RETIREMENT PLAN FOR EMPLOYEES OF WEST JEFFERSON MEDICAL CENTER

FINANCIAL REPORT

December 31, 2003

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REBOWE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Retirement Plan for Employees
of West Jefferson Medical Center

We have audited the accompanying statement of plan net assets of the Retirement Plan for Employees of West Jefferson Medical Center (the Retirement Plan), a component unit of the West Jefferson Medical Center, as of December 31, 2003 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Retirement Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of and for the year then ended December 31, 2002 were audited by other auditors whose report dated March 3, 2003 expressed an unqualified opinion on those statements.

We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2003 financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Plan as of December 31, 2003 and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Required Supplementary Information listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2004 on our consideration of the Retirement Plan's internal control over financial reporting and our tests of its compliances with certain provisions of laws and regulations. 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 our audit.

Rebowe & Company

February 23, 2004

RETIREMENT PLAN FOR EMPLOYEES OF
WEST JEFFERSON MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) offers the readers of the Retirement Plan for Employers of West Jefferson Medical Center's (the Plan) financial statements this narrative overview and analysis of the financial activities of the Plan for the years ended December 31, 2003 and 2002. The information presented herein should be considered in conjunction with the accompanying basic financial statements and the notes to the basic financial statements.

USING THIS REPORT

The MD&A is intended to serve as an introduction to the Plan's basic financial statements, which are comprised of the three components:

- Statement of Plan Net Assets,
- Statement of Changes in Plan Net Assets; and
- Notes to the Financial Statements.

This report also contains required supplemental information in addition to the basic financial statements themselves.

Because of the long-term nature of a defined pension plan, financial statements alone cannot provide sufficient information to properly reflect the plan's ongoing plan perspective. This financial report consists of two financial statements and two required schedules of historical trend information. The Statements of Plan Nets Assets and Statements of Changes in Plan Net Assets provide information about the activities of the plan as a whole. The Plan is the fiduciary held in trust for substantially all of the employees of West Jefferson Medical Center who meet certain length of service requirements.

The Schedule of Funding Progress presented on page 12 includes historical trend information about the actuarially funded status of the Plan from long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Employer Contributions on page 13 presents historical trend information about the annual required contribution of the employer and the contributions made by the employer in relation to the required contributions. These schedules provide information that contributes to understanding the changes over time in the funded status of the Plan.

FINANCIAL ANALYSIS OF THE PLAN

The Plan's net assets increased by $6,839,606 in 2003 and decreased by $3,410,646 in 2002, which was primarily attributable to changing market conditions that increased (decreased) the market value of the plan's investments. The Plan's employer contribution increased by $402,260 from $1,577,881 in 2002 to $1,980,141 in 2003, which was due to increased contribution amounts determined by the Plan's actuary, in order to fund the plan for its 2003 activities. Benefit payments were $1,783,940 and $1,593,227 in 2003 and 2002, respectively. The increase in benefit payments is primarily due to the number of recipients increasing by 13. The Plan's investments consist primarily of fixed income mutual funds and equity mutual funds, which increased by $6,451,501 in 2003 and decreased by $4,379,161 in 2002, due primarily to an increase (decrease) in fair market values.

CHANGES TO PLAN ASSUMPTIONS

There have been several changes to the assumptions for the 2003 plan year. The valuation discount rate has been lowered from 8.5% to 8.0%. In addition, the assumption for future compensation increases has also been lowered from 5% to 3% and the assumed increase in the national average wage index has been decreased from 4% to 3%. These changes have been made to reflect current economic conditions. The decrease in the unfunded actuarial liability for these changes to the assumptions is approximately $1.5 million.

REQUEST FOR ADDITIONAL INFORMATION

Questions concerning any of the information provided herein or requests for additional financial information should be addressed to Retirement Plan for Employees of West Jefferson Medical Center, 1101 Medical Center Boulevard, Marrero, LA 70072, (504) 347-5511.

RETIREMENT PLAN FOR EMPLOYEES OF
WEST JEFFERSON MEDICAL CENTER
STATEMENTS OF PLAN NET ASSETS
December 31, 2003 and 2002

	2003	2002
Receivables:		
Employer contribution	$ 1,980,141	$ 1,577,881
Accrued dividends	36,139	49,542
Total receivables	2,016,280	1,627,423
Investments (at fair value):		
Fixed income mutual funds	10,004,417	12,415,884
Equity mutual funds	25,841,481	18,138,740
Cash equivalents	5,204,513	4,044,286
Total investments	41,050,411	34,598,910
Total Assets	43,066,691	36,226,333
Liabilities:		
Accrued trust fees	4,789	4,037
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 12)	$ 43,061,902	$ 36,222,296

See accompanying notes to financial statements.

RETIREMENT PLAN FOR EMPLOYEES OF
WEST JEFFERSON MEDICAL CENTER
STATEMENTS OF CHANGES IN PLAN NET ASSETS
Years Ended December 31, 2003 and 2002

	2003	2002
Additions:		
Employer contribution	$ 1,980,141	$ 1,577,881
Investment income:		
Net change in fair value of investments	5,915,233	(4,379,161)
Dividends	785,333	1,039,238
Total investment income (loss)	6,700,566	(3,339,923)
Total additions	8,680,707	(1,762,042)
Deductions:		
Benefit payments	1,783,940	1,593,227
Administrative expenses	57,161	55,377
Total deductions	1,841,101	1,648,604
Net increase (decrease)	6,839,606	(3,410,646)
Net assets held in trust for pension benefits:		
Beginning of year	36,222,296	39,632,942
End of year	$ 43,061,902	$ 36,222,296

See accompanying notes to financial statements.

NOTE 1 - PLAN DESCRIPTION

General

West Jefferson Medical Center operates under the jurisdiction of the Parish Council of Jefferson Parish, Louisiana (the "Parish") as Jefferson Parish Hospital Service District No. 1. A Louisiana Attorney General opinion empowers hospital service districts to create pension plans for officers and employees and to fund the plan with district funds. The Retirement Plan for Employees of West Jefferson Medical Center (the Plan) is a single-employer, non-contributory, defined public employee retirement system (PERS). The Plan covers substantially all employees of West Jefferson Medical Center (the Employer) who meet certain length of service requirements and is funded through employer contributions and investment earnings. As a governmental entity, the Plan provides disclosures required by the Governmental Accounting Standards Board (GASB).

Plan Membership

At December 31, the Plan's membership consisted of:

	2003	2002
Active employees	1,433	1,374
Retirees and beneficiaries currently receiving benefits	311	298
Terminated employees entitled to, but not yet receiving benefits	465	405
Total Plan membership	2,209	2,077

Eligibility Requirements

An employee is eligible to participate in the Plan as of the date they have completed one year of service during which the employee has completed at least 1000 hours of service and attained the age of 21.

Retirement Benefits

The Plan provides retirement benefits as well as death benefits and disability benefits. Prior to July 1, 2002 all benefits were fully vested after 10 years of credited service. Effective July 1, 2002, all employees become fully vested after 5 years of credited service. The basic annual

NOTE 1 - PLAN DESCRIPTION (CONTINUED)

retirement benefit at age 65 is a benefit payable for life in an amount equal to the number of years of credited service up to 30 years, multiplied by the sum of (1) 1.2 percent of final average monthly compensation and (2) 65 percent of final average monthly compensation in excess of "covered" compensation," which is defined as the average of the Social Security Taxable Wage Base for the 35-year period ending in the year in which social security normal retirement age is attained. Final average monthly compensation is defined as the monthly compensation of a participant averaged over the 5 consecutive calendar years which produces the highest monthly average within the last 10 calendar years preceding the earlier of retirement or termination of employment. Employees with 10 years of credited service may elect to receive a reduced benefit beginning at age 55.

Deferred and Disability Benefits

A Plan member leaving employment after 10 years of credited service but before attaining retirement age or who ceases active employment because of total and permanent disability after 10 years of credited service but before attaining retirement age is eligible for deferred benefits or may elect to receive reduced benefits beginning on the early retirement date.

Survivor Benefits

The survivor benefit provided under the Plan is a death benefit for a vested participant in the form of a survivor annuity. Such annuity payments are generally equal to 50 percent of the amount which would be payable to the participant if he had survived and elected to commence receiving a retirement income at the earliest dated allowed under the Plan.

Contributions

The employer is required to contribute amounts necessary to provide the benefits under the Plan determined by the application of accepted actuarial methods and assumptions.

Plan Termination

Although it has not expressed any intent to do so, the Medical Center has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in accordance with standards established by the Governmental Accounting Standards Board (GASB). As of January 1, 2002, the Plan adopted GASB Statement No. 34, which requires the inclusion of Management's Discussion and Analysis as supplementary information.

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting.

Employer Contributions

Employer contributions are recognized as revenues in the period in which employee services are performed.

Investments

The assets of the Plan are invested in various fixed income, equity and short-term money market funds managed by a trustee. Investments are carried at fair value as reported by the Trustee. Fair values are determined by quoted market prices, as available.

Interest and dividend income is recognized when earned.

Administrative Expenses

All administrative expenses are paid by the Plan, except audit fees.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding the reported amounts of assets and liabilities and changes in net assets. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2002 financial statements have been reclassified to conform to the 2003 presentation.

NOTE 3 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The funding policy of the Plan provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. The actuarial funding method used to determine the normal cost and the unfunded actuarial accrued liability, amortized over 30 years, for purposes of determining contribution requirements is the entry age normal cost method. The significant actuarial assumptions underlying the actuarial method used to compute the contribution requirement are the same as those used to compute the pension benefit obligation.

The actuarially determined contribution requirement for 2003, accrued by the employer and to be received by the Plan in 2004 is $1,980,141. The actual contribution paid by the employer during 2003 relating to the 2002 contribution requirement was $1,577,881. The 2003 contribution requirement consists of (a) $1,021,716 normal cost, (b) $811,748 amortization of the unfunded actuarial accrued liability and (c) $146,677 net interest cost.

NOTE 4 - INVESTMENTS

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and trust agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. At December 31, 2003, the Retirement Plan's investments were held by Regions Morgan Keegan Trust.

The Plan's investments, which are comprised of mutual funds, are not considered to be "securities" under GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, and therefore, are exempt from the requirement of classifying as to the categories of credit risk.

NOTE 4 - INVESTMENTS (CONTINUED)

Investments at December 31, 2003 and 2002 consist of the following and are stated at fair value.

	2003	2002
	Fair Value	Fair Value
Fixed Income:		
Federated U.S. Government Trust Institutional Fund	$ 6,734,747	$ 8,103,927
Vanguard Prime Long-term Treasury Fund	-	4,311,957
Vanguard Short-term Treasury Fund	3,269,670	-
	10,004,417	12,415,884
Equity:		
Vanguard Institutional Index Fund	20,992,189	15,128,317
Vanguard Mid Cap Index Fund	4,849,292	3,010,423
	25,841,481	18,138,740
Cash equivalents:		
RMK Select Treasury Money Market Fund, Class A	733,345	251,445
Vanguard Prime Money Market Fund	4,471,168	3,792,841
	5,204,513	4,044,286
Total investments	$ 41,050,411	$ 34,598,910

NOTE 5 - HISTORICAL INFORMATION

Historical trend information which is designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits when due is presented on pages 12 and 13.

RETIREMENT PLAN FOR EMPLOYEES OF
WEST JEFFERSON MEDICAL CENTER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

(1) Actuarial Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Actuarial Accrued Liability (AAL)	(4) Actuarial Accrued (Prefunded Liability) (UAAL) (3-2)	(5) Funded Ratio (2)/(3)	(6) Annual Covered Payroll	(7) UAAL as a Percent of Payroll (4)/(6)
01/01/99	$ 37,000,000	$ 36,106,755	$ (893,245)	102.5%	$ 40,631,521	-2.2%
01/01/00	43,400,000	39,030,435	(4,369,565)	111.2%	41,390,579	-10.6%
01/01/01	41,300,000	42,020,625	725,625	98.3%	42,532,749	1.7%
01/01/02	39,700,000	45,712,387	6,012,387	86.8%	44,903,940	13.4%
01/01/03	36,200,000	51,120,377	14,920,377	70.8%	48,455,441	30.8%
01/01/04 *	40,899,923	52,037,852	11,137,929	78.6%	60,701,967	18.3%

* Effective for the 1/1/04 valuation, annual covered payroll reflects true W-2 wages instead of computed hourly wages.

RETIREMENT PLAN FOR EMPLOYEES OF
WEST JEFFERSON MEDICAL CENTER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYEE CONTRIBUTIONS

Fiscal Year	Annual Required Contribution	Percentage Contributed
1998	$1,039,785	100%
1999	794,067	100%
2000	484,946	100%
2001	1,016,964	100%
2002	1,577,881	100%
2003	1,980,141*	100%

* Expected to be contributed by May 31, 2004

RETIREMENT PLAN FOR EMPLOYEES OF WEST JEFFERSON MEDICAL CENTER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the preceding required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	January 1, 2004
Actuarial cost method	Entry Age Normal
Amortization method	Level payments open
Remaining amortization period	30 years
Asset valuation method	Average market value method that recognizes realized and unrealized growth in capital appreciation over 5 years
Actuarial assumptions	
Investment rate of return	8.0%
Projected salary increases	3.0%
Projected social security increases	3.0%
Cost-of-living adjustments	None
Change in Actuarial Assumptions	There have been several changes to the assumptions for the 2003 plan year. The valuation discount rate has been lowered from 8.5% to 8.0%. In addition, the assumption for future compensation increases has been lowered from 5% to 3% and the assumed increase in the national average wage index has been decreased from 4% to 3%. These changes have been made to reflect current economic conditions. The decrease in the unfunded actuarial liability for these assumption changes is approximately $1.5 million.
Plan Experience Loss	The actuarial loss portion of the unfunded actuarial accrued liability increased during the current year by $8,922,347. This was not due to any changes in plan assumptions or methods. The components of the loss are $6,876,820 due to investment results and $2,045,527 from sources related to plan liabilities.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Retirement Plan for Employees
of West Jefferson Medical Center

We have audited the financial statements of the Retirement Plan for Employees of West Jefferson Medical Center (the Retirement Plan), as of and for the year ended December 31, 2003 and have issued our report thereon dated February 23, 2004. We conducted out 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 the Retirement Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Retirement Plan's internal control over financial reporting in order to determine out auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one 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. We noted no matter involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees of the Retirement Plan, the Retirement Plan's management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

February 23, 2004