more in cash flows over the past year.

Cash flows provided by investing activities were \$493,669. This is cash flows from earnings on investments and from sales and purchases of investments.

Capital Asset and Debt Administration

Capital Assets

At the end of 2004, the Hospital had \$3,956,373 invested in capital assets, net of accumulated depreciation. The Hospital purchased capital assets costing \$1,879,793. Of this, all were acquired through cash purchases.

The Board of Directors committed during fiscal year 2004 to build a replacement hospital with an estimated cost of \$13,700,000. During fiscal year 2004, the hospital paid \$380,881 to acquire the land for the replacement hospital and \$241,988 for consultants, engineers and architects related to the replacement facility.

Debt

At year-end the Hospital had \$441,807 in capital lease obligations outstanding that were acquired in fiscal year 2003.

As of the end of the fiscal year 2004, the hospital was seeking financing for the replacement facility. Current estimates are to have financing for the project by December 31, 2004.

Economic Factors

The St. James Parish Hospital's appointed officials considered the following factors and indicators when setting next year's budget:

- Fiscal Year 2005 revenues were projected to increase 10% over 2003.
- Rate increase of 5%
- Salaries were estimated to reflect workforce shortage areas and market rates.

Contacting the Hospital's Financial Management

The financial report is designed to provide our patients, suppliers, newspapers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have any questions about this report or need additional information, please contact:

Tony George
Chief Financial Officer
St. James Parish Hospital
2471 Louisiana Avenue
Lusher, LA 70071

**ST. JAMES PARISH HOSPITAL, SEBASTIAN DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
BALANCE SHEETS
MARCH 31, 2004, AND MARCH 31, 2003**

A S S E T S

	<u>MARCH 31, 2004</u>	<u>MARCH 31, 2003</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,279,872	\$1,023,454
Accounts receivable, patients	1,315,794	808,842
Contractual settlements receivable	0	151,485
Taxes receivable	288,650	379,160
Other receivables	84,283	700,960
Inventory	122,549	148,695
Prepaid expenses	78,251	58,728
Total current assets	<u>3,811,349</u>	<u>3,596,728</u>
ASSETS WHOSE USE IS LIMITED		
My appointments with third-party payors for funded depreciation	4,514,611	3,899,974
CAPITAL ASSETS	<u>3,896,978</u>	<u>3,183,823</u>
Total assets	<u>11,502,939</u>	<u>8,680,417</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$214,783	\$151,388
Contractual settlements payable	699,815	0
Current maturities of long-term debt	100,264	79,600
Accrued expenses	238,075	204,486
Total current liabilities	<u>1,248,211</u>	<u>435,312</u>
LONG-TERM DEBT	<u>341,240</u>	<u>448,946</u>
DEFERRED REVENUE	<u>0</u>	<u>344</u>
Total liabilities	<u>1,689,766</u>	<u>884,602</u>
NET ASSETS - UNRESTRICTED		
Invested in capital assets, net of related debt	3,514,788	2,854,374
Unrestricted	6,287,611	5,381,611
Total net assets	<u>9,802,399</u>	<u>8,235,985</u>
Total liabilities and net assets	<u>11,502,939</u>	<u>8,680,417</u>

Notes are an integral part of this statement.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED MARCH 31, 2004, AND MARCH 31, 2003

	YEAR ENDED MARCH 31, 2004	YEAR ENDED MARCH 31, 2003
NET PATIENT SERVICE REVENUE , net of provision for bad debts of \$93,586 in 2004 and \$457,565 in 2003	\$4,740,483	\$3,327,645
OTHER OPERATING REVENUES - PATIENT SERVICES	<u>446,568</u>	<u>460,668</u>
Total patient service revenues	2,387,051	3,888,313
OPERATING EXPENSES		
Payroll	3,568,138	2,738,412
Employee benefits	374,825	568,452
Contract services and professional fees	1,810,808	1,689,800
Supplies	883,437	727,379
Rent, lease, and maintenance contracts	134,845	184,184
Telephone and utilities	371,233	180,812
Insurance	82,849	72,815
Other	306,286	188,664
Depreciation	<u>467,389</u>	<u>382,842</u>
Total operating expenses	2,498,361	6,248,362
NET OPERATING LOSS FROM OPERATIONS	(111,309)	(461,459)
NON-OPERATING REVENUES AND EXPENSES		
Taxes - Maintenance and revenue sharing	1,331,331	1,118,316
Interest from Board-designated funds	311,257	158,608
Grants and donations	44,460	47,872
Interest expense	(211,799)	(2,829)
All other	<u>(573)</u>	<u>(2,887)</u>
Total non-operating revenues	1,882,476	1,491,180
DECREASE IN NET ASSETS	1,369,614	669,611
NET ASSETS BEGINNING OF YEAR	\$642,905	1,312,516
NET ASSETS END OF YEAR	<u>\$273,291</u>	<u>642,905</u>

Notes are an integral part of this statement.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH LOCAL GOVERNMENT
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2004, AND MARCH 31, 2003**

	YEAR ENDED MARCH 31, <u>2004</u>	YEAR ENDED MARCH 31, <u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	\$7,236,430	\$4,658,372
Receipts from other operating activities	664,265	752,395
Payments to suppliers and contractors	(1,481,683)	(2,135,884)
Payments to employees for salaries and benefits	(1,234,124)	(2,115,732)
Net cash used by operating activities	<u>314,888</u>	<u>(631,149)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property taxes and revenues during construction received	1,311,641	1,100,319
Net capital grants and contributions	5,875	5,875
Net cash provided for non-capital financing activities	<u>1,317,516</u>	<u>1,106,194</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants and contributions	36,348	8,330
Long term borrowings	0	525,349
Repayment of long term debt	(57,742)	(19,641)
Purchases of capital assets	(1,608,783)	(2,237,839)
Interest paid on long term debt	(21,789)	(2,839)
Net cash used by capital and related financing activities	<u>(1,651,966)</u>	<u>(146,610)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and earnings of investments	311,204	158,668
Sales and purchases of investment instruments, net	(852,677)	182,818
Net cash provided for investing activities	<u>(541,473)</u>	<u>341,486</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>211,918</u>	<u>172,889</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,833,454</u>	<u>651,154</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>2,045,372</u>	<u>824,043</u>

Notes are an integral part of this statement.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

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. Effective August 1, 2003, the Hospital met the Medicare participation requirements to be classified as a critical access 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. The St. James Parish Council approves all tax situations. The Hospital Service District is a component unit of the St. James Parish Council.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

The Hospital uses proprietary fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict or contradict GASB pronouncements.

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 and rebalances on 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 or acquisition that is less than 90 days, plus accrued interest.

Inventories are stated at the lower of cost or market using an average cost method.

Financial instruments included in assets whose use is limited represent debt securities and are carried at fair market value at the balance sheet date. Interest and other investment income, both realized and unrealized, are reported as incorporating revenues when earned.

Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method it uses 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 4.75 mills property tax which is levied January 1 each year, payable by December 31 of that year. The Hospital records the reported 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 tax is in effect through December 31, 2004.

Revenues from grants and contributions are recognized when all eligibility requirements are met.

Operating revenues result from exchange transactions associated with providing health care services. Non-exchange revenues, including property taxes, gifts and contributions are reported as non operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing cost.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The Hospital's employees earn vacation days and sick days at varying rates depending on years of service. Employees may accumulate vacation days, and be paid if they leave before they exhaust this accumulation. Employees may accumulate sick leave but are not paid for accumulated sick leave.

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(c) of the Code.

Advertising and promotion costs are expensed as incurred.

Certain revenues and expenses items have been reclassified from their original presentation in 2003 to be consistent with the 2004 presentation.

NOTE #2: 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 - Since obtaining critical access designation, inpatient and outpatient services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. Prior to August 1, 2001, inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Those rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient oncology services, certain outpatient services, and defined capital and medical education cost related to Medicare program beneficiaries are paid based on a cost reimbursement methodology, and predetermined for schedules. Inpatient psychiatric unit was reimbursed on a cost based concept but is limited to lower of target rates or cost. The inpatient psychiatric unit was closed June 24, 2001. 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 audit thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through March 31, 2000. Desk reviews have been performed on reports issued through March 31, 2001.

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 audit thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited through March 31, 2000, as part of the Medicare audit. A desk review has been performed on all the reports issued through March 31, 2001.

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, prospectively determined daily rates, and Medicare fee schedules.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE #3: ACCOUNTS RECEIVABLE

	MARCH 31, 2004	MARCH 31, 2003
Accounts receivable, patients consist of the following:		
Total receivables	\$1,158,969	\$1,158,969
Less allowance for doubtful accounts	(609,625)	(757,734)
<u>Total accounts receivable</u>	549,344	399,235

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 Lusher, 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:

	2004	2003
Medicare/Medicaid	54%	54%
Commercial insurance	34	35
Self pay	12	11
	100	100

NOTE #4: OTHER RECEIVABLES

	MARCH 31, 2004	MARCH 31, 2003
Other receivables consist of the following:		
Council on Aging for needs	\$14,804	\$29,211
St. James Home Care	12,881	50,663
St. James Psychiatric Hospital	18,586	24,886
All other	0	0
	46,271	104,760

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 09: ASSETS, WHICH ARE ILLEGIBLE

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

Certificates of deposit maturing in June 2004 and 2005 with interest rate of 1.05% and 1.14%.	\$285,202	\$285,686
Certificates of deposit maturing in March 2005 and 2004 with interest rates of 1.26% and 1.20%.	520,540	511,280
Certificate of deposit maturing in September 2005 with interest rate of 1.08%	500,000	0
US Government Securities - Agencies		
PHILB - \$1,200,000 and \$1,050,000 face value - 3.70% - 4.47% coupon, maturing 03/14/03-08/25/14, callable.	1,201,254	1,061,374
FFCB - \$103,450 face value - 4.64% coupon maturing March 2002, callable.		104,779
PNM.A - \$450,000 face value - 3.25% - 3.50% coupon, maturing 09/15/09 - 05/01/13, callable.	451,781	0
FELBAC - \$860,000 and \$1,249,874 face value - 3.25% - 5.55% coupon, maturing 4/14/04 - 01/01/13, callable.	948,199	1,152,018
PTMC - \$480,000 face value - Zero coupon - maturing 11/02/18, callable.	87,819	0
Cash Management Account - Fainto Withen Government Securities Fund.	444,565	510,255
Accrued interest	<u>25,777</u>	<u>25,476</u>
	<u>4,214,611</u>	<u>3,899,974</u>

US Government securities are carried at fair value with accrued interest.

Certificates of deposit in excess of insured deposit limits were collateralized by U.S. Government securities and other Agency obligations as follows. Total carrying value of certificates of deposit included above amounts to \$1,430,242 of which \$100,000 is insured (FDIC) and the remaining \$1,330,242 is collateralized by U.S. Treasury obligations held by a counter party or its trust department but not in the Hospital's name (category 7).

Cash and cash equivalents included in the balance sheet amounts to \$1,178,872. The collected bank balances of this amount is \$1,247,480 of which \$102,576 is insured (FDIC), \$1,144,904 is collateralized by U.S. Treasury obligations in category 7.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE #6: CAPITAL ASSETS

Capital assets consist of the following:

	MARCH 31, 2004	MARCH 31, 2003
Land	\$384,000	\$281,643
Building and improvements	1,753,897	1,731,387
Equipment	2,155,155	2,831,021
	9,873,297	8,898,847
Allowance for depreciation	(1,753,818)	(1,474,024)
Construction in progress	241,088	—
Total capital assets	1,056,515	1,081,921

Increases to the components of capital assets, net of construction in progress reclassifications were as follows:

Land	581,402	147,334
Building and improvements	8	75,927
Equipment	41,530	—
Construction in progress	241,088	65,288

Decreases to capital assets were as follows:

Equipment	(194,204)	(181,402)
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NOTE #7: PENSION PLANS

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 1% and 1% for 2004 and 2003, respectively, and employer contributions as determined by the Public Retirement Systems' Actuarial Committee. The actuarial committee has determined that the employer contribution rate for 2004 and 2003 is to be 5.24% and 3.75%, respectively - (5.71% for 2005). 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 unpaid payments. The ratio of assets to the pension benefit obligation in Plan B was 100% and 100% at December 31, 2004 and 2003 respectively. Total pension expense was \$107,728 for the year ended March 31, 2004, and \$87,091 for the year ended March 31, 2003. All amounts expensed have been funded to the plan.

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE #8: RISK MANAGEMENT

The Hospital is exposed to various risks of loss related to theft, 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 sharing of risks among the participants of the trust funds. The Hospital reports its premiums, insurance expenditures and expenses these premiums over the pay-rate periods involved.

NOTE #9: LONG-TERM DEBT

	MARCH 31, 2004	MARCH 31, 2003
Long-term debt consists of the following:	<u>2864</u>	<u>3000</u>
Installment obligation incurred to purchase CT equipment requiring monthly payments, including interest at 4.87%, of \$9,917 due May 2008	\$40,807	\$39,648
Low current maturities	228,268	26,600
	<u>241,345</u>	<u>44,548</u>

The following table reflects the maturity schedule of these obligations.

FYE March 31, 2006	\$105,217
FYE March 31, 2007	118,415
FYE March 31, 2008	115,888
FYE March 31, 2009	9,917

There were no new borrowings in 2004. Repayments of long-term debt amounted to \$57,743. Interest expense paid in 2004 related to long-term debt amounted to \$11,784.

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE #10: ST. JAMES HOME CARE AND ST. JAMES PSYCHIATRIC HOSPITAL

The Hospital entered into a cooperative end-user agreement with Louisiana Health-Care Group to provide home health services as St. James Home Care. As part of this agreement the Hospital leased certain premises to St. James Home Care. Total revenue recognized and subsequently received by the Hospital under this cooperative end-user agreement amounted to \$196,963 and \$117,397 for the year ended March 31, 2004 and 2003. Total rent received by the Hospital under this rental management agreement was \$0 and \$1,000 for the year-ended March 31, 2004 and 2003, respectively. All these amounts are reflected in other operating revenues.

The Hospital entered into a lease agreement with St. James Psychiatric Hospital, Inc. to lease certain premises within the Hospital on June 18, 2003. The primary term of the lease was for a one year period ending June 17, 2004, with an option to renew for five additional one year terms. The Hospital received \$183,243 and \$197,840 in rents related to this agreement for the year ended March 31, 2004, and March 31, 2003. These amounts are reflected in other operating revenues.

NOTE #11: RECONCILIATION OF OPERATING INCOME LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	Year ended March 31, 2004	Year ended March 31, 2003
Net income (loss) from operations	\$(112,510)	\$(651,658)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	467,146	362,442
Changes in:		
Accounts receivable	(314,352)	(138,884)
Contractual settlements	830,499	(653,189)
Other receivables	77,693	99,930
Prepaid expenses	(17,685)	(1,847)
Inventories	(36,176)	(9,649)
Accounts payable	(138,502)	151,975
Accrued expenses	20,821	30,832
Net cash provided (used) by operating activities	716,833	(641,951)

Supplemental Information

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

Gentlemen:

The purpose of my audit of the financial statements of

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
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, changes in net assets, and cash flows, in conformity with auditing standards generally accepted in the United States of America. 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, 2004, and March 31, 2003, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



September 3, 2004

ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
STATEMENTS OF REVENUE
TRANSENDING MARCH 31, 2005, AND MARCH 31, 2004

	YEAR ENDED MARCH 31, 2005	YEAR ENDED MARCH 31, 2004
PATIENT SERVICE REVENUES		
Room and nursing	2,535,160	2,294,978
Central supply	698,271	585,534
Laboratory	1,284,235	1,560,085
Radiology	669,657	576,658
Pharmacy	1,149,731	787,874
Operating and recovery	1,183,522	1,073,262
Respiratory therapy	360,085	381,540
Emergency room	1,632,546	1,281,869
Physical therapy	647,611	484,597
Acupuncture	139,038	288,124
Cardiology	324,676	284,336
Ultrasound	264,188	187,142
Nuclear medicine	511,873	361,887
CT Scan	551,714	311,889
Mammogram	64,836	69,516
Occupational therapy	31,043	31,288
Observation	69,432	95,076
Speech therapy	31,281	26,143
All other	2,031	6,124
Total	<u>12,697,588</u>	<u>10,893,624</u>
CONTRACTUAL ADJUSTMENTS		
Medicare and Medicaid	1,609,083	1,289,482
Insurance and other	1,080,671	1,212,418
Administrative adjustments, etc.	41,727	23,627
Total	<u>2,731,481</u>	<u>2,525,527</u>
BALENTS		
Total	<u>322,686</u>	<u>324,628</u>
OTHER OPERATING REVENUES - PATIENT SERVICES		
Cafeteria	570,524	361,618
Council on Aging	181,987	172,687
Joint venture - St. James Home Care	196,980	31,797
Rents	182,245	282,336
Wedding receptions	2,376	1,925
All other	3,660	3,368
Total	<u>940,772</u>	<u>854,631</u>

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPONENT UNIT OF ST. JAMES PARISH COUNCIL
STATEMENTS OF OPERATING EXPENSES
YEARS ENDED MARCH 31, 2008, AND MARCH 31, 2007**

	YEAR ENDED MARCH 31, <u>2008</u>	YEAR ENDED MARCH 31, <u>2007</u>
PAYROLLS		
Nursing	568,288	540,851
Human resources	36,107	34,618
Administration	286,831	280,789
Accounting	34,520	
Business office	171,182	167,642
Purchasing	40,876	40,213
Laboratory	231,187	192,518
Radiology	323,624	289,138
Pharmacy	120,789	113,188
Operating and recovery	195,888	161,234
Emergency room	288,821	285,882
Anesthesiology	118,433	117,721
Dietary	199,781	147,526
Housekeeping	98,512	84,462
Maintenance	60,121	69,212
Medical records	177,429	113,888
Cardiology	5,826	1,824
Respiratory	<u>121,804</u>	<u>182,581</u>
Total	<u>3,148,298</u>	<u>2,738,412</u>
CONTRACT SERVICES AND PROFESSIONAL FEE		
Emergency room	872,834	870,726
Physical therapy	190,613	143,746
Respiratory therapy	0	573
Administration	289,786	371,778
Business office	82,266	74,523
Speech therapy	3,880	14,728
Laboratory	46,213	43,578
Nuclear medicine	81,829	64,981
Radiology	111,784	19,802
CT Scan	3,488	46,618
Occupational medicine	12,941	16,888
Anesthesiology	11,880	12,688
Maintenance	22,424	26,113
Housekeeping	42,716	31,288
Mammogram	38,891	226
All other	11,888	20,882
Medical records	33,882	11,778
Business development	1,720	18,888
Ultrasound	<u>8,249</u>	<u>20,822</u>
Total	<u>1,820,588</u>	<u>1,649,888</u>

**ST. JAMES PARISH HOSPITAL SERVICE DISTRICT
A COMPLETE UNIT OF ST. JAMES PARISH COUNCIL
STATEMENTS OF OPERATING EXPENSES
YEARS ENDED MARCH 31, 2004, AND MARCH 31, 2003**

	YEAR ENDED MARCH 31, <u>2004</u>	YEAR ENDED MARCH 31, <u>2003</u>
SUPPLIES		
Nursing	\$21,581	\$21,751
Central supply	67,658	78,532
Laboratory	143,811	116,658
Radiology	77,919	58,447
Nuclear medicine	46,749	34,448
CT Scan	8,661	9,989
Pharmacy	196,577	112,518
Operating and recovery	21,589	27,796
Emergency room	36,924	18,798
Anesthesiology	2,681	3,648
Cardiology	1,183	978
Physical therapy	2,689	2,824
Respiratory therapy	99,943	28,158
Managers	39,214	18,998
Dietary/Council on Aging	173,556	146,468
Medical records	2,259	2,628
Housekeeping	33,798	14,552
Maintenance	23,581	22,527
Business office	21,778	14,119
Administrative	8,658	8,688
All other	<u>2,217</u>	<u>2,122</u>
Total	<u>883,827</u>	<u>727,379</u>
OTHER EXPENSES		
Travel and training	\$121,514	\$105,868
Purchase auxiliary	1,540	77
Other administrative	979	115
Printing	18,427	13,923
Licenses	8,246	8,187
Advertising	44,289	28,779
All other	<u>5,228</u>	<u>8,022</u>
Total	<u>204,232</u>	<u>180,081</u>



A PROFESSIONAL ACCOUNTING CORPORATION

September 3, 2004

The Board of Commissioners
St. James Parish Hospital District
Post Office Box 408
Lafayette, Louisiana 70501

Members of the Board:

I have audited the basic financial statements of St. James Parish Hospital District, Lafayette, Louisiana, for the year ended March 31, 2004, and have issued my report thereon dated September 3, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether St. James Parish Hospital's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that were to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements of St. James Parish Hospital District, Lafayette, Louisiana, for the year ended March 31, 2004, I considered its internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and to provide assurance on the internal control over financial reporting. My consideration of the internal control structure would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that in my judgment could adversely affect St. James Parish Hospital's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

I did not note any matters involving the internal control over financial reporting and its operation that I considered to be a reportable condition.

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:  _____