

FINANCIAL STATEMENTSST. MARTIN HOSPITALSEPTEMBER 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 4/20/05

FINANCIAL STATEMENTS

ST. MARTIN HOSPITAL

SEPTEMBER 30, 2004

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
St. Martin Hospital
Breux Bridge, Louisiana

We have audited the financial statements of St. Martin Hospital, a component unit of the St. Martin Parish Police Jury, State of Louisiana, as of September 30, 2004 and the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States and 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 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, based on our audit, the component unit financial statements referred to above present fairly, in all material respects, the financial position of St. Martin Hospital, a component unit of the St. Martin Parish Police Jury, State of Louisiana, at September 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The Hospital has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", as of September 30, 2004.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

St. Martin Hospital 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.


LANGLAIS & BROUSSARD
Certified Public Accountants

November 16, 2004

ST. MARTIN HOSPITAL

STATEMENT OF NET ASSETS

ASSETS

CURRENT ASSETS:

Cash	\$1,729,462
Accounts receivables, less allowance for doubtful accounts of \$ 1,093,457	1,784,961
Due from third party payors	600,642
Inventories	236,531
Prepaid expenses	<u>33,234</u>
Total Current Assets	<u>4,384,829</u>

ASSETS WHOSE USE IS LIMITED:

For plant maintenance and replacement Cash	<u>277,301</u>
Total assets whose use is limited	<u>277,301</u>

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment, cost	4,022,891
Less: accumulated depreciation	<u>1,844,107</u>
Total Property and Equipment	<u>2,178,784</u>

TOTAL ASSETS

\$6,840,915

ST. MARTIN HOSPITAL

STATEMENT A

SEPTEMBER 30, 2004

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$159,000
Accounts payable	302,226
Property taxes paid under protest	2,161
Due to third party payors	47,083
Accrued salaries and related withholdings	55,973
Interest payable	8,602
Accrued vacation and holiday expense	<u>116,943</u>

Total Current Liabilities 691,988

OTHER LIABILITIES:

Deferred revenue - Uncompensated Care	<u>614,868</u>
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Total Other Liabilities 614,868

LONG-TERM LIABILITIES:

Long-Term Debt:	
General Obligation issue 1996	1,625,000
General Obligation issue 2000	75,000
General Obligation issue 2002	<u>129,000</u>

Total Long-Term Liabilities 1,829,000

TOTAL LIABILITIES 3,135,856

NET ASSETS 3,705,059

TOTAL LIABILITIES AND NET ASSETS \$6,840,915

The accompanying notes are an integral part of these financial statements

ST. MARTIN HOSPITAL

STATEMENT B

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2004

OPERATING REVENUES:

Net patient service revenues	\$7,568,680
Advalorem taxes	402,643
Other operating revenue	45,753
TOTAL OPERATING REVENUE	<u>8,017,076</u>

OPERATING EXPENSES:

Professional services	4,318,702
General and administrative	1,947,610
Depreciation	255,008
Provision for doubtful accounts	987,286
TOTAL OPERATING EXPENSES	<u>7,508,607</u>

INCOME (LOSS) FROM OPERATIONS 508,469

NON-OPERATING REVENUES (EXPENSES):

Income of investments whose use is limited:	
For plant maintenance and replacement	4,140
Interest income	26,134
Interest expense	<u>(107,312)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(77,038)</u>

CHANGE IN NET ASSETS 431,432

TOTAL NET ASSETS, BEGINNING 3,273,628

TOTAL NET ASSETS, ENDING \$3,705,059

The accompanying notes are an integral part of these financial statements

ST. MARTIN HOSPITAL

SCHEDULE C

STATEMENT OF CHANGES IN FUND EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>DONATED CAPITAL</u>	<u>PLANT MAINTENANCE AND REPLACEMENT</u>	<u>OPERATING FUND</u>	<u>TOTAL</u>
BALANCE AT SEPTEMBER 30, 2003 (as reported)	\$173,757	\$52,000	\$4,283,789	\$4,509,546
Change in accounting estimate			(1,235,918)	(1,235,918)
Balance at September 20, 2003 (restated)	173,757	52,000	3,047,871	3,273,628
Additions (deductions)				
Distribution of net income				
Income (loss) from operations		(174,862)	576,019	401,157
Non-operating revenue (expense)		402,643	(372,369)	30,274
BALANCE AT SEPTEMBER 30, 2004	<u>\$173,757</u>	<u>\$279,781</u>	<u>\$3,251,521</u>	<u>\$3,705,059</u>

The accompanying notes are an integral part of these financial statements.

ST. MARTIN HOSPITAL

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from patients	\$8,313,973
Cash payments to suppliers for goods and services	(6,165,429)
Cash payments to employees for services	<u>(2,436,856)</u>
Net Cash Flow from Operating Activities	<u>(288,312)</u>

CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:

Ad valorem taxes	<u>402,643</u>
Net Cash Provided by Investing Activities	<u>402,643</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES:

Acquisition of property and equipment	(44,192)
Principal payments on long-term debt	<u>(152,000)</u>
Net Cash Used in Capital and Related Financial Activities	<u>(196,192)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and dividends on investments	4,140
Interest income	<u>26,134</u>
Net Cash Provided by Financing Activities	<u>30,274</u>

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (51,587)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, INCLUDING \$ LIMITED AS TO USE FOR 2004 2,058,350

CASH AND CASH EQUIVALENTS AT END OF YEAR, INCLUDING \$ LIMITED AS TO USE FOR 2004 2,006,763

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating Income	\$ (1,485)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	255,008
Provision for doubtful accounts	987,286
Increase in receivables and due from third parties	(2,132,502)
Decrease (Increase) in inventories and prepaid expenses	(18,894)
Increase (Decrease) in accounts payable and accrued expenses	7,407
Increase (Decrease) in deferred revenue	<u>614,868</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (288,312)</u>

The accompanying notes are an integral part of these financial statements.

ST. MARTIN HOSPITAL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Hospital Service District No. 2 (the Hospital), was created in October 1969 by the Parish Government of St. Martin Parish, Louisiana to operate, control, and manage matters concerning the parish's health care functions. The Parish Government appoints the Board of Commissioners of the Hospital, and the Hospital may not issue debt without the Parish's approval. For this reason, the Hospital is considered to be a component unit of the St. Martin Parish Government, St. Martin Parish, Louisiana.

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.

Proprietary fund accounting. The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Inventories. Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or market.

Property, Plant and Equipment. Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Costs of borrowing. Expenses related to issuance of advance refunding bonds are deferred, and amortized over the life of the old debt or the new debt, whichever is shorter.

ST. MARTIN HOSPITAL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Cash and cash equivalents. Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Advalorem Taxes. The Hospital received approximately 5.0 percent of its financial support from ad valorem taxes. Current taxes are received beginning in October of each year and become delinquent after January 31, of the following year.

Risk Management. The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

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*, 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 with or contradict GASB pronouncements.

Investments in debt and equity securities. Investments in debt and equity securities are carried at fair value except for investments in debt securities with maturities of less than one year at the time of purchase. These investments are reported at amortized cost, which approximates fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating income when earned.

Net patient service revenue. The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. 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.

NOTE 2: MAJOR SOURCE OF REVENUE

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 65% of its gross patient service revenue from patients covered by the Medicare and Medicaid programs. Included in net patient service revenues is additional reimbursement for Medicaid Uncompensated Care Adjustments of \$693,686.

ST. MARTIN HOSPITAL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 3: NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare Inpatient services, certain outpatient services, and defined capital related to Medicare 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 September 30, 2002.

Medicaid Medicaid inpatients are reimbursed a fixed rate per day for med/surg patients. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement/fee schedule methodology, with certain limitations and exceptions. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports filed by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2001.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, and preferred provider organizations. The basis for payment to the Hospital under some of these agreements includes prospectively determined daily rates.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, by major category, is as follows:

	<u>Asset life</u> <u>in years</u>	
Land		\$ 24,726
Land improvements	5 - 25	178,364
Building	10 - 40	307,936
Building improvements	10 - 40	2,267,064
Fixed equipment	5 - 25	821,799
Movable equipment	5 - 25	409,635
Automobile	5	13,367
Total cost		<u>4,022,891</u>
Less accumulated depreciation		<u>1,844,107</u>
Net Property, Plant and Equipment		<u>\$ 2,178,784</u>

ST. MARTIN HOSPITAL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 5: LONG-TERM DEBT

Long-term debt consisted of the following:

General obligation bonds, dated November 1, 1996, bearing interest rates ranging from 5.35% to 8.0%, maturing serially on March 1 of each year beginning in 1997, with interest payable on March 1 and September 1 of each year, with the final maturity on March 1, 2016	\$ 1,725,000
Certificates of Indebtedness, dated December 1, 2000, bearing interest of 5.25%, maturing serially on March 1 of each year beginning in 2001 with interest payable March 1 and September 1 of each year beginning in 2001, with the final maturity on March 1, 2008	95,000
Certificate of Indebtedness, dated August 1, 2002, bearing interest of 4.45%, maturing serially on March 1 of each year beginning in 2003, with interest payable March 1 and September 1 of each year beginning in 2003, with the final maturity on March 1, 2008.	<u>168,000</u>
	1,988,000
Less current portion	<u>159,000</u>
Long-term portion	<u>\$ 1,829,000</u>

Under the terms of the Note Indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the financial statements.

Scheduled repayments on long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 159,000	\$ 99,376	\$ 258,376
2006	171,000	91,340	262,340
2007	183,000	82,629	265,629
2008	190,000	73,365	263,365
2009	130,000	65,205	195,205
Thereafter	<u>1,155,000</u>	<u>231,254</u>	<u>1,386,254</u>
Total	<u>\$1,988,000</u>	<u>\$ 643,169</u>	<u>\$ 2,631,169</u>

NOTE 6: INVESTMENTS

Assets Limited as to Use

The composition of assets limited as to use is set forth in the following table. Investments are stated at fair value.

Internally designated for capital acquisition:

Cash and cash equivalents \$ 277,301

Investment income and gains on assets limited as to use, cash equivalents, and other investments are comprised of the following:

Income:

Interest income \$ 4,140

ST. MARTIN HOSPITAL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 7: CASH FLOWS SUPPLEMENTAL INFORMATION

Total interest paid by the Hospital was \$108,129.

NOTE 8: CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables (net of allowances) from patients and third-party payors are as follows:

Medicare	30%
Medicaid	5
Commercial and other third-party payors	<u>65</u>
	<u>100%</u>

NOTE 9: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Investments: Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices for similar securities.

Assets limited as to use: These assets consist primarily of cash and short-term investments and interest receivable. The carrying amount reported in the balance sheet is fair value.

Accounts payable and accrued expenses: The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value.

Estimated third-party payor settlements: The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value.

Long-term debt: Fair values of the Hospital's revenue notes are based on current traded value. The fair value of the Hospital's remaining long-term debt is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of the Hospital's financial instruments are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 1,729,462	\$ 1,729,462
Assets limited as to use	277,301	277,301
Accounts payable and accrued expenses	483,744	483,744
Estimated receivable from third party payors	600,642	600,642
Estimated third-party payor settlements	47,083	47,083
Long-term debt	1,988,000	2,016,741

ST. MARTIN HOSPITAL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 10: BANK DEPOSITS AND INVESTMENTS

State statutes authorize the Hospital to invest in obligations of the U.S. Treasury, certificates or other obligations of the United States of America, and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. At year end the Hospital had bank balances as follows:

Insured (FDIC)	\$ 100,000
Collateralized by securities held by the pledging financial institution's trust department in the Hospital's name	<u>3,850,000</u>
Total	<u>\$3,950,000</u>

Carrying Value \$1,668,001

Investments consist of certificates of deposit with financial institutions and U.S. Treasury obligations. The fair value for these investments is not materially different from its reported amounts. Investments are categorized into three categories of credit risk:

1. Insured or registered, or securities held by the Hospital or its agent in the Hospital's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the hospital's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the Hospital's name.

At year end, the Hospital's investment balances were as follows:

	CATEGORY		CARRYING AMOUNT	MARKET VALUE
	1	2		
Certificates of Deposit	\$ 338,762	\$ -	\$ 338,762	\$ 338,762
Total	<u>\$ 338,762</u>	<u>\$ -</u>	<u>\$ 338,762</u>	<u>\$ 338,762</u>

NOTE 11: ASSETS LIMITED AS TO USE

Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets. The composition of assets limited as to use is set forth in the following table.

Under indenture agreement	\$ 277,301
Total	<u>\$ 277,301</u>

NOTE 12: DEFERRED REVENUE

The Hospital receives a disproportionate share payment for uncompensated care. This payment is based upon estimated uncompensated care cost and is subject to audit by the Louisiana Department of Health and Hospitals. Coverage for uncompensated care is based on the State's fiscal year.

ST. MARTIN HOSPITAL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 13: TAXES PAID UNDER PROTEST

Act No. 1149 of the Regular Session 2001 Amended La. R.S. 47:1856(E) to provide as follows: Any company instituting suit under these provisions {La. R.S. 47:1856} shall timely pay in full its taxes in the jurisdiction from which its tax bill emanates. Any funds received as payment of taxes under the provisions of this Subsection shall be used only for non-recurring expenses except for any such funds pledged as security for any bonds or other evidences of indebtedness and for any such funds when the proposition approving the millage provides specifically for another intended purpose. The governing authority of any jurisdiction shall not use any such funds for nonrecurring expenses in a manner which will displace, replace or supplant funds which were otherwise available for such nonrecurring expenses.

Further, La. R.S. 47:1856(F) (1) (a) (i) provides that if the assessed valuation finally determined by the Court is less than the amount determined by the Louisiana Tax Commission, the protesting public service company is entitled to a credit against future property taxes in each jurisdiction affected, or refund in cash from each jurisdiction affected. If the company chooses a refund, a refund is required to be paid by the Tax Collector of each affected jurisdiction from current tax collections and in no event will the refund be paid later than 90 days from the date in which the judgment is entered and becomes final, and interest shall be credited thereon at the minimum rate as provided by La. R.S. 39:1217.1 Taxes paid under protest at year end were \$2,161.

NOTE 14: GASB Statement No. 34

During fiscal year 2004 the Hospital implemented GASB Statement No. 34, "Basic Financial Statements, and Management's Discussion and Analysis for State and Local Governments," as amended by GASB Statement No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, note, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

ST. MARTIN HOSPITAL

SCHEDULES OF PATIENT SERVICE REVENUES

INPATIENT SERVICE REVENUES

Daily Patient Services:

Room and Board

\$786,432

Total

786,432

Other Nursing Services:

Operating room

1,574

Central supplies

171,651

Emergency service

86,576

Total

259,802

Other Professional Services:

Laboratory

357,321

Blood

8,154

Radiology

77,612

Scans and Ultrasounds

34,197

Pharmacy

705,401

Inhalation therapy

437,692

Physical therapy

38,416

Occupational therapy

26,820

Speech therapy

4,355

1,689,967

TOTAL INPATIENT SERVICE REVENUE

\$2,736,201

ST. MARTIN HOSPITAL

SCHEDULES OF PATIENT SERVICE REVENUES

FOR THE YEAR ENDED SEPTEMBER 30, 2004

OUTPATIENT SERVICE REVENUES

Daily Patient Services:

Room and Board	\$4,530
Total	<u>4,530</u>

Other Nursing Services:

Operating room	6,608
Central supplies	260,539
Emergency service	<u>1,906,269</u>
Total	<u>2,173,415</u>

Other Professional Services:

Laboratory	1,648,520
Blood	5,210
Radiology	572,230
Scans and Ultrasounds	193,442
Pharmacy	227,866
Inhalation therapy	146,776
Physical therapy	62,440
Occupational therapy	26,959
Speech therapy	<u>67,675</u>
	<u>2,951,118</u>

TOTAL OUTPATIENT SERVICE REVENUE 5,129,064

GROSS PATIENT SERVICE REVENUE 7,865,264

Less Contractual Adjustments 990,270

Net Patient Service Revenue before Disproportionate Share 6,874,994

Medicaid Uncompensated Care 693,686

NET PATIENT SERVICE REVENUE \$7,568,680

ST. MARTIN HOSPITAL

SCHEDULES OF OTHER OPERATING REVENUES

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Cafeteria and vendor sales	\$4,295
Grant revenue	17,955
Medical records	7,842
Other	2,683
Lease payments	<u>12,978</u>
	<u>\$45,753</u>

ST. MARTIN HOSPITAL

SCHEDULES OF PROFESSIONAL SERVICES

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Salaries and Fees:

Nursing	\$1,062,418
Rehab Unit	200,988
Operating room	1,219
Emergency room	1,153,316
Laboratory	381,686
Radiology	152,723
Pharmacy	117,153
Inhalation therapy	231,225
Total Salaries and Fees	<u>3,300,727</u>

Supplies and Other Expenses:

Nursing	17,902
Emergency room	2,042
Laboratory	209,961
Radiology	232,344
Pharmacy	297,574
Inhalation therapy	39,028
Central supply	156,585
Blood	12,740
Transportation	43,920
Other	5,880
Total Supplies and Other Expenses	<u>1,017,976</u>
Total Professional Services	<u>\$4,318,702</u>

ST. MARTIN HOSPITAL

SCHEDULE OF GENERAL AND ADMINISTRATIVE

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Salaries and Fees:

Administrative	\$467,411
Maintenance	58,091
Housekeeping	149,260
Medical records	64,424
Dietary	<u>101,566</u>
Total Salaries and Fees	<u>840,751</u>

Administrative	81,192
Maintenance	109,483
Housekeeping	59,769
Medical records	20,106
Dietary	53,710
Insurance	313,280
Taxes	177,232
Fees	64,963
Telephone and utilities	125,566
Other	<u>101,556</u>
Total Supplies and Other Expenses	<u>1,106,858</u>

Total General and Administrative Services	<u>\$1,947,610</u>
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LANGHEAIS

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BROUSSARD

(A Corporation of Certified Public Accountants)

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**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 Commissioners
St. Martin Hospital
Breux Bridge, Louisiana

We have audited the general purpose financial statements of St. Martin Hospital, a component unit of the St. Martin Parish Police Jury, State of Louisiana, as of and for the year ended September 30, 2004, and issued our report thereon dated November 16, 2004.

We conducted our audit in accordance with generally accepted auditing standards of the United States 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. Martin Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions 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.

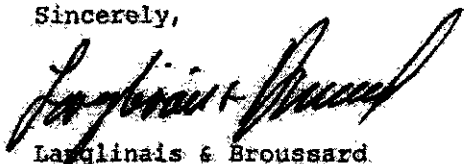
INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered St. Martin Hospital's internal control over financial reporting in order to determine our 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 would not necessarily disclose all matters in 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

This report is intended for the information of St. Martin Hospital and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

We acknowledge with appreciation the courtesies extended our representatives during the audit.

Sincerely,



Laglinais & Broussard
Certified Public Accountants

November 16, 2004