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FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF
ST. LANDRY AND ST. MARTIN
FINANCIAL REPORT

June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The 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 1-19-05

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BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.
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ACCOUNTANTS' COMPILATION REPORT

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To the Board of Commissioners
First Hospital Service District of the
Parishes of St. Landry and St. Martin
State of Louisiana
Arnaudville, Louisiana

We have compiled the accompanying basic financial statements of First Hospital Service District of the Parishes of St. Landry and St. Martin, State of Louisiana as of and for the years ended June 30, 2004 and 2003, and the supplementary schedule, as listed in the table of contents. The statements and supplementary schedule, which is presented only for supplementary analysis purposes, were compiled in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of the District. We have not audited or reviewed the accompanying basic financial statements and the supplementary schedule and, accordingly, we do not express an opinion or any other form of assurance on them.

First Hospital Service District of the Parishes of St. Landry and St. Martin, State of Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with the Louisiana Governmental Audit Guide and the provision of state law, we issued a report dated November 30, 2004, on the results of our agreed-upon procedures.

Broussard, Poché, Lewis & Breaux, L.L.P.

Crowley, Louisiana
November 30, 2004

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
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Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

Members of American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

BALANCE SHEETS
June 30, 2004 and 2003
See Accountants' Compilation Report and Notes

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash	\$ 844,981	\$ 680,839
Rent receivable	25,452	30,141
Certificate of deposit	175,000	175,000
Accrued interest receivable	4,153	4,308
Prepaid expenses	2,160	1,500
	\$ 1,051,746	\$ 891,788
PROPERTY, PLANT AND EQUIPMENT , at cost, less allowance for depreciation of 2004 - \$1,486,204 and 2003 - \$1,432,426	467,497	521,275
Total assets	\$ 1,519,243	\$ 1,413,063
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 171,837	\$ 171,837
Accrued expenses	2,972	3,370
Estimated third-party payor settlements	231,899	231,899
	\$ 406,708	\$ 407,106
NET ASSETS		
Invested in capital assets net of related debt	\$ 467,497	\$ 521,275
Non-designated	645,038	484,682
	\$ 1,112,535	\$ 1,005,957
Total liabilities and net assets	\$ 1,519,243	\$ 1,413,063

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Years Ended June 30, 2004 and 2003

See Accountants' Compilation Report and Notes

	2004	2003
Operating revenues:		
Lease income	\$ 75,900	\$ 74,330
Miscellaneous	1,009	-
	\$ 76,909	\$ 74,330
Operating expenses:		
Depreciation	\$ 53,778	\$ 54,100
Administrative expenses	9,706	9,688
Repairs and maintenance	12,391	14,726
Office expenses	742	404
Insurance	10,615	10,710
Professional services	2,650	2,500
Miscellaneous	276	1,245
	\$ 90,158	\$ 93,373
Operating loss	\$ (13,249)	\$ (19,043)
Nonoperating revenues:		
Ad valorem taxes	\$ 108,160	\$ 101,345
Interest income	11,667	16,549
	\$ 119,827	\$ 117,894
Increase in net assets	\$ 106,578	\$ 98,851
Net assets beginning of the year	1,005,957	907,106
Net assets end of the year	\$ 1,112,535	\$ 1,005,957

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2004 and 2003
See Accountants' Compilation Report and Notes

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from leasee	\$ 163,726	\$ 140,709
Payments to suppliers and contractors	(111,420)	(96,853)
Payments to employees	(9,000)	(9,000)
Other receipts and payments, net	1,009	-
	\$ 44,315	\$ 34,856
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	108,160	101,345
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	11,667	16,549
	\$ 164,142	\$ 152,750
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of year	680,839	528,089
Cash and cash equivalents at end of year	\$ 844,981	\$ 680,839

Reconciliation of operating loss to net cash provided by operations:

Operating loss	\$ (13,249)	\$ (19,043)
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:		
Depreciation	53,778	54,100
(Increase) decrease in assets:		
Rent receivable	4,689	(5,704)
Accrued interest receivable	155	4,040
Prepaid expenses	(660)	900
Increase (decrease) in liabilities:		
Accrued expenses	(398)	563
Net cash provided by operating activities	\$ 44,315	\$ 34,856

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization:

The accompanying financial statements are presented for First Hospital Service District of the Parishes of St. Landry and St. Martin, State of Louisiana. The District, which is a political subdivision of the State, was created by an ordinance adopted by the Parish Police Juries for the purpose of serving the surrounding area of said parishes.

First Hospital Service District of the Parishes of St. Landry and St. Martin is not considered a component unit of the Parish Police Juries of St. Landry and St. Martin due to the fact that they do not meet the established criteria as provided in GASB Statement No. 14, *The Financial Reporting Entity*. These criteria includes financial accountability by the Police Juries or the ability to impose their will on the district by significantly influencing the programs, projects, activities, or level of services performed or provided by the district, and the existence of a financial benefit or burden.

Operation:

Prior to October 19, 1990, the District operated a hospital for acute care services. In December 1990, the Hospital facility was leased to other health care providers.

Method of accounting:

First Hospital Service District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual method. First Hospital Service District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Audit Guide*, and the *Audit and Accounting Guide – Health Care Organizations*, published by the American Institute of Certified Public Accountants, and standards established by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*. For the first time the financial statements include reclassifying fund balance to net assets, reporting operating cash flows using the direct method in the statement of cash flows, and no longer presenting a statement of changes in fund balance but reporting this change in the all-inclusive statement of revenues, expenses and changes in net assets.

Cash and cash equivalents:

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounting standards:

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, First Hospital Service District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

Use of estimates:

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN**

NOTES TO FINANCIAL STATEMENTS

Environmental Matters:

First Hospital Service District is subject to laws and regulations relating to the protection of the environment. First Hospital Service District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of First Hospital Service District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of First Hospital Service District. At June 30, 2004, management is not aware of any liability resulting from environmental matters.

Property, plant, and equipment:

The District records all property, plant and equipment acquisitions at cost, except for assets donated to the District. Donated assets are recorded at fair market value at the date of donation.

The District provides for depreciation of its plant and equipment using the straight-line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives. Amortization expense on assets acquired under capital leases is included in depreciation expense of owned assets.

Equipment	5-10 years
Buildings	40 years

Net Assets:

Net assets of the District are classified in two components. *Net assets invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets net of related debt*.

Note 2. Property and Equipment

A summary of property, plant, and equipment is as follows:

	<u>2004</u>	<u>2003</u>
Land and land improvements	\$ 16,097	\$ 16,097
Buildings	1,462,472	1,462,472
Fixed equipment	137,089	137,089
Major movables	<u>338,043</u>	<u>338,043</u>
Total property, plant, and equipment	\$ 1,953,701	\$ 1,953,701
Less: accumulated depreciation	<u>(1,486,204)</u>	<u>(1,432,426)</u>
Net property, plant, and equipment	<u>\$ 467,497</u>	<u>\$ 521,275</u>

Depreciation expense for the years ended June 30, 2004 and 2003, amounted to \$53,778 and \$54,100 respectively.

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

NOTES TO FINANCIAL STATEMENTS

Note 3. Ad Valorem Taxes

First Hospital Service District's property tax is levied by the parish on the taxable real property in the district in late October of each year. Bills are sent out in November of each year at which time First Hospital Service District records the tax revenue, and become a lien in the following March. The collection period for First Hospital Service District's property taxes is from December (at which time they become delinquent) to the succeeding May.

Note 4. Leasing of Hospital

In 1996, the Board of Commissioners of First Hospital Service District of the Parishes of St. Landry and St. Martin entered into a lease agreement to lease the Hospital facility. The lessee pays \$4,500 monthly for 169 patient days, and \$15.00 per each additional patient day. Also included in the lease is the provision that the lessee is responsible to reimburse the District for utilities, general repairs, & upkeep. First Hospital Service District is responsible for the maintenance and repair of roofing, heating and air conditioning and any improvements to the parking lot. Lease revenue amounted to \$75,900 and \$74,330 for the year ended June 30, 2004 and 2003 respectively.

Note 5. Bank Deposits

First Hospital Service District may invest in United States bonds, treasury notes, or certificates of deposit with state banks having their office in the State of Louisiana, or any other federally insured investment. First Hospital Service District may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. These deposits are stated at cost, which approximates market. Under state laws, the deposits must be secured by federal deposit insurance on the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurances must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The deposits at June 30, 2004, were as follows:

	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Demand deposits	<u>\$ 844,981</u>	<u>\$ (100,000)</u>	\$ 744,981
Certificate of deposit	<u>\$ 175,000</u>	<u>\$ (100,000)</u>	<u>75,000</u>
Total amount uninsured			\$ 819,981
Securities pledged and held by the custodial bank in the bank's name (Category III)			<u>(1,370,661)</u>
Excess of FDIC insurance plus pledged securities over deposits in financial institutions			<u>\$ (550,680)</u>

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

NOTES TO FINANCIAL STATEMENTS

Note 6. Accounts Payable

Accounts payable consist of amounts due to a supplier and a management company that have not been settled as of June 30, 2004.

Note 7. Estimated Third Party Payer Settlement

The District has Medicaid intermediary payable balances on cost reports from when the District operated a Hospital in the amount of \$231,899, which has not been settled as of June 30, 2004.

Note 8. Operating Revenues and Expenses

The District's statement of revenues, expenses and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services and leasing the facility – the District's principal activity. Nonexchange revenues, including taxes, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services.

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

SCHEDULE OF BOARD FEES
Year Ended June 30, 2004

Board Members

First Hospital Service District's board members did not receive any compensation during the years ending June 30, 2004 and 2003.



BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
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Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupré, CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Terrel P. Dressel, CPA*

Retired:

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Society of Louisiana Certified Public Accountants

*A Professional Accounting Corporation

**ACCOUNTANTS' COMPILATION REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners
First Hospital Service District of the
Parishes of St. Landry and St. Martin
State of Louisiana
Arnaudville, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of First Hospital Service District of the Parishes of St. Landry and St. Martin and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about First Hospital Service District of the Parishes of St. Landry and St. Martin's compliance with certain laws and regulations during the year ended June 30, 2004 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000.

**Code of Ethics for Public Officials
and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management appeared on the list provided by management in agreed-upon procedure (2).

To the Board of Commissioners
First Hospital Service District of the
Parishes of St. Landry and St. Martin
State of Louisiana

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Not legally required to adopt a budget due to operate as enterprise fund.

6. Trace the budget adoption and amendments to the minute book.

Not legally required to adopt a budget due to operate as enterprise fund.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts of more than 5%.

Not legally required to adopt a budget due to operate as enterprise fund.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) Determine if payments were properly coded to the correct fund and general ledger account; and

All payments were coded to the proper account and fund.

- (c) Determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minutes book was posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Hospital Service District is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Management has asserted that such documents were properly posted; however, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks, bonds, or like indebtedness.

We inspected all entries to the general ledger for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

To the Board of Commissioners
First Hospital Service District of the
Parishes of St. Landry and St. Martin
State of Louisiana

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

We inspected all payroll transactions and minutes for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Our prior year report, dated October 3, 2003, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters *might have come to our attention that would have been reported to you.*

This report is intended solely for the use of management of First Hospital Service District of the Parishes of St. Landry and St. Martin and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche, Lewis & Broussard, L.L.P.

Crowley, Louisiana
November 30, 2004

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2004
See Accountants' Compilation Report

Section I: Internal Control and Compliance Material to the Financial Statements

N/A

Section II: Internal Control and Compliance Material to Federal Awards

N/A

Section III: Management Letter

N/A

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN
LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
June 9, 2004 (Date Transmitted)

Broussard, Poche, Lewis & Breaux L.L.P.
122 East 5th St.
P.O. Drawer 307
Crowley, Louisiana 70527-0307 (Auditors)

In connection with your compilation of our financial statements as of June 30, 2004 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.
Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.
Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.
Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.
Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.
Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.
Yes No

FIRST HOSPITAL SERVICE DISTRICT
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

We have had our financial statements audited or compiled in accordance with LSA-RS 24:510.
Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.
Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.
Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 71-729.
Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Breda Blayde</u>	Secretary	<u>7-9-04</u>	Date
<u>Kenneth LeRubeaux</u>	Treasurer	<u>7-9-04</u>	Date
<u>Lester Bond</u>	President	<u>7-9-04</u>	Date